

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

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

For the quarterly period ended June 30, 2024

OR

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

For the transition period from _____ to _____

Commission File Number: 001-37537

Houlihan Lokey, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

95-2770395

(I.R.S. Employer
Identification Number)

10250 Constellation Blvd.

5th Floor

Los Angeles, California 90067

(Address of principal executive offices) (Zip Code)

(310) 553-8871

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, par value \$0.001	HLI	New York Stock Exchange

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of August 2, 2024, the registrant had 53,119,956 shares of Class A common stock, \$0.001 par value per share, and 16,413,593 shares of Class B common stock, \$0.001 par value per share, outstanding.

HOULIHAN LOKEY, INC. AND SUBSIDIARIES
TABLE OF CONTENTS

	Page
<u>PART I. FINANCIAL INFORMATION</u>	
Item 1. Financial Statements	1
Consolidated Balance Sheets	1
Consolidated Statements of Comprehensive Income	2
Consolidated Statements of Changes in Stockholders' Equity	3
Consolidated Statements of Cash Flows	4
Notes to Consolidated Financial Statements	5
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	23
Item 3. Quantitative and Qualitative Disclosures about Market Risk	29
Item 4. Controls and Procedures	31
<u>PART II. OTHER INFORMATION</u>	
Item 1. Legal Proceedings	31
Item 1A. Risk Factors	31
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	32
Item 3. Defaults Upon Senior Securities	32
Item 4. Mine Safety Disclosures	32
Item 5. Other Information	32
Item 6. Exhibits	33
Signatures	34

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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

<i>(In thousands, except share data and par value)</i>	June 30, 2024	March 31, 2024
Assets		
Cash and cash equivalents	\$ 449,697	\$ 721,235
Restricted cash	619	619
Investment securities	35,622	38,005
Accounts receivable, net of allowance for credit losses of \$9,856 and \$8,767, respectively	192,587	199,630
Unbilled work in progress, net of allowance for credit losses of \$5,049 and \$6,132, respectively	156,023	192,012
Income taxes receivable	48,179	32,856
Deferred income taxes	80,607	90,064
Property and equipment, net	143,368	136,701
Operating lease right-of-use assets	362,222	344,024
Goodwill	1,175,370	1,127,497
Other intangible assets, net	198,707	197,439
Other assets	99,915	90,677
Total assets	\$ 2,942,916	\$ 3,170,759
Liabilities and stockholders' equity		
Liabilities:		
Accrued salaries and bonuses	\$ 491,048	\$ 726,031
Accounts payable and accrued expenses	110,114	114,171
Deferred income	36,647	33,139
Deferred income taxes	7,598	7,505
Operating lease liabilities	435,200	415,412
Other liabilities	32,831	37,751
Total liabilities	1,113,438	1,334,009
Commitments and contingencies (Note 17)		
Stockholders' equity:		
Class A common stock, \$0.001 par value. Authorized 1,000,000,000 shares; issued and outstanding 53,053,499 and 52,348,511 shares, respectively	53	52
Class B common stock, \$0.001 par value. Authorized 1,000,000,000 shares; issued and outstanding 16,456,793 and 16,746,676 shares, respectively	16	17
Additional paid-in capital	691,651	739,870
Retained earnings	1,207,328	1,163,419
Accumulated other comprehensive loss	(69,570)	(66,608)
Total stockholders' equity	1,829,478	1,836,750
Total liabilities and stockholders' equity	\$ 2,942,916	\$ 3,170,759

See accompanying Notes to Consolidated Financial Statements

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

<i>(In thousands, except share and per share data)</i>	Three Months Ended June 30,	
	2024	2023
Revenues	\$ 513,609	\$ 415,829
Operating expenses:		
Employee compensation and benefits	330,116	263,483
Travel, meals, and entertainment	18,512	16,018
Rent	19,284	17,403
Depreciation and amortization	8,856	6,532
Information technology and communications	16,189	13,548
Professional fees	8,477	9,557
Other operating expenses	16,607	15,941
Total operating expenses	418,041	342,482
Operating income	95,568	73,347
Other income, net	(4,306)	(3,005)
Income before provision for income taxes	99,874	76,352
Provision for income taxes	10,934	14,962
Net income	88,940	61,390
Other comprehensive income, net of tax:		
Foreign currency translation adjustments	(2,962)	2,974
Comprehensive income attributable to Houlihan Lokey, Inc.	\$ 85,978	\$ 64,364
<u>Attributable to Houlihan Lokey, Inc. common stockholders:</u>		
Weighted average shares of common stock outstanding:		
Basic	65,031,216	63,806,156
Fully diluted	68,501,059	68,000,392
Earnings per share (Note 13)		
Basic	\$ 1.37	\$ 0.96
Fully diluted	\$ 1.30	\$ 0.90

See accompanying Notes to Consolidated Financial Statements

HOULIHAN LOKEY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(UNAUDITED)

	Class A Common		Class B Common		Additional	Retained	Accumulated	Total
	Stock		Stock		Paid-In	Earnings	Other	Stockholders'
	Shares	\$	Shares	\$	Capital		Comprehensive	Equity
	Shares	\$	Shares	\$	\$	\$	\$	\$
<i>(In thousands, except share data)</i>								
Balances – April 1, 2024	52,348,511	\$ 52	16,746,676	\$ 17	\$ 739,870	\$1,163,419	\$ (66,608)	\$ 1,836,750
Shares issued	91,656	—	1,218,641	1	21,522	—	—	21,523
Stock compensation vesting (Note 14)	—	—	—	—	30,782	—	—	30,782
Dividends	—	—	—	—	—	(45,031)	—	(45,031)
Conversion of Class B to Class A shares	608,084	1	(608,084)	(1)	—	—	—	—
Shares issued to non-employee directors (Note 14)	5,248	—	—	—	710	—	—	710
Other shares repurchased/forfeited	—	—	(900,440)	(1)	(101,233)	—	—	(101,234)
Net income	—	—	—	—	—	88,940	—	88,940
Change in unrealized translation	—	—	—	—	—	—	(2,962)	(2,962)
Total comprehensive income	—	—	—	—	—	88,940	(2,962)	85,978
Balances – June 30, 2024	53,053,499	\$ 53	16,456,793	\$ 16	\$ 691,651	\$1,207,328	\$ (69,570)	\$ 1,829,478

	Class A Common		Class B Common		Additional	Retained	Accumulated	Total
	Stock		Stock		Paid-In	Earnings	Other	Stockholders'
	Shares	\$	Shares	\$	Capital		Comprehensive	Equity
	Shares	\$	Shares	\$	\$	\$	\$	\$
<i>(In thousands, except share data)</i>								
Balances – April 1, 2023	50,638,924	\$ 51	18,048,345	\$ 18	\$ 642,970	\$1,033,072	\$ (62,814)	\$ 1,613,297
Shares issued	—	—	1,556,285	1	5,176	—	—	5,177
Stock compensation vesting (Note 14)	—	—	—	—	37,348	—	—	37,348
Dividends	—	—	—	—	—	(35,953)	—	(35,953)
Conversion of Class B to Class A shares	651,068	—	(651,068)	—	—	—	—	—
Other shares repurchased/forfeited	—	—	(917,997)	(1)	(69,766)	—	—	(69,767)
Net income	—	—	—	—	—	61,390	—	61,390
Change in unrealized translation	—	—	—	—	—	—	2,974	2,974
Total comprehensive income	—	—	—	—	—	61,390	2,974	64,364
Balances – June 30, 2023	51,296,601	\$ 51	18,035,565	\$ 18	\$ 616,315	\$1,058,509	\$ (59,840)	\$ 1,615,053

See accompanying Notes to Consolidated Financial Statements

HOULIHAN LOKEY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

<u>(In thousands)</u>	Three Months Ended June 30,	
	2024	2023
Cash flows from operating activities:		
Net income	\$ 88,940	\$ 61,390
Adjustments to reconcile net income to net cash used in operating activities:		
Deferred income taxes	8,989	(4,735)
Provision for bad debts, net	2,436	2,076
Unrealized losses on investment securities	(152)	156
Non-cash lease expense	9,380	7,695
Depreciation and amortization	8,856	6,532
Contingent consideration valuation	804	—
Compensation expense – equity and liability classified share awards (Note 14)	33,071	39,409
Changes in operating assets and liabilities:		
Accounts receivable	15,552	42,358
Unbilled work in progress	36,073	10,178
Other assets	(7,624)	5,785
Accrued salaries and bonuses	(234,141)	(289,298)
Accounts payable and accrued expenses and other	(14,902)	(15,899)
Deferred income	3,507	(1,253)
Income taxes payable	(15,300)	2,038
Net cash used in operating activities	(64,511)	(133,568)
Cash flows from investing activities:		
Purchases of investment securities	(1,486)	(35)
Sales or maturities of investment securities	4,021	3,328
Acquisition of business, net of cash acquired	(32,095)	—
Purchase of property and equipment, net	(10,872)	(15,654)
Net cash used in investing activities	(40,432)	(12,361)
Cash flows from financing activities:		
Dividends paid	(51,270)	(41,971)
Share repurchases	(240)	—
Payments to settle employee tax obligations on share-based awards	(100,993)	(69,766)
Earnouts paid	(9,706)	—
Other financing activities	710	587
Net cash used in financing activities	(161,499)	(111,150)
Effects of exchange rate changes on cash, cash equivalents, and restricted cash	(5,096)	(1,244)
Net decrease in cash, cash equivalents, and restricted cash	(271,538)	(258,323)
Cash, cash equivalents, and restricted cash – beginning of period	721,854	714,812
Cash, cash equivalents, and restricted cash – end of period	\$ 450,316	\$ 456,489
Supplemental disclosures of non-cash activities:		
Shares issued via vesting of liability classified awards	\$ 5,953	\$ 5,176
Shares issued as consideration for acquisition	12,489	—
Cash acquired through acquisitions	\$ 2,170	\$ —
Cash paid during the period:		
Interest	\$ 301	\$ 105
Taxes, net of refunds	\$ 17,216	\$ 17,660

See accompanying Notes to Consolidated Financial Statements

HOULIHAN LOKEY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

(In thousands, except share data or as otherwise stated)

Note 1 — Background

Houlihan Lokey, Inc. ("Houlihan Lokey," or "HL, Inc." also referred to as the "Company," "we," "our," or "us") is a Delaware corporation that controls the following primary subsidiaries:

- Houlihan Lokey Capital, Inc., a California corporation ("HL Capital, Inc."), is a wholly owned direct subsidiary of HL, Inc. HL Capital, Inc. is registered as a broker-dealer under Section 15(b) of the Securities Exchange Act of 1934 and a member of Financial Industry Regulatory Authority, Inc.
- Houlihan Lokey Financial Advisors, Inc., a California corporation ("HL FA, Inc."), is a wholly owned direct subsidiary of HL, Inc.
- Houlihan Lokey UK Limited, a private limited company registered in England ("HL UK Ltd."), is an indirect subsidiary of HL, Inc. HL UK Ltd. is regulated by the Financial Conduct Authority in the United Kingdom ("U.K.).

The Company offers financial services and financial advice to a broad clientele through more than thirty offices in the United States of America, South America, Europe, the Middle East, and the Asia-Pacific region. The Company earns professional fees by providing focused services across the following three business segments:

- Corporate Finance ("CF") provides general financial advisory services and advice on mergers and acquisitions and capital markets offerings. We advise public and private institutions, including financial sponsors, on a wide variety of matters, including buy-side and sell-side M&A transactions, debt and equity financings in both the private and public markets, and other corporate finance transactions. The majority of our CF revenues consists of fees paid upon the successful completion of the transaction or engagement ("Completion Fees"). A CF transaction can fail to be completed for many reasons that are outside of our control. In these instances, our fees are generally limited to the fees paid at the time an engagement letter is signed ("Retainer Fees") and in some cases fees paid during the course of the engagement ("Progress Fees") that may have been received.
- Financial Restructuring ("FR") provides advice to debtors, creditors and other parties-in-interest in connection with recapitalization/deleveraging transactions implemented through bankruptcy proceedings and out-of-court exchanges, consent solicitations or other mechanisms, as well as in distressed mergers and acquisitions and capital markets activities. As part of these engagements, our FR business segment offers a wide range of advisory services to our clients, including: the structuring, negotiation, and confirmation of plans of reorganization; structuring and analysis of exchange offers; liability management transactions, corporate viability assessment; dispute resolution and expert testimony; and procuring debtor-in-possession financing. Although atypical, FR transactions can fail to be completed for many reasons that are outside of our control. In these instances, our fees are generally limited to the Retainer Fees and/or Progress Fees.
- Financial and Valuation Advisory ("FVA") primarily provides financial advisory and valuation services with respect to companies, debt and equity interests (including complex illiquid investments), and other types of assets and liabilities; fairness opinions in connection with mergers and acquisitions and other transactions, solvency opinions in connection with corporate spin-offs and dividend recapitalizations, and other types of financial opinions in connection with other transactions; as well as diligence, tax, transaction accounting, and other financial advisory services to companies, boards of directors, special committees, retained counsel, financial and strategic investors, trustees, and other parties. Also, our FVA business segment provides dispute resolution services to clients where fees are usually based on the hourly rates of our financial professionals. Unlike our CF or FR segments, the fees generated in our FVA segment are generally not contingent on the successful completion of a transaction.

HOULIHAN LOKEY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(UNAUDITED)

(In thousands, except share data or as otherwise stated)

Note 2 — Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the U.S. ("GAAP"), pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (the "SEC"), and include all information and footnotes required for consolidated financial statement presentation. The results of operations for the three months ended June 30, 2024 are not necessarily indicative of the results of operations to be expected for the fiscal year ending March 31, 2025. The unaudited interim consolidated financial statements and notes to consolidated financial statements should be read in conjunction with the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2024 (the "2024 Annual Report").

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries where it has a controlling financial interest. All intercompany balances and transactions have been eliminated.

The Company carries its investments in unconsolidated entities over which it has significant influence but does not control using the equity method, and includes its ownership share of the income and losses in Other income, net in the Consolidated Statements of Comprehensive Income.

Use of Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements. Management estimates and assumptions also affect the reported amounts of revenues and expenses during the reporting period, and disclosure of contingent assets and liabilities at the reporting date. These estimates and assumptions are based on management's best estimates and judgment. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, which management believes to be reasonable under the circumstances. Management adjusts such estimates and assumptions when facts and circumstances dictate. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates. Items subject to such estimates and assumptions include, but are not limited to: the allowance for credit losses; the valuation of deferred tax assets, valuation of acquired intangibles and goodwill, accrued expenses, and share based compensation; the allocation of goodwill and other assets across the reporting units (segments); and reserves for income tax uncertainties and other contingencies.

Revenues

Revenues consist of fee revenues from advisory services and reimbursed costs incurred in fulfilling the contracts. Revenues reflect fees generated from our CF, FR, and FVA business segments.

The Company generates revenues from contractual advisory services and reimbursed costs incurred in fulfilling the contracts for such services. Revenues for all three business segments (CF, FR, and FVA) are recognized upon satisfaction of the performance obligation, which may be satisfied over time or at a point in time. The amount and timing of the fees paid vary by the type of engagement.

The amount of revenue recognized reflects the consideration we expect to be entitled to in exchange for those promised services (i.e., the "transaction price"). In determining the transaction price, we consider multiple factors, including the effects of variable consideration. Variable consideration is included in the transaction price only to the extent it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainties with respect to the amount are resolved. In determining when to include variable consideration in the transaction price, we consider the range of possible outcomes, the predictive value of our past experiences, the time period of when uncertainties expect to be resolved and the amount of consideration that is susceptible to factors outside of our influence, such as market volatility or the judgment and actions of third parties. The substantial majority of the Company's advisory fees (i.e., the success-related Completion Fees) are considered variable and constrained as they are contingent upon a future event which includes factors outside of our control (e.g., completion of a transaction or third-party emergence from bankruptcy or approval by the court).

HOULIHAN LOKEY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(UNAUDITED)

(In thousands, except share data or as otherwise stated)

Revenues from CF engagements primarily consist of fees generated in connection with advisory services related to mergers and acquisitions, capital markets, and other corporate finance transactions. Completion Fees from these engagements are recognized at a point in time when the related transaction has been effectively closed. At that time, the Company has transferred control of the promised service and the customer obtains control. CF contracts generally contain a variety of promised services that may be capable of being distinct, but they are not distinct within the context of the engagement as the various services are inputs to the combined output of successfully brokering a specific transaction. Completion Fees, Retainer Fees, and Progress Fees from these engagements are considered variable and constrained until the corresponding transaction has been effectively closed as they are contingent upon a future event, which includes factors outside of our control (e.g., completion of a transaction or regulatory approval).

Revenues from FR engagements primarily consist of fees generated in connection with advisory services to debtors, creditors and other parties-in-interest involving recapitalization or deleveraging transactions implemented both through bankruptcy proceedings and out-of-court exchanges, consent solicitations or other mechanisms, as well as in distressed mergers and acquisitions and capital markets activities. Retainer Fees and Progress Fees from restructuring engagements are recognized over time using a time elapsed measure of progress as our clients simultaneously receive and consume the benefits of those services as they are provided. Completion Fees from these engagements are recognized at a point in time when the related transaction has been effectively closed. At that time, the Company has transferred control of the promised service and the customer obtains control. Completion Fees from these engagements are considered variable and constrained until the related transaction has been effectively closed as they are contingent upon a future event, which includes factors outside of our control (e.g., completion of a transaction or third party emergence from bankruptcy or approval by the court).

Revenues from FVA engagements primarily consist of fees generated in connection with valuation, diligence, tax transaction accounting, and other financial advisory services and rendering fairness, solvency and other financial opinions. Revenues are recognized at a point in time as these engagements include a singular objective that does not transfer any notable value to the Company's clients until the opinions or reports have been rendered and delivered to the client. However, certain engagements consist of advisory services where fees are usually based on the hourly rates of our financial professionals. Such revenues are recognized over time as the benefits of these advisory services are transferred to the Company's clients throughout the course of the engagement, and, as a practical expedient, the Company has elected to use the 'as-invoiced' approach to recognize revenue.

Taxes, including value added taxes, collected from customers and remitted to governmental authorities are accounted for on a net basis, and therefore, are excluded from revenue in the consolidated statements of comprehensive income.

Operating Expenses

The majority of the Company's operating expenses are related to compensation for employees, which includes the amortization of the relevant portion of the Company's share-based incentive plans (Note 14). Other types of operating expenses include: Travel, meals, and entertainment; Rent; Depreciation and amortization; Information technology and communications; Professional fees; and Other operating expenses.

Translation of Foreign Currency Transactions

The reporting currency for the consolidated financial statements of the Company is the U.S. dollar. The assets and liabilities of subsidiaries whose functional currency is other than the U.S. dollar are included in the consolidation by translating the assets and liabilities at the reporting period-end exchange rates; however, revenues and expenses are translated using the applicable exchange rates determined on a monthly basis throughout the fiscal year. Resulting translation adjustments are reported as a separate component of Accumulated other comprehensive loss, net of applicable taxes.

From time to time, we enter into transactions to hedge our exposure to certain foreign currency fluctuations through the use of derivative instruments or other methods. As of June 30, 2024, we had three foreign currency forward contracts outstanding between the U.S. dollar and the pound sterling with an aggregate notional value of \$67.0 million. As of June 30, 2023, we had five foreign currency forward contracts outstanding between the pound sterling and the euro with a notional value of \$85.2 million. The change in fair value of these contracts represented a net gain/(loss) included in Other operating expenses of \$(521) and \$129 during the three months ended June 30, 2024 and June 30, 2023, respectively.

HOULIHAN LOKEY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(UNAUDITED)

(In thousands, except share data or as otherwise stated)

Fair Value Measurements

The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Company determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels in accordance with Accounting Standards Codification ("ASC") Topic 820, *Fair Value Measurement*:

- Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.
- Level 2 Inputs: Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 Inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

For Level 3 investments in which pricing inputs are unobservable and limited market activity exists, management's determination of fair value is based upon the best information available, and may incorporate management's own assumptions or involve a significant degree of judgment.

The following methods and assumptions were used by the Company in estimating fair value disclosures:

- Corporate debt securities: All fair value measurements are obtained from a third-party pricing service and are not adjusted by management.
- U.S. treasury securities: Fair values for U.S. treasury securities are based on quoted prices from recent trading activity of identical or similar securities. All fair value measurements are obtained from a third-party pricing service and are not adjusted by management.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate for any given investment is based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and consideration of factors specific to the instrument.

The fair values of the financial instruments represent the amounts that would be received to sell assets or that would be paid to transfer liabilities in an orderly transaction between market participants as of a specified date. Fair value measurements maximize the use of observable inputs; however, in situations where there is little, if any, market activity for the asset or liability at the measurement date, the fair value measurement reflects the Company's own judgments about the assumptions that market participants would use in pricing the asset or liability. Those judgments are developed by the Company based on the best information available in the circumstances, including expected cash flows and appropriately risk-adjusted discount rates, as well as available observable and unobservable inputs.

The carrying value of Cash and cash equivalents, Restricted cash, Accounts receivable, Unbilled work in progress, Accounts payable and accrued expenses, and Deferred income approximates fair value due to the short maturity of these instruments.

The carrying value of the loans to employees included in Other assets, Loans payable to former shareholders, and an unsecured loan which is included in Loan payable to non-affiliate approximates fair value due to the variable interest rate borne by those instruments.

Cash and Cash Equivalents, and Restricted Cash

Cash and cash equivalents include cash held at banks and highly liquid investments with original maturities of three months or less. As of June 30, 2024 and March 31, 2024, the Company had cash balances with banks in excess of insured limits. The Company believes it is not exposed to any significant credit risk with respect to Cash and cash equivalents.

HOULIHAN LOKEY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(UNAUDITED)

(In thousands, except share data or as otherwise stated)

The following table provides a reconciliation of Cash and cash equivalents, and Restricted cash reported within the Consolidated Balance Sheets that sum to the total of the same such amounts shown in the Consolidated Statements of Cash Flows.

	June 30, 2024	March 31, 2024
Cash and cash equivalents	\$ 449,697	\$ 721,235
Restricted cash ⁽¹⁾	619	619
Total cash, cash equivalents, and restricted cash	\$ 450,316	\$ 721,854

(1) Restricted cash as of June 30, 2024 and March 31, 2024 consisted of cash deposits in support of two letters of credit for our Frankfurt office.

Investment Securities

Investment securities consist primarily of corporate debt and U.S. treasury securities with original maturities over 90 days. The Company classifies its corporate debt and U.S. treasury securities as trading and measures them at fair value in the Consolidated Balance Sheets. Unrealized holding gains and losses for trading securities are included in Other operating expenses in the accompanying Consolidated Statements of Comprehensive Income.

Allowance for Credit Losses

The allowance for credit losses on accounts receivable and unbilled work in progress reflects management's best estimate of expected losses using the Company's internal current expected credit losses model. This model analyzes expected losses based on relevant information about historical experience, current conditions, and reasonable and supportable forecasts that could potentially affect the collectability of the reported amounts. This is recorded through provision for bad debts, which is included in Other operating expenses in the accompanying Consolidated Statements of Comprehensive Income. Amounts deemed to be uncollectible are written off against the allowance for credit losses.

Property and Equipment

Property and equipment are stated at cost. Repair and maintenance charges are expensed as incurred and costs of renewals or improvements are capitalized at cost. Depreciation on furniture and office equipment is recognized on a straight-line basis over the estimated useful lives of the respective assets.

Income Taxes

The Company files consolidated federal income tax returns, as well as consolidated and separate returns in state and local jurisdictions, and the Company reports income tax expense on this basis.

We account for income taxes in accordance with ASC Topic 740, Income Taxes, which requires the recognition of tax benefits or expenses on temporary differences between the financial reporting and tax basis of our assets and liabilities. Deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial reporting basis and the tax basis of the Company's assets and liabilities. The measurement of the deferred items is based on enacted tax laws and applicable tax rates. A valuation allowance related to a deferred tax asset is recorded if it is more likely than not that some portion or all of the deferred tax asset will not be realized.

The Company utilized a comprehensive model to recognize, measure, present, and disclose in its financial statements any uncertain tax positions that have been taken or are expected to be taken on a tax return. The impact of an uncertain tax position that is more likely than not of being sustained upon audit by the relevant taxing authority must be recognized at the largest amount that is more likely than not to be sustained. No portion of an uncertain tax position will be recognized if the position has less than a 50% likelihood of being sustained. Interest expense and penalties related to income taxes are included in the provision for income taxes in the accompanying Consolidated Statements of Comprehensive Income.

The Global Intangible Low-Taxed Income tax ("GILTI inclusion") can be recognized in the financial statements through an accounting policy election by either recording a period cost (permanent item) or providing deferred income taxes stemming from certain basis differences that are expected to result in GILTI inclusion. The Company has elected to account for the tax impacts of the GILTI inclusion as a period cost.

HOULIHAN LOKEY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(UNAUDITED)

(In thousands, except share data or as otherwise stated)

In 2021, the Organization for Economic Co-operation and Development ("OECD") reached agreement among various countries to establish a 15% minimum tax on certain multinational enterprises, commonly referred to as Pillar Two. The EU effective dates are January 1, 2024 and January 1, 2025, for different aspects of the directive. A significant number of other countries are expected to also implement similar legislation with varying effective dates in the future. The Company is continuing to evaluate the potential impact on future periods of Pillar Two, pending legislative adoption by individual countries.

Leases

We assess whether an arrangement is or contains a lease at the inception of the agreement. Right-of-use ("ROU") assets represent our right to use underlying assets for the lease term, and lease liabilities represent our obligation to make lease payments arising from leases. ROU assets and lease liabilities are recognized at the commencement date based on the present value of future lease payments over the lease terms utilizing the discount rate implicit in the leases. If the discount rate implicit in the leases is not readily determinable, the present value of future lease payments is calculated utilizing the Company's incremental borrowing rate, which approximates the interest that the Company would have to pay on a secured loan. The Company elected to utilize a portfolio approach and applies the rates to a portfolio of leases with similar terms and economic environments. The terms of our leases used to determine the ROU asset and lease liability account for options to extend when it is reasonably certain that we will exercise those options, if applicable. ROU assets and lease liabilities are subject to adjustment in the event of modification to lease terms, changes in probability that an option to extend or terminate a lease would be exercised and other factors. In addition, ROU assets are periodically reviewed for impairment.

Lease expense is recognized on a straight-line basis over the lease terms. Lease expense includes amortization of the ROU assets and accretion of the lease liabilities. Amortization of ROU assets is calculated as the periodic lease cost less accretion of the lease liability. The amortized period for ROU assets is limited to the expected lease term.

The Company has elected a practical expedient to combine the lease and non-lease components into a single lease component. The Company also elected the short-term lease measurement and recognition exemption and does not establish ROU assets or lease liabilities for operating leases with terms of 12 months or less.

Goodwill and Intangible Assets

Goodwill represents an acquired company's acquisition cost over the fair value of acquired net tangible and intangible assets. Goodwill is the net asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. Intangible assets identified and accounted for include tradenames and marks, backlog, developed technologies, and customer relationships. Those intangible assets with finite lives, including backlog and customer relationships, are amortized over their estimated useful lives.

Goodwill is reviewed annually during the fourth quarter for impairment and more frequently if potential impairment indicators exist. Goodwill is reviewed for impairment in accordance with ASC Topic 350, Intangibles – Goodwill and Other, as amended by Accounting Standards Update ("ASU") No. 2017-04, Simplifying the Test for Goodwill Impairment, which permits management to perform a qualitative analysis to determine whether it is more likely than not that the fair value of a reporting unit is less than its corresponding carrying value. If management determines the reporting unit's fair value is more likely than not less than its carrying value, a quantitative analysis will be performed to compare the fair value of the reporting unit with its corresponding carrying value. If the conclusion of the quantitative analysis is that the fair value is in fact less than the carrying value, management will recognize a goodwill impairment charge for the amount by which the reporting unit's carrying value exceeds its fair value. Impairment testing of goodwill requires a significant amount of judgment in assessing both qualitative factors and if necessary, quantitative factors used to estimate the fair value of the reporting unit. As of June 30, 2024, management concluded that it was not more likely than not that the Company's reporting units' fair value was less than their carrying amount and no further quantitative impairment testing had been considered necessary.

Indefinite-lived intangible assets are reviewed annually for impairment in accordance with ASU 2012-02, Testing Indefinite-lived Intangible Assets for Impairment, which provides management the option to perform a qualitative assessment. If it is more likely than not that the asset is impaired, the amount that the carrying value exceeds the fair value is recorded as an impairment expense. As of June 30, 2024, management concluded that it was not more likely than not that the fair values were less than the carrying values.

HOULIHAN LOKEY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(UNAUDITED)

(In thousands, except share data or as otherwise stated)

Intangible assets subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group (inclusive of other long-lived assets) be tested for possible impairment, management first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying amount. If the carrying amount of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying amount exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values and third-party independent appraisals, as considered necessary. As of June 30, 2024, no events or changes in circumstances were identified that indicated that the carrying amount of the finite-lived intangible assets were not recoverable.

Business Combinations

Accounting for business combinations requires management to make significant estimates and assumptions. We allocate the purchase consideration to the tangible and intangible assets acquired and liabilities assumed based on their estimated fair value as of the acquisition date, with the consideration in excess recorded as goodwill. Critical estimates in valuing certain intangible assets include, but are not limited to, future expected cash flows, expected asset lives, geographic risk premiums, discount rates, and more. The amounts and useful lives assigned to acquisition-related intangible assets impact the amount and timing of future amortization expense.

Note 3 — Revenue Recognition

Disaggregation of Revenues

The Company has disclosed disaggregated revenues based on its business segment and geographical area, which provides a reasonable representation of how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. See Note 18 for additional information.

Contract Balances

The timing of revenue recognition may differ from the timing of payment by customers. The Company records a receivable when revenue is recognized prior to payment and there is an unconditional right to payment. Alternatively, when payment precedes the provision of the related services, the Company records deferred income (contract liability) until the performance obligations are satisfied.

Costs incurred in fulfilling advisory contracts with point-in-time revenue recognition are recorded as a contract asset when the costs (i) relate directly to a contract, (ii) generate or enhance resources of the Company that will be used in satisfying performance obligations, and (iii) are expected to be recovered. The Company amortizes the contract asset costs related to fulfilling a contract based on recognition of fee revenues for the corresponding contract.

Costs incurred in fulfilling an advisory contract with over-time revenue recognition are expensed as incurred.

The change in the Company's contract assets and liabilities during the period primarily reflects the timing difference between the Company's performance and the customer's payment. The following table provides information about receivables, contract assets, and contract liabilities from contracts with customers:

	April 1, 2024	Increase/(Decrease)	June 30, 2024
Receivables ⁽¹⁾	\$ 192,952	\$ (7,397)	\$ 185,555
Unbilled work in progress, net of allowance for credit losses	192,012	(35,989)	156,023
Contract Assets ⁽¹⁾	6,678	354	7,032
Contract Liabilities ⁽²⁾	33,139	3,508	36,647

(1) Included within Accounts receivable, net of allowance for credit losses in the June 30, 2024 Consolidated Balance Sheets.

(2) Included within Deferred income in the June 30, 2024 Consolidated Balance Sheets.

During the three months ended June 30, 2024, \$11.0 million of Revenues were recognized that were included in the Deferred income balance at the beginning of the period.

HOULIHAN LOKEY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(UNAUDITED)

(In thousands, except share data or as otherwise stated)

As a practical expedient, the Company does not disclose information about remaining performance obligations pertaining to (i) contracts that have an original expected duration of one year or less, and/or (ii) contracts where the variable consideration is allocated entirely to a wholly unsatisfied promise to transfer a distinct service that is or forms part of a single performance obligation. The transaction price allocated to remaining unsatisfied or partially unsatisfied performance obligations with an original expected duration exceeding one year was not material as of June 30, 2024.

Note 4 — Related Party Transactions

The Company provides financial advisory services to certain related parties, and received fees for these services totaling approximately \$ 42 and \$1,535 for the three months ended June 30, 2024 and 2023, respectively. Accounts receivable and Unbilled work in progress in the accompanying Consolidated Balance Sheets include amounts pertaining to these services of \$96 and \$7,228 as of June 30, 2024 and March 31, 2024, respectively.

Other assets in the accompanying Consolidated Balance Sheets includes loans receivable from certain employees of \$ 36,114 and \$32,937 as of June 30, 2024 and March 31, 2024, respectively.

Note 5 — Fair Value Measurements

The following table presents information about the Company's financial assets, and indicate the fair value hierarchy of the valuation techniques utilized by the Company to determine such fair values:

June 30, 2024				
	Level I	Level II	Level III	Total
Corporate debt securities	\$ —	\$ 17,814	\$ —	\$ 17,814
U.S. treasury securities	—	17,275	—	17,275
Certificates of deposit	—	533	—	533
Total assets measured at fair value	<u>\$ —</u>	<u>\$ 35,622</u>	<u>\$ —</u>	<u>\$ 35,622</u>

March 31, 2024				
	Level I	Level II	Level III	Total
Corporate debt securities	\$ —	\$ 21,641	\$ —	\$ 21,641
U.S. treasury securities	—	15,833	—	15,833
Certificates of deposit	—	531	—	531
Total assets measured at fair value	<u>\$ —</u>	<u>\$ 38,005</u>	<u>\$ —</u>	<u>\$ 38,005</u>

The Company had no transfers between fair value levels during the three months ended June 30, 2024.

HOULIHAN LOKEY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(UNAUDITED)

(In thousands, except share data or as otherwise stated)

Note 6 — Investment Securities

The amortized cost and gross unrealized gains (losses) of marketable investment securities accounted under the fair value method were as follows:

June 30, 2024				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
Corporate debt securities	\$ 18,423	\$ 2	\$ (611)	\$ 17,814
U.S. treasury securities	17,438	144	(307)	17,275
Certificates of deposit	533	—	—	533
Total securities with unrealized gains/(losses)	<u>\$ 36,394</u>	<u>\$ 146</u>	<u>\$ (918)</u>	<u>\$ 35,622</u>

March 31, 2024				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value
Corporate debt securities	\$ 22,318	\$ 8	\$ (685)	\$ 21,641
U.S. treasury securities	16,071	110	(348)	15,833
Certificates of deposit	531	—	—	531
Total securities with unrealized gains/(losses)	<u>\$ 38,920</u>	<u>\$ 118</u>	<u>\$ (1,033)</u>	<u>\$ 38,005</u>

Scheduled maturities of the debt securities held by the Company included within the investment securities portfolio were as follows:

June 30, 2024		March 31, 2024	
	Amortized Cost	Estimated Fair Value	
Due within one year	\$ 9,595	\$ 9,492	\$ 7,592
Due within years two through five	26,799	26,130	31,328
Total debt within the investment securities portfolio	<u>\$ 36,394</u>	<u>\$ 35,622</u>	<u>\$ 38,920</u>

Note 7 — Allowance for Credit Losses

The following table presents information about the Company's allowance for credit losses:

	June 30, 2024
Beginning balance	\$ 14,899
Provision for bad debt, net	2,436
Recovery/(write-off) of uncollectible accounts, net	(1,430)
Ending balance	<u>\$ 15,905</u>

HOULIHAN LOKEY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(UNAUDITED)

(In thousands, except share data or as otherwise stated)

Note 8 — Property and Equipment

Property and equipment, net of accumulated depreciation consists of the following:

	June 30, 2024	March 31, 2024
Equipment	\$ 10,937	\$ 9,972
Furniture and fixtures	34,621	29,672
Leasehold improvements	148,805	144,996
Computers and software	14,263	12,282
Other	8,090	8,088
Total cost	216,716	205,010
Less: accumulated depreciation	(73,348)	(68,309)
Total net book value	\$ 143,368	\$ 136,701

Additions to property and equipment during the three months ended June 30, 2024 were primarily related to purchases of furniture and fixtures.

Depreciation expense of \$5,315 and \$3,177 was recognized for the three months ended June 30, 2024 and 2023, respectively.

Note 9 — Goodwill and Other Intangible Assets

The following table provides a reconciliation of Goodwill and other intangibles, net reported on the Consolidated Balance Sheets.

	Useful Lives	June 30, 2024	March 31, 2024
Goodwill	Indefinite	\$ 1,175,370	\$ 1,127,497
Tradename-Houlihan Lokey	Indefinite	192,210	192,210
Other intangible assets	Varies	103,721	98,897
Total cost		1,471,301	1,418,604
Less: accumulated amortization		(97,224)	(93,668)
Goodwill and other intangibles, net		\$ 1,374,077	\$ 1,324,936

Goodwill attributable to the Company's business segments is as follows:

	April 1, 2024	Change ⁽¹⁾	June 30, 2024
Corporate Finance	\$ 872,967	\$ 47,873	\$ 920,840
Financial Restructuring	162,815	—	162,815
Financial and Valuation Advisory	91,715	—	91,715
Goodwill	\$ 1,127,497	\$ 47,873	\$ 1,175,370

(1) Changes pertain primarily to the acquisition of Triago Advisors.

HOULIHAN LOKEY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(UNAUDITED)

(In thousands, except share data or as otherwise stated)

Amortization expense of approximately \$3,541 and \$3,355 was recognized for the three months ended June 30, 2024 and 2023, respectively.

The estimated future amortization for finite-lived intangible assets for each of the next five fiscal years and thereafter are as follows:

	Year Ending March 31,
Remainder of 2025	\$ 4,321
2026	1,873
2027	—
2028	—
2029 and thereafter	—

Note 10 — Loans Payable

On August 23, 2019, the Company entered into a syndicated revolving line of credit with Bank of America, N.A. and certain other financial institutions party thereto, which was amended by the First Amendment to Credit Agreement dated as of August 2, 2022 (the "HLI Line of Credit"), which allows for borrowings of up to \$100.0 million (and, subject to certain conditions, provides the Company with an uncommitted expansion option, which, if exercised in full, would provide for a total credit facility of \$200.0 million) and matures on August 23, 2025 (or if such date is not a business day, the immediately preceding business day). Borrowings under the HLI Line of Credit bear interest at a floating rate, which can be either, at the Company's option, (i) Term Secured Overnight Financing Rate ("SOFR") plus a 0.10% SOFR adjustment plus a 1.00% margin or (ii) base rate, which is the highest of (a) the Federal Funds Rate plus one-half of one percent (0.50%), (b) the rate of interest in effect for such day as publicly announced from time to time by Bank of America as its "prime rate," and (c) Term SOFR plus a 0.10% SOFR adjustment. Commitment fees apply to unused amounts, and the HLI Line of Credit contains debt covenants which require that the Company maintain certain financial ratios. As of June 30, 2024 and March 31, 2024, no principal was outstanding under the HLI Line of Credit.

In July 2021, the Company acquired Baylor Klein, Ltd ("BK"). Contingent consideration was issued in connection with the acquisition of BK, which had a carrying value of \$0.0 million and \$9.0 million as of June 30, 2024 and March 31, 2024, respectively, which is included in Other liabilities in our Consolidated Balance Sheets.

In December 2023, the Company acquired 7 Mile Advisors, LLC ("7MA"). Total consideration included an unsecured note of \$ 14.5 million bearing interest at an annual rate of 2.00% and payable on December 11, 2053. The note was issued by the Company to the former principals and sellers of 7MA (who became employees of the Company). Under certain circumstances, the note will be pre-paid to each seller for Company stock over a three-year period in equal annual installments starting in December 2024. The Company incurred interest expense of \$72 for the three months ended June 30, 2024. Contingent consideration was also issued in connection with the acquisition of 7MA, which had a carrying value of \$4.0 million as of June 30, 2024, and is included in Other liabilities in our Consolidated Balance Sheets.

Note 11 — Accumulated Other Comprehensive (Loss)

Accumulated other comprehensive (loss) is comprised of Foreign currency translation adjustments of \$(2,962) and \$2,974 for the three months ended June 30, 2024 and 2023, respectively.

Accumulated other comprehensive (loss) as of June 30, 2024 was comprised of the following:

Balance, April 1, 2024	\$ (66,608)
Foreign currency translation adjustment	(2,962)
Balance, June 30, 2024	<u>\$ (69,570)</u>

Note 12 — Income Taxes

The Company's provision for income taxes was \$10,934 and \$14,962 for the three months ended June 30, 2024 and 2023, respectively. These represent effective tax rates of 10.9% and 19.6% for the three months ended June 30, 2024 and 2023, respectively.

HOULIHAN LOKEY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(UNAUDITED)

(In thousands, except share data or as otherwise stated)

Note 13 — Earnings Per Share

The calculations of basic and diluted earnings per share attributable to holders of shares of common stock are presented below. The determination of weighted average shares of common stock outstanding includes both the Company's Class A common stock and Class B common stock. Please refer to Note 15 for further detail on our two classes of authorized Company common stock.

	Three Months Ended June 30,	
	2024	2023
<i>Numerator:</i>		
Net income attributable Houlihan Lokey, Inc.	\$ 88,940	\$ 61,390
<i>Denominator:</i>		
Weighted average shares of common stock outstanding — basic	65,031,216	63,806,156
Weighted average number of incremental shares pertaining to unvested restricted stock and issuable in respect of unvested restricted stock units, as calculated using the treasury stock method	3,469,843	4,194,236
Weighted average shares of common stock outstanding — diluted	68,501,059	68,000,392
Basic earnings per share	\$ 1.37	\$ 0.96
Diluted earnings per share	\$ 1.30	\$ 0.90

Note 14 — Employee Benefit Plans

Defined Contribution Plans

The Company sponsors a 401(k) defined contribution savings plan for its domestic employees and defined contribution retirement plans for its international employees. The Company contributed approximately \$3,045 and \$3,029 to these plans during the three months ended June 30, 2024 and 2023, respectively.

Share-Based Incentive Plans

Awards of restricted shares and restricted stock units have been and will be made under the Amended and Restated Houlihan Lokey, Inc. 2016 Incentive Award Plan (the "2016 Incentive Plan"), which became effective in August 2015 and was amended in October 2017. Under the 2016 Incentive Plan, it is anticipated that the Company will continue to grant cash and equity-based incentive awards to eligible service providers in order to attract, motivate and retain the talent necessary to operate the Company's business. Equity-based incentive awards issued under the 2016 Incentive Plan generally vest over a four-year period. Restricted shares of Class A common stock were granted under the 2016 Incentive Plan to (i) six independent directors in the first quarter of the fiscal year ended March 31, 2024, at \$87.60 per share and (ii) six independent directors in the first quarter of the fiscal year ending March 31, 2025, at \$134.08 per share.

An excess tax benefit of \$21,921 and \$7,299 was recognized during the three months ended June 30, 2024 and 2023, respectively, as a component of the provision for income taxes and an operating activity on the Consolidated Statements of Cash Flows. The excess tax benefits recognized during the three months ended June 30, 2024 and 2023 were related to shares vested in May 2024 and May 2023, respectively.

HOULIHAN LOKEY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(UNAUDITED)

(In thousands, except share data or as otherwise stated)

The share awards are classified as equity awards at the time of grant unless the number of shares granted is unknown. Awards that are settleable in shares based upon a future determinable stock price are classified as liabilities until the price is established and the resulting number of shares is known, at which time they are re-classified from liabilities to equity awards. Activity in equity-classified share awards which relate to the 2016 Incentive Plan during the three months ended June 30, 2024 and 2023 was as follows:

Unvested Share Awards	Shares	Weighted Average Grant Date Fair Value
Balance, April 1, 2024	4,519,024	\$ 83.37
Granted	912,625	134.08
Vested	(1,607,736)	80.09
Forfeited/Repurchased	(131,618)	177.11
Balance, June 30, 2024	<u>3,692,295</u>	<u>\$ 97.24</u>
Balance, April 1, 2023	5,281,779	\$ 79.57
Granted	1,248,066	87.60
Vested	(1,626,636)	74.14
Forfeited/Repurchased	(155,400)	80.01
Balance, June 30, 2023	<u>4,747,809</u>	<u>\$ 83.53</u>

Activity in liability-classified share awards during the three months ended June 30, 2024 and 2023 was as follows:

Awards Settleable in Shares	Fair Value
Balance, April 1, 2024	\$ 17,184
Offer to grant	1,625
Share price determined-converted to cash payments	(5)
Share price determined-transferred to equity grants	(7,265)
Forfeited	(224)
Balance, June 30, 2024	<u>\$ 11,315</u>
Balance, April 1, 2023	\$ 11,971
Offer to grant	5,515
Share price determined-converted to cash payments	(3)
Share price determined-transferred to equity grants	(6,172)
Forfeited	—
Balance, June 30, 2023	<u>\$ 11,311</u>

HOULIHAN LOKEY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(UNAUDITED)

(In thousands, except share data or as otherwise stated)

Activity in Restricted Stock Unit awards during the three months ended June 30, 2024 and 2023 was as follows:

Restricted Stock Units	RSUs	Weighted Average Grant Date Fair Value
RSUs as of April 1, 2024	843,730	\$ 95.09
Issued	68,601	134.08
Forfeitures	(17,779)	180.95
Vested	(268,114)	94.70
RSUs as of June 30, 2024	626,438	\$ 99.55
RSUs as of April 1, 2023	1,050,646	\$ 95.46
Issued	94,286	87.60
Forfeitures	(4,302)	77.11
Vested	(266,883)	94.38
RSUs as of June 30, 2023	873,747	\$ 95.02

Compensation expenses for the Company associated with both equity-classified and liability-classified awards totaled \$ 33,071 and \$39,409 for the three months ended June 30, 2024 and 2023, respectively.

As of June 30, 2024 and 2023, there was \$ 412,184 and \$479,580, respectively, of total unrecognized compensation cost related to unvested share awards granted under the 2016 Incentive Plan. These costs are recognized over a weighted average period of 2.6 years and 3.7 years, as of June 30, 2024 and 2023, respectively.

On October 19, 2017, our board of directors approved an amendment (the "Amendment") to the 2016 Incentive Plan reducing the number of shares of common stock available for issuance under the 2016 Incentive Plan by approximately 12.2 million shares. Under the Amendment, the aggregate number of shares of common stock that are available for issuance under awards granted pursuant to the 2016 Incentive Plan is equal to the sum of (i) 8.0 million and (ii) any shares of our Class B common stock that are subject to awards under our 2006 Incentive Plan that terminate, expire or lapse for any reason after October 19, 2017.

The number of shares available for issuance increases annually beginning on April 1, 2018 and ending on April 1, 2025, by an amount equal to the lowest of:

- 6,540,659 shares of our Class A common stock and Class B common stock;
- Six percent of the shares of Class A common stock and Class B common stock outstanding on the final day of the immediately preceding fiscal year; and
- such smaller number of shares as determined by our board of directors.

Note 15 — Stockholders' Equity

There are two classes of authorized Company common stock: Class A common stock and Class B common stock. The rights of the holders of Class A common stock and Class B common stock are identical, except with respect to voting and conversion rights. Each share of Class A common stock is entitled to one vote per share, and each share of Class B common stock is entitled to ten votes per share. Each share of Class B common stock may be converted into one share of Class A common stock at the option of its holder and will be automatically converted into one share of Class A common stock upon transfer thereof, subject to certain exceptions.

Class A Common Stock

During the three months ended June 30, 2024 and 2023, 5,248 and 6,609 shares were issued to non-employee directors and 608,084 and 651,068 shares were converted from Class B to Class A, respectively.

HOULIHAN LOKEY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(UNAUDITED)

(In thousands, except share data or as otherwise stated)

As of June 30, 2024, there were 52,983,316 Class A shares held by the public and 70,183 Class A shares held by non-employee directors. As of June 30, 2023, there were 51,231,666 Class A shares held by the public and 64,935 Class A shares held by non-employee directors.

Class B Common Stock

As of June 30, 2024 and 2023, there were 16,456,793 and 18,035,565 Class B shares held by the HL Voting Trust, respectively.

Dividends

Previously declared dividends related to unvested shares of \$ 15,840 and \$14,673 were unpaid as of June 30, 2024 and 2023, respectively.

Share Repurchases

In April 2022, the board of directors authorized an increase to the existing July 2021 share repurchase program, which provides for share repurchases of a new aggregate amount of up to \$500.0 million of the Company's Class A common stock and Class B common stock. As of June 30, 2024, shares with a value of \$457.7 million remained available for purchase under the program.

During the three months ended June 30, 2024 and 2023, the Company repurchased 672,581 and 507,511 shares, respectively, of Class B common stock, to satisfy \$100,993 and \$69,766, respectively, of required withholding taxes in connection with the vesting of restricted awards. There were no regular share repurchases made under the existing share repurchase program during the three months ended June 30, 2024 or 2023.

Note 16 — Leases

Lessee Arrangements

Operating Leases

We lease real estate and equipment used in operations from third parties. As of June 30, 2024, the remaining term of our operating leases ranged from 1 to 15 years with various automatic extensions.

The following table outlines the maturity of our existing operating lease liabilities on a fiscal year-end basis as of June 30, 2024.

Maturity of Operating Leases

	Operating Leases
Remaining 2025	\$ 30,028
2026	54,061
2027	53,977
2028	53,397
2029	52,705
Thereafter	342,450
Total	586,618
Less: present value discount	(151,418)
Operating lease liabilities	\$ 435,200

As of June 30, 2024, the Company has entered into an operating lease for additional office space that has not yet commenced for approximately \$1.8 million. This operating lease will commence during fiscal year 2025 with a lease term of 5 years.

HOULIHAN LOKEY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(UNAUDITED)

(In thousands, except share data or as otherwise stated)

Lease costs

	Three Months Ended June 30,	
	2024	2023
Operating lease expense	\$ 15,033	\$ 12,423
Variable lease expense ⁽¹⁾	4,622	5,237
Short-term lease expense	54	46
Less: Sublease income	(425)	(303)
Total lease costs	<u>\$ 19,284</u>	<u>\$ 17,403</u>

(1) Primarily consists of payments for property taxes, common area maintenance and usage based operating costs.

Weighted-average details

	June 30,	
	2024	2023
Weighted-average remaining lease term (years)	12	12
Weighted-average discount rate	5.4 %	5.0 %

Supplemental cash flow information related to leases:

	Three Months Ended June 30,	
	2024	2023
Operating cash flows:		
Cash paid for amounts included in the measurement of Operating lease liabilities	\$ 17,698	\$ 10,251
Non-cash activity:		
Operating lease right-of-use assets obtained in exchange of Operating lease liabilities	\$ 24,348	\$ 6,750
Change in Operating lease right-of-use assets due to remeasurement	1,416	46,168

Note 17 — Commitments and Contingencies

The Company has been named in various legal actions arising in the normal course of business. In the opinion of the Company, in consultation with legal counsel, the final resolutions of these matters are not expected to have a material adverse effect on the Company's financial condition, operations and cash flows.

The Company also provides routine indemnifications relating to certain real estate (office) lease agreements under which it may be required to indemnify property owners for claims and other liabilities arising from the Company's use of the applicable premises. In addition, the Company guarantees the performance of its subsidiaries under certain office lease agreements. The terms of these obligations vary, and because a maximum obligation is not explicitly stated, the Company has determined that it is not possible to make an estimate of the maximum amount that it could be obligated to pay under such contracts. Based on historical experience and evaluation of specific indemnities, management believes that judgments, if any, against the Company related to such matters are not likely to have a material effect on the consolidated financial statements. Accordingly, the Company has not recorded any liability for these obligations as of June 30, 2024 or March 31, 2024.

There have been no material changes outside of the ordinary course of business to our known contractual obligations, which are included in Item 7 of our 2024 Annual Report.

HOULIHAN LOKEY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(UNAUDITED)

(In thousands, except share data or as otherwise stated)

Note 18 — Segment and Geographical Information

The Company's reportable segments are described in Note 1 and each are individually managed and provide separate services that require specialized expertise for the provision of those services. Revenues by segment represent fees earned on the various services offered within each segment. Segment profit consists of segment revenues, less (1) direct expenses including compensation, travel, meals and entertainment, professional fees, and bad debt and (2) expenses allocated by headcount such as communications, rent, depreciation and amortization, and office expense. The corporate expense category includes costs not allocated to individual segments, including charges related to incentive compensation and share-based payments to corporate employees, as well as expenses of senior management and corporate departmental functions managed on a worldwide basis, including office of the executives, accounting, human capital, marketing, information technology, and legal and compliance. The following tables present information about revenues, profit and assets by segment and geography.

	Three Months Ended June 30,	
	2024	2023
Revenues by segment		
Corporate Finance	\$ 328,417	\$ 227,051
Financial Restructuring	117,422	123,368
Financial and Valuation Advisory	67,770	65,410
Revenues	<u>\$ 513,609</u>	<u>\$ 415,829</u>
Segment profit ⁽¹⁾		
Corporate Finance	\$ 100,422	\$ 61,622
Financial Restructuring	39,149	43,594
Financial and Valuation Advisory	17,641	14,899
Total segment profit	157,212	120,115
Corporate expenses ⁽²⁾	61,644	46,768
Other income, net	(4,306)	(3,005)
Income before provision for income taxes	<u>\$ 99,874</u>	<u>\$ 76,352</u>

(1) We adjust the compensation expense for a business segment in situations where an employee residing in one business segment is performing work in another business segment where the revenues are accrued. Segment profit may vary significantly between periods depending on the levels of collaboration among the different segments.

(2) Corporate expenses represent expenses that are not allocated to individual business segments such as office of the executives, accounting, information technology, legal and compliance, marketing, and human capital.

	June 30, 2024	March 31, 2024
Assets by segment		
Corporate Finance	\$ 1,144,817	\$ 1,147,432
Financial Restructuring	197,444	192,185
Financial and Valuation Advisory	167,629	170,627
Total segment assets	1,509,890	1,510,244
Corporate assets	1,433,026	1,660,515
Total assets	<u>\$ 2,942,916</u>	<u>\$ 3,170,759</u>

	Three Months Ended June 30,	
	2024	2023
Income before provision for income taxes by geography		
United States	\$ 61,058	\$ 52,402
International	38,816	23,950
Income before provision for income taxes	<u>\$ 99,874</u>	<u>\$ 76,352</u>

HOULIHAN LOKEY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(UNAUDITED)

(In thousands, except share data or as otherwise stated)

	Three Months Ended June 30,	
	2024	2023
Revenues by geography		
United States	\$ 366,559	\$ 327,736
International	147,050	88,093
Revenues	<u>\$ 513,609</u>	<u>\$ 415,829</u>

	June 30, 2024		March 31, 2024	
Assets by geography				
United States	\$ 1,992,499	\$ 1,957,454		
International	950,417	1,213,305		
Total assets	<u>\$ 2,942,916</u>	<u>\$ 3,170,759</u>		

Note 19 — Subsequent Events

On July 25, 2024, the Company's board of directors declared a quarterly cash dividend of \$ 0.57 per share of Class A and Class B common stock, payable on September 15, 2024, to shareholders of record on September 3, 2024.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

The following discussion should be read together with our consolidated financial statements and the related notes that appear elsewhere in this Quarterly Report on Form 10-Q. We make statements in this discussion that are forward-looking statements. In some cases, you can identify these statements by forward-looking words such as "may," "might," "will," "should," "expects," "plans," "anticipates," "could," "targets," "projects," "contemplates," "believes," "estimates," "intends," "predicts," "potential" or "continue," the negative of these terms or other similar expressions. These forward-looking statements, which are subject to risks, uncertainties, and assumptions about us, may include projections of our future financial performance, based on our growth strategies and anticipated trends in our business. These statements are only predictions based on our current expectations and projections about future events. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward-looking statements, including but not limited to, the factors listed under the heading "Cautionary Note Regarding Forward-Looking Statements" in our Annual Report on Form 10-K for the year ended March 31, 2024 (the "2024 Annual Report"). Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, level of activity, performance or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy or completeness of any of these forward-looking statements. These forward-looking statements speak only as of the date of this filing. You should not rely upon forward-looking statements as a prediction of future events. We are under no duty to and we do not undertake any obligation to update or review any of these forward-looking statements after the date of this filing to conform our prior statements to actual results or revised expectations whether as a result of new information, future developments or otherwise.

Key Financial Measures

Revenues

Revenues include fee revenues and reimbursements of expenses (see Note 2 and Note 3 to our unaudited consolidated financial statements in this Form 10-Q for additional information). Revenues reflect revenues from our Corporate Finance ("CF"), Financial Restructuring ("FR"), and Financial and Valuation Advisory ("FVA") business segments that substantially consist of fees for advisory services.

Revenues for all three business segments are recognized upon satisfaction of the performance obligation and may be satisfied over time or at a point in time. The amount and timing of the fees paid vary by the type of engagement. In general, advisory fees are paid at the time an engagement letter is signed ("Retainer Fees"), during the course of the engagement ("Progress Fees"), or upon the successful completion of a transaction or engagement ("Completion Fees").

CF provides general financial advisory services and advice on mergers and acquisitions and capital markets offerings. We advise public and private institutions, including financial sponsors, on a wide variety of matters, including buy-side and sell-side M&A transactions, debt and equity financings in both the private and public markets, and other corporate finance transactions. The majority of our CF revenues consists of Completion Fees. A CF transaction can fail to be completed for many reasons that are outside of our control. In these instances, our fees are generally limited to Retainer Fees and in some cases Progress Fees that may have been received.

FR provides advice to debtors, creditors and other parties-in-interest in connection with recapitalization/deleveraging transactions implemented through bankruptcy proceedings and out-of-court exchanges, consent solicitations or other mechanisms, as well as in distressed mergers and acquisitions and capital markets activities. As part of these engagements, our FR business segment offers a wide range of advisory services to our clients, including: the structuring, negotiation, and confirmation of plans of reorganization; structuring and analysis of exchange offers; liability management transactions, corporate viability assessment; dispute resolution and expert testimony; and procuring debtor-in-possession financing. Although atypical, FR transactions can fail to be completed for many reasons that are outside of our control. In these instances, our fees are generally limited to the Retainer Fees and/or Progress Fees.

FVA primarily provides financial advisory and valuation services with respect to companies, debt and equity interests (including complex illiquid investments), and other types of assets and liabilities; fairness opinions in connection with mergers and acquisitions and other transactions, solvency opinions in connection with corporate spin-offs and dividend recapitalizations, and other types of financial opinions in connection with other transactions; as well as diligence, tax, transaction accounting, and other financial advisory services to companies, boards of directors, special committees, retained counsel, financial and strategic investors, trustees, and other parties. Also, our FVA business segment provides dispute resolution services to clients where fees are usually based on the hourly rates of our financial professionals. Unlike our CF or FR segments, the fees generated in our FVA segment are generally not contingent on the successful completion of a transaction.

Operating Expenses

Our operating expenses are classified as employee compensation and benefits expense and non-compensation expense; revenue and headcount are the primary drivers of our operating expenses. Reimbursements of certain out-of-pocket deal expenses are recorded on a gross basis and are therefore included in both Revenues and Operating expenses on the Consolidated Statements of Comprehensive Income.

Employee Compensation and Benefits Expense. Our employee compensation and benefits expense, which accounts for the majority of our operating expenses, is determined by management based on revenues earned, headcount, the competitiveness of the prevailing labor market, and anticipated compensation expectations of our employees. These factors may fluctuate, and as a result, our employee compensation and benefits expense may fluctuate materially in any particular period. Accordingly, the amount of employee compensation and benefits expense recognized in any particular period may not be consistent with prior periods or indicative of future periods.

Our employee compensation and benefits expense consists of base salary, payroll taxes, benefits, annual incentive compensation payable as cash bonus awards, deferred cash bonus awards, and the amortization of equity-based bonus awards. Base salary and benefits are paid ratably throughout the year. Our annual equity-based bonus awards include fixed share compensation awards and liability classified fixed dollar awards as a component of the annual bonus awards for certain employees. These equity awards are generally subject to annual vesting requirements over a four-year period beginning at the date of grant, which typically occurs in the first quarter of each fiscal year; accordingly, expenses are amortized over the stated vesting period. In most circumstances, the unvested portion of these awards is subject to forfeiture should the employee depart from the Company, and in certain cases if certain financial metrics are not met. Cash bonuses, which are accrued monthly, are discretionary and dependent upon a number of factors including the Company's performance and are generally paid in the first quarter of each fiscal year with respect to prior year performance. Generally, a portion of the cash bonus is deferred and paid in the third quarter of the fiscal year in which the bonus is awarded. We refer to the ratio of our employee compensation and benefits expenses to our revenues as our "Compensation Ratio."

Non-Compensation Expense. The balance of our operating expenses includes costs for travel, meals and entertainment, rent, depreciation and amortization, information technology and communications, professional fees, and other operating expenses. We refer to all of these expenses as non-compensation expenses. A portion of our non-compensation expenses fluctuates in response to changes in headcount.

Other Income, Net

Other income, net includes (i) interest income earned on non-marketable and investment securities, cash and cash equivalents, loans receivable from affiliates, employee loans, and commercial paper, (ii) interest expense and fees on our HLI Line of Credit (defined herein), (iii) equity income and/or gains or losses from funds and partnership interests where we have had more than a minor ownership interest or more than minor influence over operations, but do not have a controlling interest and are not the primary beneficiary, (iv) gains and/or losses associated with the reduction/increase of earnout liabilities, and (v) other miscellaneous non-operating expenses.

Results of Consolidated Operations

The following is a discussion of our results of consolidated operations for the three months ended June 30, 2024 and 2023. For a more detailed discussion of the factors that affected the revenues and the operating expenses of our CF, FR, and FVA business segments in these periods, see Part I, Item 2 of this Form 10-Q under the heading "Business Segments" below.

(\$ in thousands)	Three Months Ended June 30,		
	2024	2023	Change
Revenues	\$ 513,609	\$ 415,829	24 %
Operating expenses:			
Employee compensation and benefits	330,116	263,483	25 %
Non-compensation	87,925	78,999	11 %
Total operating expenses	418,041	342,482	22 %
Operating income	95,568	73,347	30 %
Other income, net	(4,306)	(3,005)	43 %
Income before provision for income taxes	99,874	76,352	31 %
Provision for income taxes	10,934	14,962	(27) %
Net income attributable to Houlihan Lokey, Inc.	\$ 88,940	\$ 61,390	45 %

Three Months Ended June 30, 2024 versus June 30, 2023

Revenues were \$513.6 million for the three months ended June 30, 2024, compared with \$415.8 million for the three months ended June 30, 2023, representing an increase of 24%. The increase in revenues was primarily attributable to an increase in CF revenues, partially offset by a decrease in FR revenues, as described in more detail below. For the quarter, CF revenues increased 45%, FR revenues decreased (5)%, and FVA revenues increased 4% when compared with the three months ended June 30, 2023.

Operating expenses were \$418.0 million for the three months ended June 30, 2024, compared with \$342.5 million for the three months ended June 30, 2023, representing an increase of 22%. Employee compensation and benefits expense, as a component of operating expenses, was \$330.1 million for the three months ended June 30, 2024, compared with \$263.5 million for the three months ended June 30, 2023, representing an increase of 25%. The increase in employee compensation and benefits expense was a result of an increase in revenues for the quarter when compared with the same quarter last year. The Compensation Ratio was 64.3% for the three months ended June 30, 2024, compared with 63.4% for the three months ended June 30, 2023. Non-compensation expense, as a component of operating expenses, was \$87.9 million for the three months ended June 30, 2024, compared with \$79.0 million for the three months ended June 30, 2023, representing an increase of 11%. The increase in non-compensation expense was primarily a result of increases in information technology and communications expenses and in travel, meals, and entertainment expenses.

Other income, net was \$(4.3) million for the three months ended June 30, 2024, compared with \$(3.0) million for the three months ended June 30, 2023. Other income, net increased primarily due to a net increase in interest income.

The provision for income taxes was \$10.9 million, representing an effective tax rate of 10.9%, for the first quarter ended June 30, 2024, compared with \$15.0 million, representing an effective tax rate of 19.6%, for the first quarter ended June 30, 2023. The decrease in the Company's tax rate during the quarter ended June 30, 2024 relative to the quarter ended June 30, 2023 was primarily a result of increased stock compensation deductions.

Business Segments

The following table presents revenues, expenses and contributions from our continuing operations by business segment. The revenues by segment represents each segment's revenues, and the profit by segment represents profit for each segment before corporate expenses, other expense, net, and income taxes.

(\$ in thousands)	Three Months Ended June 30,		
	2024	2023	Change
Revenues by segment			
Corporate Finance	\$ 328,417	\$ 227,051	45 %
Financial Restructuring	117,422	123,368	(5) %
Financial and Valuation Advisory	67,770	65,410	4 %
Revenues	<u>\$ 513,609</u>	<u>\$ 415,829</u>	<u>24 %</u>
Segment profit ⁽¹⁾			
Corporate Finance	\$ 100,422	\$ 61,622	63 %
Financial Restructuring	39,149	43,594	(10) %
Financial and Valuation Advisory	17,641	14,899	18 %
Total segment profit	157,212	120,115	31 %
Corporate expenses ⁽²⁾	61,644	46,768	32 %
Other income, net	(4,306)	(3,005)	43 %
Income before provision for income taxes	<u>\$ 99,874</u>	<u>\$ 76,352</u>	<u>31 %</u>

Segment Metrics

Number of managing directors			
Corporate Finance	228	225	1 %
Financial Restructuring	58	59	(2) %
Financial and Valuation Advisory	42	42	— %
Number of closed transactions/Fee Events ⁽³⁾			
Corporate Finance	116	95	22 %
Financial Restructuring	33	30	10 %
Financial and Valuation Advisory	847	786	8 %

- (1) We adjust the compensation expense for a business segment in situations where an employee residing in one business segment is performing work in another business segment where the revenues are accrued. Segment Profit may vary significantly between periods depending on the levels of collaboration among the different segments.
- (2) Corporate expenses represent expenses that are not allocated to individual business segments such as office of the executives, accounting, information technology, legal and compliance, marketing, and human capital.
- (3) Fee Events applicable to FVA only; a Fee Event includes any engagement that involves revenue activity during the measurement period with a revenue minimum of one thousand dollars. References to closed transactions should be understood to be the same as transactions that are "effectively closed" as described in Note 2 of our Consolidated Financial Statements.

Corporate Finance

Three Months Ended June 30, 2024 versus June 30, 2023

Revenues for CF were \$328.4 million for the three months ended June 30, 2024, compared with \$227.1 million for the three months ended June 30, 2023, representing an increase of 45%. Revenues increased due to an increase in the number of closed transactions during the quarter, driven by favorable market conditions for M&A and capital markets transactions. Revenues also increased due to an increase in the average transaction fee on closed transactions. The increase in the average transaction fee on closed transactions was driven by transaction mix, and does not represent a trend in the average transaction fee on closed transactions.

Segment profit for CF was \$100.4 million for the three months ended June 30, 2024, compared with \$61.6 million for the three months ended June 30, 2023, representing an increase of 63%. Profitability increased primarily as a result of an increase in revenues and lower non-compensation expenses as a percentage of revenues when compared to the same quarter last year.

Financial Restructuring

Three Months Ended June 30, 2024 versus June 30, 2023

Revenues for FR were \$117.4 million for the three months ended June 30, 2024, compared with \$123.4 million for the three months ended June 30, 2023, representing a decrease of (5)%. Revenues decreased primarily due to a decrease in the average transaction fee on closed transactions and lower retainer fees relative to the same quarter last year, partially offset by an increase in the number of closed transactions. The decrease in average transaction fee on closed transactions was driven by transaction mix, and does not represent a trend in the average transaction fee on closed transactions.

Segment profit for FR was \$39.1 million for the three months ended June 30, 2024, compared with \$43.6 million for the three months ended June 30, 2023, a decrease of (10)%. Profitability decreased primarily as a result of a decrease in revenues and an increase in non-compensation expenses when compared to the same quarter last year.

Financial and Valuation Advisory

Three Months Ended June 30, 2024 versus June 30, 2023

Revenues for FVA were \$67.8 million for the three months ended June 30, 2024, compared with \$65.4 million for the three months ended June 30, 2023, representing an increase of 4%. Revenues increased primarily due to an increase in the number of Fee Events. The increase in the number of Fee Events was driven by expanding our scope of work for existing clients for one or more of the service lines within our FVA business.

Segment profit for FVA was \$17.6 million for the three months ended June 30, 2024, compared with \$14.9 million for the three months ended June 30, 2023, an increase of 18%. Profitability increased primarily as a result of an increase in revenues and a decrease in compensation expenses when compared to the same quarter last year.

Corporate Expenses

Three Months Ended June 30, 2024 versus June 30, 2023

Corporate expenses were \$61.6 million for the three months ended June 30, 2024, compared with \$46.8 million for the three months ended June 30, 2023, representing an increase of 32%. Corporate expenses increased primarily as a result of an increase in compensation expenses and rent expenses, partially offset by a decrease in other operating expenses when compared to the same quarter last year.

Liquidity and Capital Resources

Our current assets comprise cash and cash equivalents, investment securities, accounts receivable, and unbilled work in progress related to fees earned from providing advisory services. Our current liabilities include deferred income, accounts payable and accrued expenses, accrued salaries and bonuses, income taxes payable, and current portion of loan obligations.

Our cash and cash equivalents include cash held at banks. We maintain moderate levels of cash on hand in support of regulatory requirements for our registered broker-dealer. As of June 30, 2024 and March 31, 2024, we had \$363.5 million and \$545.0 million of cash in foreign subsidiaries, respectively. Our excess cash may be invested from time to time in short-term investments, including treasury securities, commercial paper, certificates of deposit, and investment grade corporate and government debt securities. Please refer to Note 6 for further detail.

As of June 30, 2024 and March 31, 2024, our restricted cash, cash and cash equivalents, and investment securities were as follows:

<i>(In thousands)</i>	June 30, 2024	March 31, 2024
Cash and cash equivalents	\$ 449,697	\$ 721,235
Investment securities	35,622	38,005
Total unrestricted cash and cash equivalents, including investment securities	485,319	759,240
Restricted cash ⁽¹⁾	619	619
Total cash, cash equivalents, and restricted cash, including investment securities	\$ 485,938	\$ 759,859

(1) Restricted cash as of June 30, 2024 and March 31, 2024 consisted of cash deposits in support of two letters of credit for our Frankfurt office.

Our liquidity is highly dependent upon cash receipts from clients that are generally dependent upon the successful completion of transactions, as well as the timing of receivables collections, which typically occur within 60 days of billing. As of June 30, 2024, accounts receivable, net of credit losses was \$192.6 million. As of June 30, 2024, unbilled work in progress, net of credit losses was \$156.0 million.

On August 23, 2019, the Company entered into a syndicated revolving line of credit with the Bank of America, N.A. and certain other financial institutions party thereto, which was amended by a First Amendment to Credit Agreement dated as of August 2, 2022 (the "HLI Line of Credit"), which allows for borrowings of up to \$100 million (and, subject to certain conditions, provides the Company with an uncommitted expansion option, which, if exercised in full, would provide for a total credit facility of \$200 million), and matures on August 23, 2025 (or if such date is not a business day, the immediately preceding business day). Borrowings under the HLI Line of Credit bear interest at a floating rate, which can be either, at the Company's option, (i) Term Secured Overnight Financing Rate ("SOFR") plus a 0.10% SOFR adjustment plus a 1.00% margin or (ii) base rate, which is the highest of (a) the Federal Funds Rate plus one-half of one percent (0.50%), (b) the rate of interest in effect for such day as publicly announced from time to time by Bank of America as its "prime rate," and (c) Term SOFR plus a 0.10% SOFR adjustment. Commitment fees apply to unused amounts, and the HLI Line of Credit contains debt covenants which require that the Company maintain certain financial ratios. The loan agreement requires compliance with certain loan covenants including but not limited to the maintenance of minimum consolidated earnings before interest, taxes, depreciation and amortization of no less than \$150 million as of the end of any quarterly 12-month period and certain leverage ratios including a consolidated leverage ratio of less than 2.00 to 1.00. As of June 30, 2024, we were, and expect to continue to be, in compliance with such covenants. As of June 30, 2024 and March 31, 2024, no principal was outstanding under the HLI Line of Credit.

The majority of the Company's payment obligations and commitments pertain to routine operating leases. The Company also has various obligations relating to notes payable and contingent consideration issued in connection with businesses previously acquired (see Note 10 included in Part I, Item 1 of this Form 10-Q).

In connection with certain acquisitions, certain employees may be entitled to deferred consideration, primarily in the form of retention payments, should certain service and/or performance conditions be met in the future. As a result of these conditions, such deferred consideration would be expensed as compensation in current and future periods and has been accrued as liabilities on the Consolidated Balance Sheets as of June 30, 2024 and March 31, 2024.

Cash Flows

Our operating cash flows are primarily influenced by the amount and timing of receipt of advisory fees and the payment of operating expenses, including payments of incentive compensation to our employees. We pay a significant portion of our incentive compensation during the first and third quarters of each fiscal year. A summary of our operating, investing, and financing cash flows is as follows:

<i>(In thousands)</i>	Three Months Ended June 30,		
	2024	2023	Change
Operating activities:			
Net income	\$ 88,940	\$ 61,390	45 %
Non-cash charges	63,384	51,133	24 %
Other operating activities	(216,835)	(246,091)	(12) %
Net cash used in operating activities	(64,511)	(133,568)	(52) %
Net cash used in investing activities	(40,432)	(12,361)	227 %
Net cash used in financing activities	(161,499)	(111,150)	45 %
Effects of exchange rate changes on cash, cash equivalents, and restricted cash	(5,096)	(1,244)	310 %
Net decrease in cash, cash equivalents, and restricted cash	(271,538)	(258,323)	5 %
Cash, cash equivalents, and restricted cash — beginning of period	721,854	714,812	1 %
Cash, cash equivalents, and restricted cash — end of period	\$ 450,316	\$ 456,489	(1) %

Three Months Ended June 30, 2024

Operating activities resulted in a net outflow of \$(64.5) million, primarily attributable to cash bonus payments in May 2024. Investing activities resulted in a net outflow of \$(40.4) million, primarily attributable to the acquisition of Triago and the purchase of property and equipment, net. Financing activities resulted in a net outflow of \$(161.5) million, primarily attributable to payments made to settle employee tax obligations on share-based awards and dividends paid.

Three Months Ended June 30, 2023

Operating activities resulted in a net outflow of \$(133.6) million, primarily attributable to cash bonus payments paid in May 2023. Investing activities resulted in a net outflow of \$(12.4) million, primarily attributable to purchases of property and equipment, net. Financing activities resulted in a net outflow of \$(111.2) million, primarily attributable to payments made to settle employee tax obligations on share-based awards and dividends paid.

Contractual Obligations

There have been no material changes outside of the ordinary course of business to our known contractual obligations, which are included in Item 7 of our 2024 Annual Report.

Critical Accounting Policies and Estimates

The preparation of consolidated financial statements and related disclosures in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the period for which they are determined to be necessary.

Business Combinations

Accounting for business combinations requires management to make significant estimates and assumptions. Critical estimates in valuing certain intangible assets include, but are not limited to, future expected cash flows, expected asset lives, geographic risk premiums, discount rates, and more. The amounts and useful lives assigned to acquisition-related intangible assets impact the amount and timing of future amortization expense.

Recent Accounting Developments

For information on recently issued accounting developments and their impact or potential impact on our consolidated financial statements, see Note 2 to our unaudited consolidated financial statements in this Form 10-Q.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Market Risk and Credit Risk

Our business is not capital intensive and we generally do not issue debt or invest in derivative instruments. As a result, we are not subject to significant market risk (including interest rate risk) or credit risk (except in relation to receivables). We maintain our cash and cash equivalents with financial institutions with high credit ratings. Although these deposits are generally not insured, management believes we are not exposed to significant credit risk due to the financial position of the depository institutions in which those deposits are held.

Our cash and cash equivalents are denominated primarily in U.S. dollars, pound sterling and euros, and we face foreign currency risk in our cash balances and other assets and liabilities held in accounts outside the U.S. due to potential currency movements and the associated foreign currency translation accounting requirements.

We regularly review our accounts receivable and allowance for credit losses by considering factors such as historical experience, credit quality, age of the accounts receivable and recoverable expense balances, and the current economic conditions that may affect a customer's ability to pay such amounts owed to us. We maintain an allowance for credit losses that, in our opinion, provides for an adequate reserve to cover losses that may be incurred.

Risks Related to Cash and Short-Term Investments

Our cash is maintained in U.S. and non-U.S. bank accounts. We have exposure to foreign exchange risks through all of our international affiliates and through some of our investments. However, we believe our cash is not subject to any material interest rate risk, equity price risk, credit risk or other market risk. Consistent with our past practice, we expect to maintain our cash in bank accounts or highly liquid securities.

Exchange Rate Risk

The exchange rate of the U.S. dollar relative to the currencies in the non-U.S. countries in which we operate may have an effect on the reported value of our non-U.S. dollar denominated or based assets and liabilities and, therefore, be reflected as a change in other comprehensive income, net of tax. Our non-U.S. assets and liabilities that are sensitive to exchange rates consist primarily of trade payables and receivables, work in progress, and cash. For the three months ended June 30, 2024 and 2023, the net impact of the fluctuation of foreign currencies in other comprehensive income within the Consolidated Statements of Comprehensive Income was \$(2,962) and \$2,974, respectively.

In addition, the reported amounts of our revenues and expenses may be affected by movements in the rate of exchange between the currencies in the non-U.S. countries in which we operate and the United States dollar, affecting our operating results. We have analyzed our potential exposure to changes in the value of the U.S. dollar relative to the pound sterling and euro, the primary currencies of our European operations, by performing a sensitivity analysis on our net income, and determined that while our earnings are subject to fluctuations from changes in foreign currency rates, at this time we do not believe we face any material risk in this respect.

From time to time, we enter into transactions to hedge our exposure to certain foreign currency fluctuations through the use of derivative instruments or other methods. As of June 30, 2024 we had three foreign currency forward contracts outstanding between the U.S. dollar and the pound sterling with an aggregate notional value of \$67.0 million. As of June 30, 2023, we had five foreign currency forward contracts outstanding between the pound sterling and the euro with a notional value of \$85.2 million. The change in fair value of these contracts represented a net gain/(loss) included in Other operating expenses of \$(521) and \$129 during the three months ended June 30, 2024 and June 30, 2023, respectively.

In summary, we have been impacted by changes in exchange rates and the potential impact of future currency fluctuation will increase as our international expansion continues. The magnitude of this impact will depend on the timing and volume of revenues and expenses of, and the amounts of assets and liabilities in, our foreign subsidiaries along with the timing of changes in the relative value of the U.S. dollar to the currencies of the non-U.S. countries in which we operate.

Item 4. Controls and Procedures

Limitations on Effectiveness of Controls and Procedures

In designing and evaluating our disclosure controls and procedures, management, including the chief executive officer and chief financial officer, recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable, not absolute, assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our chief executive officer and chief financial officer, evaluated, as of the end of the period covered by this Quarterly Report on Form 10-Q, the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Based on that evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of June 30, 2024.

Changes in Internal Control Over Financial Reporting

There was no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) identified in connection with the evaluation of our internal control over financial reporting performed during the fiscal quarter ended June 30, 2024 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we may be subject to legal proceedings and claims in the ordinary course of business. There has been no material change in the nature of our legal proceedings from the descriptions contained in our 2024 Annual Report.

Item 1A. Risk Factors

There have been no material changes to the risk factors disclosed in our 2024 Annual Report.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

On June 12, 2024, the Company issued 2,541 shares of Class B common stock to certain former employees of a business acquired in 2021. The Company relied upon the exemption from registration provided by Section 4(a)(2) under the Securities Act of 1933, as amended, for transactions not involving a public offering and received no proceeds in connection with this issuance.

Purchases of Equity Securities

The following table summarizes all of the repurchases of Houlihan Lokey, Inc. equity securities during the quarter ended June 30, 2024:

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased As Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs ⁽¹⁾
April 1, 2024 - April 30, 2024	—	\$ —	—	\$ 457,712,992
May 1, 2024 - May 31, 2024 ⁽²⁾	767,188	136.12	—	457,712,992
June 1, 2024 - June 30, 2024 ⁽³⁾	1,106	133.06	—	457,712,992
Total	768,294	\$ 136.12	—	\$ 457,712,992

- (1) The shares of Class A common stock repurchased through this program have been retired. In April 2022, the Company's board of directors authorized a replacement program to the previous July 2021 share repurchase program, which provides for share repurchases of a new aggregate amount of up to \$500 million of the Company's Class A common stock and Class B common stock.
- (2) Total Number of Shares Purchased consists of 767,188 unvested shares of Class B common stock at an average price per share of \$136.12, which were withheld from employees to satisfy tax withholding obligations resulting from the vesting of certain restricted stock awards.
- (3) Total Number of Shares Purchased consists of 1,106 unvested shares of Class B common stock at an average price per share of \$133.06, which were withheld from employees to satisfy tax withholding obligations resulting from the vesting of certain restricted stock awards.

Item 3. Defaults upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

(a) None.

(b) None.

(c) On May 21, 2024, Gillian Zucker, Independent Director on our Board of Directors, adopted a Rule 10b5-1 trading arrangement that is intended to satisfy the affirmative defense of Rule 10b5-1(c) for the sale of up to 2,400 shares of the Company's common stock until July 31, 2025.

Item 6. Exhibits

Exhibit Number	Exhibit Description	Incorporated by Reference				
		Form	File No.	Exhibit	Filing Date	Filed / Furnished Herewith
3.1	Second Amended and Restated Certificate of Incorporation of Houlihan Lokey, Inc., dated September 21, 2023.	8-K	001-37537	3.1	9/22/23	
3.2	Amended and Restated Bylaws of the Company, dated July 26, 2023.	8-K	001-37537	3.1	8/1/23	
19.1	Insider Trading Policies and Procedures					*
31.1	Rule 13a-14(a) / 15d-14(a) Certification of Chief Executive Officer.					*
31.2	Rule 13a-14(a) / 15d-14(a) Certification of Chief Financial Officer.					*
32.1	Section 1350 Certification of Chief Executive Officer.					**
32.2	Section 1350 Certification of Chief Financial Officer.					**
101.INS	Inline XBRL Instance Document - The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.					*
101.SCH	Inline XBRL Taxonomy Extension Schema Document.					*
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document.					*
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document.					*
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document.					*
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document.					*
104.1	Cover Page Interactive Data File - The cover page interactive data file does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.					*
*	Filed herewith.					
**	Furnished herewith.					

SIGNATURES

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, thereunto duly authorized.

HOULIHAN LOKEY, INC.

Date: August 6, 2024

/s/ SCOTT J. ADELSON

Scott J. Adelson

Chief Executive Officer

(Principal Executive Officer)

Date: August 6, 2024

/s/ J. LINDSEY ALLEY

J. Lindsey Alley

Chief Financial Officer

(Principal Financial and Accounting Officer)

EXHIBIT A**HOULIHAN LOKEY, INC.
POLICY REGARDING THE TRADING OF COMPANY SECURITIES**

This Policy Regarding the Trading of Company Securities (this **Policy**) of Houlihan Lokey, Inc. (the "**Company**") consists of seven sections:

- Section I provides an overview;
- Section II sets forth the policies of the Company prohibiting insider trading of Company securities;
- Section III explains insider trading;
- Section IV consists of procedures that have been put in place by the Company to prevent insider trading of Company securities;
- Section V sets forth additional transactions that are prohibited by this Policy;
- Section VI explains Rule 10b5-1 trading plans; and
- Section VII refers to the execution and return of a certificate of compliance.

This policy applies only to trading in securities issued by the Company. For the Company's policies regarding trading of third-party securities, employees should refer to their regional Code of Ethics

I. SUMMARY

Preventing illegal insider trading of Company securities is necessary to comply with securities laws and to preserve the reputation and integrity of the Company as well as that of all persons affiliated with the Company. This type of insider trading occurs when any person purchases or sells a security while in possession of inside information relating to the security. As explained in Section III below, "inside information" is information that is both "material" and "non-public." Insider trading is a crime. The penalties for violating insider trading laws include imprisonment, disgorgement of profits, civil fines, and significant criminal fines of up to \$5 million for individuals and \$25 million for corporations. Insider trading is also prohibited by this Policy, and violation of this Policy may result in Company-imposed sanctions, including termination of employment for cause and referral to the Financial Industry Regulatory Authority ("**FINRA**") and the Securities and Exchange Commission ("**SEC**").

This Policy applies to all officers, directors and employees of the Company whether or not they have signed the certificate of compliance attached hereto as Attachment A. Individuals subject to this Policy are responsible for ensuring that their immediate family members and certain other members of their households also comply with this Policy. This Policy also applies to any entities controlled by individuals subject to the Policy, including any corporations, partnerships or trusts, and transactions by these entities should be treated for the purposes of this Policy and applicable securities laws as if they were for the individual's own account. This Policy extends to all activities within and outside an individual's Company duties and may extend beyond the period during which an individual is employed by or providing services to the Company. Every officer, director and employee must review this Policy. Questions regarding the Policy should be directed to the Company's Chief Compliance Officer.

II. STATEMENT OF POLICIES PROHIBITING INSIDER TRADING OF COMPANY SECURITIES

No officer, director or employee shall purchase or sell any type of security of the Company while in possession of material, non-public information relating to the Company.

Additionally, no officer, director or employee shall purchase or sell any security of the Company during the period beginning on the last calendar day before the end of any fiscal quarter of the Company and ending upon the completion of the first full trading day after the public release of earnings data for such fiscal quarter or during any other trading suspension period declared by the Company. For the purposes of this Policy, a “trading day” is a day on which national stock exchanges are open for trading.

These prohibitions do not apply to:

- purchases of the Company's securities from the Company or sales of the Company's securities to the Company;
- exercises of stock options or other equity awards or the surrender of shares to the Company in payment of the exercise price or in satisfaction of any tax withholding obligations in a manner permitted by the applicable equity award agreement, or vesting of equity-based awards, that in each case do not involve a market sale of the Company's securities (the “cashless exercise” of a Company stock option through a broker does involve a market sale of the Company's securities, and therefore would not qualify under this exception);
- *bona fide* gifts of the Company's securities; or
- purchases or sales of the Company's securities made pursuant to any binding contract, specific instruction or written plan entered into outside of a black-out period and while the purchaser or seller, as applicable, was unaware of any material, non-public information and which contract, instruction or plan (i) meets all of the requirements of the affirmative defense provided by Rule 10b5-1 (“**Rule 10b5-1**”) promulgated under the Securities Exchange Act of 1934, as amended (the “**1934 Act**”), (ii) was pre-cleared in advance pursuant to this Policy and (iii) has not been amended or modified in any respect after such initial pre-clearance without such amendment or modification being pre-cleared in advance pursuant to this Policy. For more information about Rule 10b5-1 trading plans, see Section VI below.

No officer, director or employee shall directly or indirectly communicate (or **tip**) material, non-public information to anyone outside of the Company (except in accordance with the Company's policies regarding the protection or authorized external disclosure of Company information) or to anyone within the Company other than on a need-to-know basis.

III. EXPLANATION OF INSIDER TRADING

- “**Insider trading**” refers to the purchase or sale of a security of the Company while in possession of “material,” “non-public” information relating to the Company. It is generally understood that insider trading includes the following:
 - trading by insiders while in possession of material, non-public information;
 - trading by persons other than insiders while in possession of material, non-public information, if the information either was given in breach of an insider's fiduciary duty to keep it confidential or was misappropriated; and
 - communicating or tipping material, non-public information to others, including recommending the purchase or sale of a security while in possession of such information.
-

“Securities” includes stocks, bonds, notes, debentures, options, warrants and other convertible securities, as well as derivative instruments.

“Purchase” and **“sale”** are defined broadly under the federal securities law. **“Purchase”** includes not only the actual purchase of a security, but any contract to purchase or otherwise acquire a security. **“Sale”** includes not only the actual sale of a security, but any contract to sell or otherwise dispose of a security. These definitions extend to a broad range of transactions, including conventional cash-for-stock transactions, conversions, the exercise of stock options, and acquisitions and exercises of warrants or puts, calls or other derivative securities.

A. What Facts are Material?

Information is material when a reasonable investor would consider it important in making an investment decision. The information could be positive or negative. Generally, information is deemed material if the disclosure of the information could reasonably be expected to have an effect on the price of the Company’s securities.

Examples of material information include (but are not limited to) information about:

- dividend changes;
- earnings results;
- projections;
- changes in previously released earnings estimates;
- significant merger, spin-off, joint venture, or acquisition proposals, negotiations or agreements;
- stock buy-back proposals or proposed securities offerings;
- tender offers;
- rights offerings;
- new product releases or schedule changes;
- significant accounting write-offs or charges;
- credit rating changes;
- changes in capital structure (e.g., stock splits);
- accounting changes;
- major technological failures;
- major capital investment plans;
- major contract awards or cancellations;
- governmental investigations;
- major litigation or disposition of litigation;
- liquidity problems;
- extraordinary management developments or changes; and
- any other significant information that would have an impact on the Company’s business or prospects.

Moreover, material information does not have to be related to the Company’s business. For example, the contents of a forthcoming newspaper column that is expected to affect the market price of a Company security can be material.

A good general rule of thumb: **When in doubt, do not trade.**

B. What is Non-Public?

Information is deemed “non-public” until it has been disseminated broadly to investors in the marketplace. Tangible evidence of dissemination is the best indication that the information is public. For example, information is public after it has become available to the general public through a public filing with the SEC, a Regulation FD-compliant conference call, a press release issued through a national wire service, such as Business Wire, newspapers, or through broad electronic or print media.

Unless information is known to be public, officers, directors and employees should assume that information obtained in the course of their employment or relationship with the Company is confidential and not public. Similarly, the circulation of rumors, even if they are accurate, widespread, or reported in the media, does not constitute public disclosure that will release an officer, director or employee from his or her obligation to safeguard the information. In addition, even after a public announcement, a reasonable period of time must lapse in order for the market to react to the information. Generally, one should allow two full trading days following publication as a reasonable waiting period before such information is deemed to be public.

C. Who is an Insider?

“Insiders” include officers, directors and employees of a company and anyone else who has material inside information about a company. Insiders have independent fiduciary duties to their company and its stockholders not to trade on material, non-public information relating to the company’s securities. All officers, directors and employees of the Company should consider themselves insiders with respect to material, non-public information about the Company’s business, activities and securities. Officers, directors and employees may not trade in the Company’s securities while in possession of material, non-public information relating to the Company, nor may they tip such information to anyone outside the Company (except in accordance with the Company’s policies regarding the protection or authorized external disclosure of Company information) or to anyone within the Company other than on a need-to-know basis.

Individuals subject to this Policy are responsible for ensuring that members of their households also comply with this Policy. This Policy also applies to any entities controlled by individuals subject to the Policy, including any corporations, partnerships or trusts, and transactions by these entities should be treated for the purposes of this Policy and applicable securities laws as if they were for the individual’s own account.

D. Trading by Persons Other than Insiders

Insiders may be liable for communicating or tipping material, non-public information to a third party (**tippee**), and insider trading violations are not limited to trading or tipping by insiders. Persons other than insiders also can be liable for insider trading, including tippees who trade on material, non-public information tipped to them or individuals who trade on material, non-public information that has been misappropriated. A tipper does not have to profit from a tippee’s transaction to face insider trading liability.

Tippees inherit an insider’s duties and are liable for trading on material, non-public information illegally tipped to them by an insider. Similarly, just as insiders are liable for the insider trading of their tippees, so are tippees who pass the information along to others who trade. In other words, a tippee’s liability for insider trading is no different from that of an insider. Tippees can obtain material, non-public information by receiving overt tips from others or through, among other things, conversations at social, business, or other gatherings.

E. Penalties for Engaging in Insider Trading

Penalties for trading on or tipping material, non-public information can extend significantly beyond any profits made or losses avoided, both for individuals engaging in such unlawful conduct and their employers. The SEC and Department of Justice have made the civil and criminal prosecution of insider trading violations a top priority. Enforcement remedies available to the government or private plaintiffs under the federal securities laws include:

- SEC administrative sanctions;
- securities industry self-regulatory organization (FINRA) sanctions;
- civil injunctions;
- damage awards to private plaintiffs;
- disgorgement of all profits;
- civil fines for the violator of up to three times the amount of profit gained or loss avoided;
- civil fines for the employer or other controlling person of a violator (i.e., where the violator is an employee or other controlled person) of up to the greater of
 - \$1,425,000 or three times the amount of profit gained or loss avoided by the violator;
- criminal fines for individual violators of up to \$5,000,000 (\$25,000,000 for an entity); and
- jail sentences of up to 20 years.

In addition, insider trading could result in serious sanctions by the Company, including termination for cause and referral to FINRA and the SEC. Insider trading violations are not limited to violations of the federal securities laws. Other federal and state civil or criminal laws, such as the laws prohibiting mail and wire fraud and the Racketeer Influenced and Corrupt Organizations Act (RICO), also may be violated in connection with insider trading.

F. Size of Transaction and Reason for Transaction Do Not Matter

The size of the transaction or the amount of profit received does not have to be significant to result in prosecution. The SEC has the ability to monitor even the smallest trades, and the SEC performs routine market surveillance. Brokers and dealers are required by law to inform the SEC of any possible violations by people who may have material, non-public information. The SEC aggressively investigates even small insider trading violations.

G. Examples of Insider Trading

Examples of insider trading cases include:

- actions brought against corporate officers, directors, and employees who traded in a company's securities after learning of significant confidential corporate developments;
 - friends, business associates, family members and other tippees of such officers, directors, and employees who traded in the securities after receiving such information;
 - government employees who learned of such information in the course of their employment; and
 - other persons who misappropriated, and took advantage of, confidential information from their employers.
-

H. Prohibition of Records Falsification and False Statements

Section 13(b)(2) of the 1934 Act requires companies subject to the Act to maintain proper internal books and records and to devise and maintain an adequate system of internal accounting controls. The SEC has supplemented the statutory requirements by adopting rules that prohibit (1) any person from falsifying records or accounts subject to the above requirements and (2) officers or directors from making any materially false, misleading, or incomplete statement to any accountant in connection with any audit or filing with the SEC. These provisions reflect the SEC's intent to discourage officers, directors and other persons with access to the Company's books and records from taking action that might result in the communication of materially misleading financial information to the investing public.

IV. **STATEMENT OF PROCEDURES PREVENTING INSIDER TRADING**

The following procedures have been established, and will be maintained and enforced, by the Company to prevent insider trading. Every officer, director and employee is required to follow these procedures.

A. Pre-Clearance of All Trades by All Officers, Directors and Employees

To provide assistance in preventing inadvertent violations of applicable securities laws and to avoid the appearance of impropriety in connection with the purchase and sale of the Company's securities, **all transactions in the Company's securities (including without limitation, acquisitions and dispositions of Company stock, the exercise of stock options and the sale of Company stock issued upon exercise of stock options) by officers, directors and employees (each, a "Pre-Clearance Person") must be pre-cleared.** Pre-clearance does not relieve anyone of his or her responsibility under SEC rules or other Company policies including the 30-day Hold Rule.

The initial request for pre-clearance must be submitted through the StarCompliance system, should be made at least two business days in advance of the proposed transaction, and should include the identity of the Pre-Clearance Person, the type of proposed transaction (for example, an open market purchase, a privately negotiated sale, an option exercise, etc.), the proposed date of the transaction and the number of shares or options to be involved. In addition, the Pre-Clearance Person must execute a certification (a form provided by the General Counsel, or the General Counsel's designee, after submission of a trade request through StarCompliance) that he, she or it is not aware of material, non-public information about the Company.

The General Counsel, or the General Counsel's designee, shall have sole discretion to decide whether to clear any contemplated transaction (The Chief Compliance Officer shall have sole discretion to decide whether to clear transactions by the General Counsel or persons or entities subject to this Policy as a result of their relationship with the General Counsel). All trades that are pre-cleared must be executed within 10 business days of receipt of the pre-clearance unless a specific exception has been granted by the General Counsel or the General Counsel's designee (or the Chief Compliance Officer, in the case of the General Counsel or persons or entities subject to this Policy as a result of their relationship with the General Counsel). A pre-cleared trade (or any portion of a pre-cleared trade) that has not been executed during the 10 business day period must be pre-cleared again prior to execution. Notwithstanding receipt of pre-clearance, if the Pre-Clearance Person becomes aware of material, non-public information or becomes subject to a black-out period before the transaction is executed, the transaction may not be completed.

B. Black-Out Periods

Additionally, no officer, director or employee shall purchase or sell any security of the Company during the period beginning on the last calendar day of any fiscal quarter of the Company and ending upon the completion of the first full trading day after the public release of earnings data for such fiscal quarter or during any other trading suspension period declared by the Company, except for purchases and sales made pursuant to the permitted transactions described in Section II.

Exceptions to the black-out period policy may be approved only by the Company's General Counsel or the General Counsel's designee (or, in the case of an exception for the General Counsel or persons or entities subject to this Policy as a result of their relationship with the General Counsel, the Chief Compliance Officer or, in the case of exceptions for directors or persons or entities subject to this Policy as a result of their relationship with a director, the Board of Directors).

From time to time, the Company, through the Board of Directors, the Company's disclosure committee, the General Counsel or the Chief Compliance Officer, may recommend that officers, directors, employees or others suspend trading in the Company's securities because of developments that have not yet been disclosed to the public. Subject to the exceptions noted above, all of those affected should not trade in the Company's securities while the suspension is in effect, and should not disclose to others that the Company has suspended trading.

C. Post-Termination Transactions

With the exception of the pre-clearance requirement, this Policy continues to apply to transactions in the Company's securities even after termination of service to or employment by the Company. If an individual is in possession of material, non-public information when his or her service terminates, that individual may not trade in the Company's securities until that information has become public or is no longer material. Conducting such a transaction violates securities laws and may result in enforcement actions brought against the individual, or any entity controlled by such individual.

V. ADDITIONAL PROHIBITED TRANSACTIONS

The Company has determined that there is a heightened legal risk and/or the appearance of improper or inappropriate conduct if the persons subject to this Policy engage in certain types of transactions. Therefore, officers, directors and employees shall comply with the following policies with respect to certain transactions in the Company securities:

A. Short Sales

Short sales of the Company's securities evidence an expectation on the part of the seller that the securities will decline in value, and therefore signal to the market that the seller has no confidence in the Company or its short-term prospects. In addition, short sales may reduce the seller's incentive to improve the Company's performance. For these reasons, short sales of the Company's securities are prohibited by this Policy. In addition, as noted below, Section 16(c) of the 1934 Act absolutely prohibits Section 16 reporting persons from making short sales of the Company's equity securities, i.e., sales of shares that the insider does not own at the time of sale, or sales of shares against which the insider does not deliver the shares within 20 days after the sale.

B. Publicly Traded Options

A transaction in options is, in effect, a bet on the short-term movement of the Company's stock and therefore creates the appearance that an officer, director or employee is trading based on inside information. Transactions in options also may focus an officer's, director's or employee's attention on short-term performance at the expense of the Company's long-term objectives. Accordingly, transactions in puts, calls or other derivative securities involving the Company's equity securities, on an exchange or in any other organized market, are prohibited by this Policy.

C. Hedging Transactions

Certain forms of hedging or monetization transactions, such as zero-cost collars and forward sale contracts, allow an officer, director or employee to lock in much of the value of his or her stock holdings, often in exchange for all or part of the potential for upside appreciation in the stock. These transactions allow the officer, director or employee to continue to own the covered securities, but without the full risks and rewards of ownership. When that occurs, the officer, director or employee may no longer have the same objectives as the Company's other stockholders. Therefore, all hedging transactions involving the Company's equity securities are prohibited by this Policy.

D. Purchases of the Company's Securities on Margin

Purchasing on margin means borrowing from a brokerage firm, bank or other entity in order to purchase the Company's securities (other than in connection with a cashless exercise of stock options through a broker under the Company's equity plans). Margin purchases of the Company's securities are prohibited by this Policy.

E. Pledging the Company's Securities to Secure Margin or Other Loans

Pledging the Company's securities as collateral to secure loans is prohibited, except in connection with Qualifying Loans. This prohibition means, among other things that, except as otherwise permitted hereunder, Company securities cannot be held in a "margin account" (which allows borrowing against one's holdings to buy other securities). As used in this Section V.E., "Qualifying Loan" means a loan to an employee of the Company at the time such loan is made, which is (i) pursuant to a loan program approved by the Company's board of directors and (ii) secured by a pledge of no more than fifteen thousand (15,000) vested shares of the Company's common stock that are not subject to restrictions on transfer under and Lock-Up Agreement between such individual and the Company; provided that no more than one million (1,000,000) shares of the Company's common stock may be pledged in the aggregate by all eligible employees as security for all Qualifying Loans.

F. Director and Executive Officer Cashless Exercises

The Company will not arrange with brokers to administer cashless exercises on behalf of directors and executive officers of the Company. Directors and executive officers of the Company may use the cashless exercise feature of their equity awards only if (i) the director or officer retains a broker independently of the Company, (ii) the Company's involvement is limited to confirming that it will deliver the stock promptly upon payment of the exercise price, (iii) the director or officer uses a "T+3" cashless exercise arrangement, in which the Company agrees to deliver stock against the payment of the purchase price on the same day the sale of the stock underlying the equity award settles and (iv) the director or officer otherwise complies with this Policy. Under a T+3 cashless exercise, a broker, the issuer, and the issuer's transfer agent work together to make all transactions settle simultaneously. This approach is to avoid any inference that the Company has "extended credit" in the form of a personal loan to the director or executive officer. Questions about cashless exercises should be directed to the Chief Compliance Officer.

G. Partnership Distributions

Nothing in this Policy is intended to limit the ability of a private equity firm or other similar entity with which a director is affiliated to distribute Company securities to its partners, members or other similar persons. It is the responsibility of each affected director and the affiliated entity, in consultation with their own counsel (as appropriate), to determine the timing of any distributions, based on all relevant facts and circumstances and applicable securities laws.

VI. RULE 10b5-1 TRADING PLANS, SECTION 16 AND RULE 144

A. Rule 10b5-1 Trading Plans

1. Overview

Rule 10b5-1 offers a safe harbor to protect directors, officers and employees from insider trading liability under Rule 10b5-1 for transactions under a previously established contract, plan or instruction to trade in the Company's stock (a "**Trading Plan**") entered into in good faith and in accordance with the terms of Rule 10b5-1 and all applicable state laws and will be exempt from the trading restrictions set forth in this Policy. The initiation of, and any modification to, any such Trading Plan will be deemed to be a transaction in the Company's securities, and such initiation or modification is subject to all limitations and prohibitions relating to transactions in the Company's securities. Each such Trading Plan, and any modification thereof, must be submitted to and pre-approved by the Company's Chief Compliance Officer, or such other person as the Board of Directors may designate from time to time (the "**Authorizing Officer**"), who may impose such conditions on the implementation and operation of the Trading Plan as the Authorizing Officer deems necessary or advisable. However, compliance of the Trading Plan to the terms of Rule 10b5-1 and the execution of transactions pursuant to the Trading Plan are the sole responsibility of the person initiating the Trading Plan, not the Company or the Authorizing Officer.

Trading Plans do not exempt individuals from complying with Section 16 reporting requirements or being subject to short-swing profit rules or liability.

Rule 10b5-1 presents an opportunity for insiders to establish arrangements to sell (or purchase) Company stock without the restrictions of trading windows and black-out periods, even when there is undisclosed material information. A Trading Plan may also help reduce negative publicity that may result when key executives sell the Company's stock. Rule 10b5-1 only provides an "affirmative defense" in the event there is an insider trading lawsuit. It does not prevent someone from bringing a lawsuit.

A director, officer or employee may enter into a Trading Plan only when he or she is not in possession of material, non-public information, and only during a trading window period outside of the trading black-out period. Although transactions effected under a Trading Plan will not require further pre-clearance at the time of the trade, any transaction (including the quantity and price) made pursuant to a Trading Plan of a Section 16 reporting person must be reported to the Company promptly on the day of each trade to permit the Company's filing coordinator to assist in the preparation and filing of a required Form 4. Such reporting may be oral or in writing (including by e-mail) and should include the identity of the reporting person, the type of transaction, the date of the transaction, the number of shares involved and the purchase or sale price. However, the ultimate responsibility, and liability, for timely filing remains with the Section 16 reporting person.

The Company reserves the right from time to time to suspend, discontinue or otherwise prohibit any transaction in the Company's securities, even pursuant to a previously approved Trading Plan, if the Authorizing Officer or the Board of Directors, in its discretion, determines that such suspension, discontinuation or other prohibition is in the best interests of the Company. Any Trading Plan submitted for approval hereunder should explicitly acknowledge the Company's right to prohibit transactions in the Company's securities. Failure to discontinue purchases and sales as directed shall constitute a violation of the terms of this Section VI and result in a loss of the exemption set forth herein.

Officers, directors and employees may adopt Trading Plans with brokers that outline a pre-set plan for trading of the Company's stock, including the exercise of options. Trades pursuant to a Trading Plan generally may occur at any time. However, the Company requires a cooling-off period of 30 days between the establishment of a Trading Plan and commencement of any transactions under such plan. An individual may adopt more than one Trading Plan. Please review the following description of how a Trading Plan works.

Pursuant to Rule 10b5-1, an individual's purchase or sale of securities will not be "on the basis of" material, non-public information if:

- First, before becoming aware of the information, the individual enters into a binding contract to purchase or sell the securities, provides instructions to another person to sell the securities or adopts a written plan for trading the securities (i.e., the Trading Plan).
- Second, the Trading Plan must either:
 - specify the amount of securities to be purchased or sold, the price at which the securities are to be purchased or sold and the date on which the securities are to be purchased or sold;
 - include a written formula or computer program for determining the amount, price and date of the transactions; or
 - prohibit the individual from exercising any subsequent influence over the purchase or sale of the Company's stock under the Trading Plan in question.
- Third, the purchase or sale must occur pursuant to the Trading Plan and the individual must not enter into a corresponding hedging transaction or alter or deviate from the Trading Plan.

2. Revocation of and Amendments to Trading Plans

Revocation of Trading Plans should occur only in unusual circumstances. Effectiveness of any revocation or amendment of a Trading Plan will be subject to the prior review and approval of the Authorizing Officer. Revocation is effected upon written notice to the broker. Once a Trading Plan has been revoked, the participant should wait at least 30 days before trading outside of a Trading Plan and 180 days before establishing a new Trading Plan.

A person acting in good faith may amend a prior Trading Plan so long as such amendments are made outside of a quarterly trading black-out period and at a time when the Trading Plan participant does not possess material, non-public information. Plan amendments must not take effect for at least 30 days after the plan amendments are made.

Under certain circumstances, a Trading Plan *must* be revoked. This may include circumstances such as the announcement of a merger or the occurrence of an event that would cause the transaction either to violate the law or to have an adverse effect on the Company. The Authorizing Officer or administrator of the Company's stock plans is authorized to notify the broker in such circumstances, thereby insulating the insider in the event of revocation.

3. Discretionary Plans

Although non-discretionary Trading Plans are preferred, discretionary Trading Plans, where the discretion or control over trading is transferred to a broker, are permitted if pre-approved by the Authorizing Officer.

The Authorizing Officer of the Company must pre-approve any Trading Plan, arrangement or trading instructions, etc., involving potential sales or purchases of the Company's stock or option exercises, including but not limited to, blind trusts, discretionary accounts with banks or brokers, or limit orders. The actual transactions effected pursuant to a pre-approved Trading Plan will not be subject to further pre-clearance for transactions in the Company's stock once the Trading Plan or other arrangement has been pre-approved.

4. *Reporting (if Required)*

If required, an SEC Form 144 will be filled out and filed by the individual/brokerage firm in accordance with the existing rules regarding Form 144 filings. A footnote at the bottom of the Form 144 should indicate that the trades “are in accordance with a Trading Plan that complies with Rule 10b5-1 and expires [date].” For Section 16 reporting persons, Form 4s should be filed before the end of the second business day following the date that the broker, dealer or plan administrator informs the individual that a transaction was executed, provided that the date of such notification is not later than the third business day following the trade date. A similar footnote should be placed at the bottom of the Form 4 as outlined above.

5. *Options*

Exercises of options for cash may be executed at any time. “Cashless exercise” option exercises through a broker are subject to trading windows. However, the Company will permit same day sales under Trading Plans. If a broker is required to execute a cashless exercise in accordance with a Trading Plan, then the Company must have exercise forms attached to the Trading Plan that are signed, undated and with the number of shares to be exercised left blank. Once a broker determines that the time is right to exercise the option and dispose of the shares in accordance with the Trading Plan, the broker will notify the Company in writing and the administrator of the Company’s stock plans will fill in the number of shares and the date of exercise on the previously signed exercise form. The insider should not be involved with this part of the exercise.

6. *Trades Outside of a Trading Plan*

During an open trading window, trades differing from Trading Plan instructions that are already in place are allowed as long as the Trading Plan continues to be followed.

7. *Public Announcements*

The Company may make a public announcement that Trading Plans are being implemented in accordance with Rule 10b5-1. It will consider in each case whether a public announcement of a particular Trading Plan should be made. It may also make public announcements or respond to inquiries from the media as transactions are made under a Trading Plan.

8. *Prohibited Transactions*

The transactions prohibited under Section V of this Policy, including among others short sales and hedging transactions, may not be carried out through a Trading Plan or other arrangement or trading instruction involving potential sales or purchases of the Company’s securities.

9. *Limitation on Liability*

None of the Company, the Chief Compliance Officer, the General Counsel, the Authorizing Officer, the Company’s other employees or any other person will have any liability for any delay in reviewing, or refusal of, a Trading Plan submitted pursuant to this Section VI or a request for pre-clearance submitted pursuant to Section IV of this Policy. Notwithstanding any review of a Trading Plan pursuant to this Section VI or pre-clearance of a transaction pursuant to Section IV of this Policy, none of the Company, the Chief Compliance Officer, the General Counsel, the Authorizing Officer, the Company’s other officers or employees or any other person assumes any liability for the legality or consequences of such Trading Plan or transaction to the person engaging in or adopting such Trading Plan or transaction.

VII. EXECUTION AND RETURN OF CERTIFICATION OF COMPLIANCE

After reading this Policy, all officers, directors and employees should execute and return to the Company’s Chief Compliance Officer the Certification of Compliance form attached hereto as “Attachment A.”

ATTACHMENT A

CERTIFICATION OF COMPLIANCE

This Certification must be returned to the Compliance Department within 30 days of hire date

TO: Chief Compliance Officer

FROM: [Name]

RE: POLICY REGARDING THE TRADING OF COMPANY SECURITIES

I certify with my signature below that I have received, reviewed and understand the above-referenced Policy Regarding the Trading of Company Securities and undertake, as a condition to my present and continued employment with (or, if I am not an employee, affiliation with) Houlihan Lokey, Inc., to comply fully with the policies and procedures contained therein.

SIGNATURE

DATE

PRINT NAME

TITLE

CERTIFICATIONS

I, Scott J. Adelson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ending June 30, 2024 of Houlihan Lokey, Inc. as filed with the Securities and Exchange Commission on the date hereof;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2024

/s/ SCOTT J. ADELSON

Scott J. Adelson

Chief Executive Officer

(Principal Executive Officer)

CERTIFICATIONS

I, J. Lindsey Alley, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ending June 30, 2024 of Houlihan Lokey, Inc. as filed with the Securities and Exchange Commission on the date hereof;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2024

/s/ J. LINDSEY ALLEY

J. Lindsey Alley

Chief Financial Officer

(Principal Financial and Accounting Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Scott J. Adelson, Chief Executive Officer and Director of Houlihan Lokey, Inc. (the "Company"), hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) The Quarterly Report on Form 10-Q of the Company for the period ended June 30, 2024 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 6, 2024

/s/ SCOTT J. ADELSON

Scott J. Adelson

Chief Executive Officer

(Principal Executive Officer)

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, J. Lindsey Alley, Chief Financial Officer of Houlihan Lokey, Inc. (the "Company"), hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) The Quarterly Report on Form 10-Q of the Company for the period ended June 30, 2024 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 6, 2024

/s/ J. LINDSEY ALLEY

J. Lindsey Alley

Chief Financial Officer

(Principal Financial and Accounting Officer)