

# HEIDRICK & STRUGGLES

## Second Quarter 2025 Results

August 4, 2025

# Cautionary Statement Regarding Forward-Looking Information

This press release contains forward-looking statements within the meaning of the federal securities laws, including statements regarding guidance for the third quarter of 2025. The forward-looking statements are based on current expectations, estimates, forecasts, and projections about the industry in which we operate and management's beliefs and assumptions. Forward-looking statements may be identified by the use of words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," "outlook," "projects," "forecasts," "aim" and similar expressions. Forward-looking statements are not guarantees of future performance, rely on a number of assumptions, and involve certain known and unknown risks and uncertainties that are difficult to predict, many of which are beyond our control. Factors that may cause actual outcomes and results to differ materially from what is expressed, forecasted or implied in the forward-looking statements include, among other things, our ability to attract, integrate, develop, manage, retain and motivate qualified consultants and senior leaders; our ability to prevent our consultants from taking our clients with them to another firm; our ability to maintain our professional reputation and brand name; our clients' ability to restrict us from recruiting their employees; our heavy reliance on information management systems; risks arising from our implementation of new technology and intellectual property to deliver new products and services to our clients; our dependence on third parties for the execution of certain critical functions; the fact that we face the risk of liability in the services we perform; the fact that data security, data privacy and data protection laws and other evolving regulations and cross-border data transfer restrictions may limit the use of our services and adversely affect our business; any challenges to the classification of our on-demand talent as independent contractors; the fact that increased cybersecurity requirements, vulnerabilities, threats and more sophisticated and targeted cyber-related attacks could pose a risk to our systems, networks, solutions, services and data; the fact that our net revenue may be affected by adverse macroeconomic or labor market conditions, including impacts of inflation and effects of geopolitical instability; the aggressive competition we face; the impact of foreign currency exchange rate fluctuations; our ability to access additional credit; social, political, regulatory, legal and economic risks in markets where we operate, including the impact of the ongoing war in Ukraine, the conflict between Israel and Hamas and any broader regional conflict in the Middle East, the risks of an expansion or escalation of those conflicts and our ability to quickly and completely recover from any disruption to our business; the impact from actions by the U.S. presidential administration and Congress; unfavorable tax law changes and tax authority rulings; our ability to realize the benefit of our net deferred tax assets; the fact that we may not be able to align our cost structure with net revenue; any impairment of our goodwill, other intangible assets and other long-lived assets; our ability to maintain an effective system of disclosure controls and internal control over our financial reporting and produce accurate and timely financial statements; our ability to execute and integrate future acquisitions; and the fact that we have anti-takeover provisions that make an acquisition of us difficult and expensive. We caution the reader that the list of factors may not be exhaustive. For more information on these risks, uncertainties and other factors, refer to our Annual Report on Form 10-K for the year ended December 31, 2024, under the heading "Risk Factors" in Item 1A. The forward-looking statements contained in this press release speak only as of the date of this press release. We undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

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# Non-GAAP Financial Measures & Currency Presentation

## NON-GAAP FINANCIAL MEASURES

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

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

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

## CURRENCY PRESENTATION

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

## APPENDIX CURRENCY PRESENTATION

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

# Overview

# Investment Highlights

Immense opportunity to create value for clients, colleagues and investors by discovering, assessing, and enabling exceptional leaders

## **PREEMINENT LEADERSHIP CONSULTANCY**

- World class brand with top of the house relationships
- Strong and unique collection of assets enable Right to Win
- Powerful platform to grow scale and impact – technology and IP

## **EVER EXPANDING ADDRESSABLE MARKET**

- Conduct vital work that serves a huge and growing market
- Client needs continue to grow in scale and urgency
- Major opportunity to grow firm's impact and value

## **NEW LEADERSHIP**

- CEO Tom Monahan and President Tom Murray appointed in early 2024; CFO Nirupam Sinha appointed in January 2025
- New service line leaders
- Establishment of a culture of client-led excellence
- Continue to optimize resource allocation, drive efficiency, and invest opportunistically for future growth

## **EXPANSION OF CAPABILITIES & EXPERTISE**

- Expanding in areas of greatest growth potential, capitalizing on secular tailwinds and growing global digital platform
- Creating solutions that lift client performance and leaders
- Leveraging technology and AI to enable consultant impact

## **MARGIN EXPANSION OPPORTUNITY**

- Enhanced operating model and focused execution create significant room for margin expansion both organically and inorganically
- Integrated product positioning with One Heidrick approach

## **STRONG CASH FLOW AND BALANCE SHEET**

- Zero debt
- Strong free cash flow
- Disciplined and balanced capital allocation underscores commitment to growth and returning capital to shareholders

# Growing our impact and scale in the era of who and how

## CREATING UNRIValed VALUE FOR CLIENTS



### DIFFERENTIATED

Secure C-Suite &  
Board Primacy



### DEEP

Embed in Client  
Transformations



### DURABLE

Create Continuous  
Engagement

## RELENTLESS FOCUS ON A CULTURE OF INCLUSION, COLLABORATION & EXCELLENCE

## CONSISTENTLY IMPROVING THE FOUNDATIONS OF "ONE HEIDRICK" WITH CLEAR, CONSISTENT BRAND MESSAGING



**Clarifying** what we  
can do for clients



**Simplifying** how we bring  
them the best of Heidrick

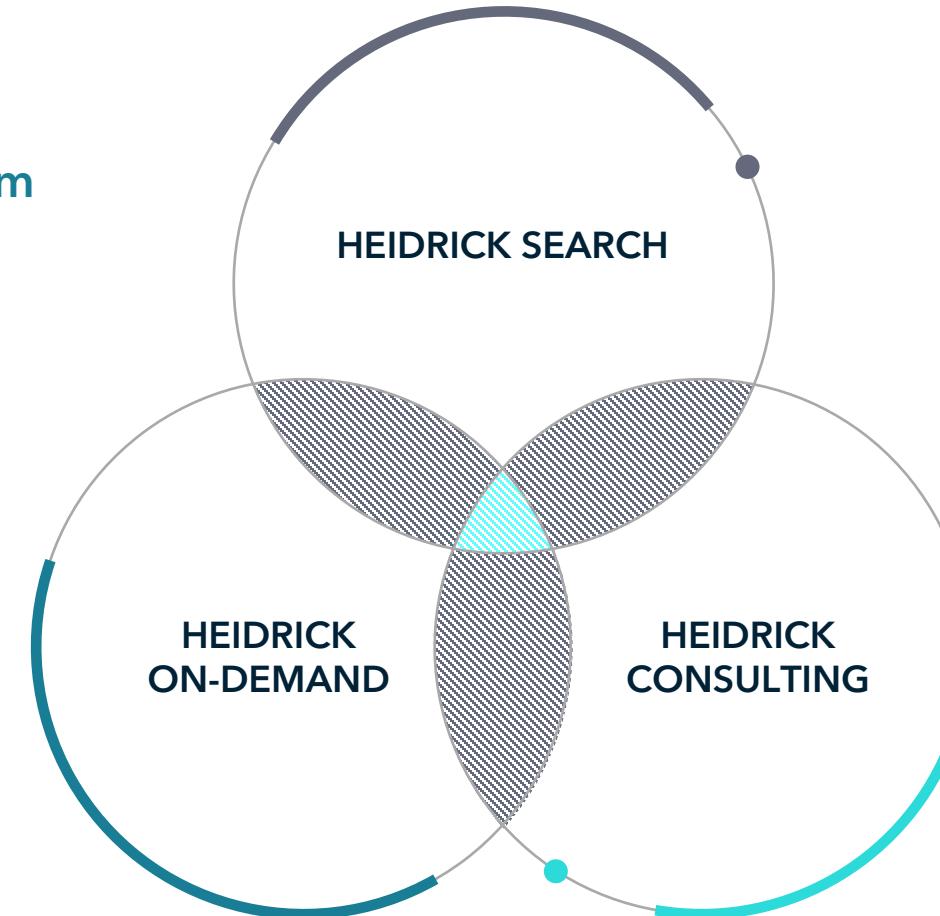


**Amplifying** the power of  
our collective work

# Multiple Drivers of Growth & Profit

Heidrick & Struggles is the only global leadership advisory firm to focus exclusively on the **full spectrum of executive and high-end talent solutions.**

Targeting 'through cycle' consolidated organic revenue growth of 4-6% and organic adjusted EBITDA growth of 5-8% per year



# Financial Highlights

Heidrick & Struggles continues to deliver strong financial performance



## REVENUE

- Quarterly net revenue of \$317.2 million
- On a constant currency basis\*, net revenue was \$313.1 million for the second quarter



## ADJUSTED EBITDA\*

- Adjusted EBITDA\* of \$33.9 million and Adjusted EBITDA Margin\* of 10.7% for the second quarter



## NET INCOME

- Net income of \$21.1 million for the second quarter
- Adjusted net income\* of \$18.1 million



## EARINGS PER SHARE

- Diluted earnings per share of \$0.99 for the second quarter
- Adjusted diluted earnings per share\* of \$0.85

"We had a strong first half in 2025 highlighted by second quarter results that exceeded the high end of our outlook. While the macroeconomic environment remains uncertain, our teams are focused on staying close to clients, helping them navigate complexity, and maintaining our position as the most trusted advisor to the C-Suite.

As we enter the second half of the year, we remain laser focused on growing differentiated, deep and durable client relationships by meeting evolving client needs. We have proven that by focusing on what we can control - investing in and growing our bench of world-class professionals to deliver exceptional impact for our clients – we can create value for our shareholders."

- Tom Monahan, CEO

\* Non-GAAP Financial Measure

# Creating a Portfolio of Solutions that Addresses Urgent Client Need and Amplifies Search Impact



## EXECUTIVE SEARCH

- 13.4% year over year revenue growth for the second quarter
- Adjusted EBITDA margin\* of 22.9% for the second quarter
- Performance highlights versus Q2 2024 include:
  - Confirmations, productivity and average revenue per executive search increased



## ON-DEMAND TALENT

- 14.3% year over year revenue growth for the second quarter
- Adjusted EBITDA margin\* of 2.1% for the second quarter
- Total volume of wins and extensions increased versus Q2 2024



## HEIDRICK CONSULTING

- 16.6% year over year revenue growth for the second quarter
- Adjusted EBITDA margin\* of 1.8% for the second quarter
- Leadership Assessments drove business in Q2 2025

## R & D AND DIGITAL ENABLEMENT

- Advancing enterprise platform through digital enhancements, proprietary data and IP
- Developing digital product portfolio, including Leadership Intelligence and Digital Assessments

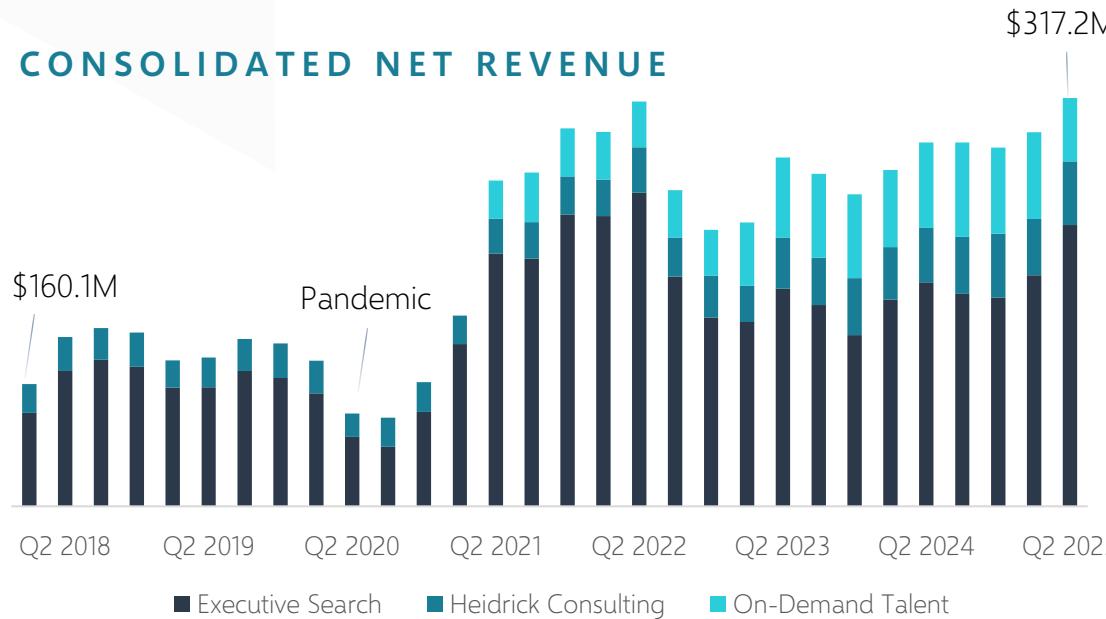
\* Non-GAAP Financial Measure

# Consolidated Results

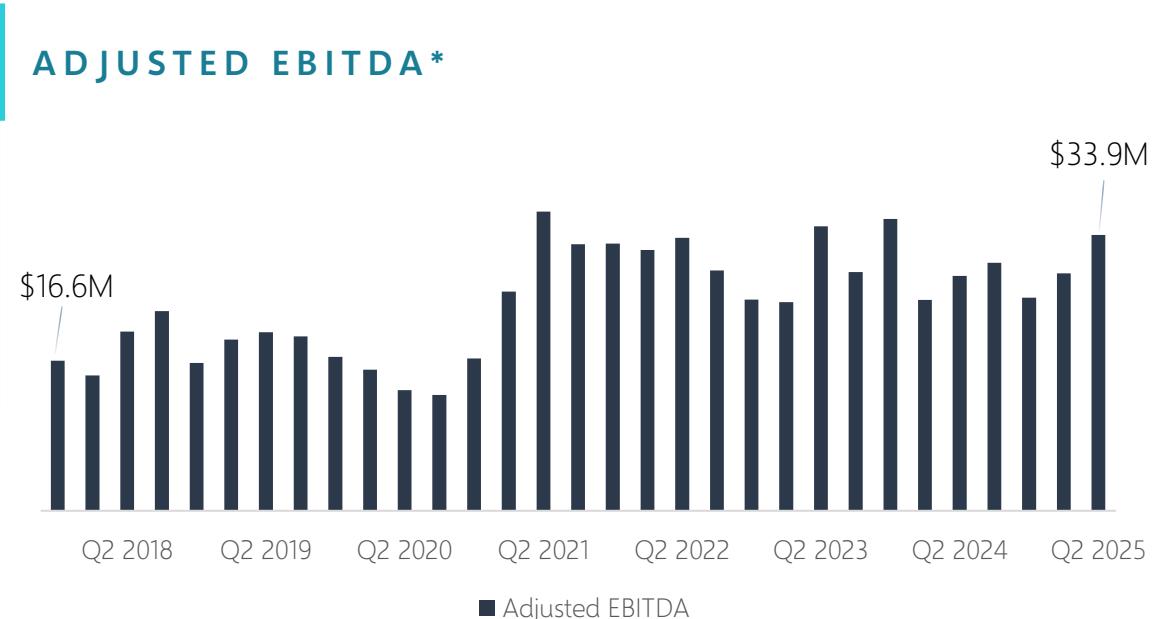
# Consolidated Financial Highlights

## QUARTERLY NET REVENUE AND ADJUSTED EBITDA\* TRENDS

### CONSOLIDATED NET REVENUE



### ADJUSTED EBITDA\*



9.9% CAGR since Q1 2018

10.3% CAGR since Q1 2018

\* Non-GAAP Financial Measure

# Consolidated Financial Highlights

## QUARTERLY ADJUSTED DILUTED EPS\* TRENDS

### ADJUSTED DILUTED EPS\*



\* Non-GAAP Financial Measure

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# Segment Financial Highlights

## QUARTERLY NET REVENUE



\* Non-GAAP Financial Measure

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# Segment Financial Highlights

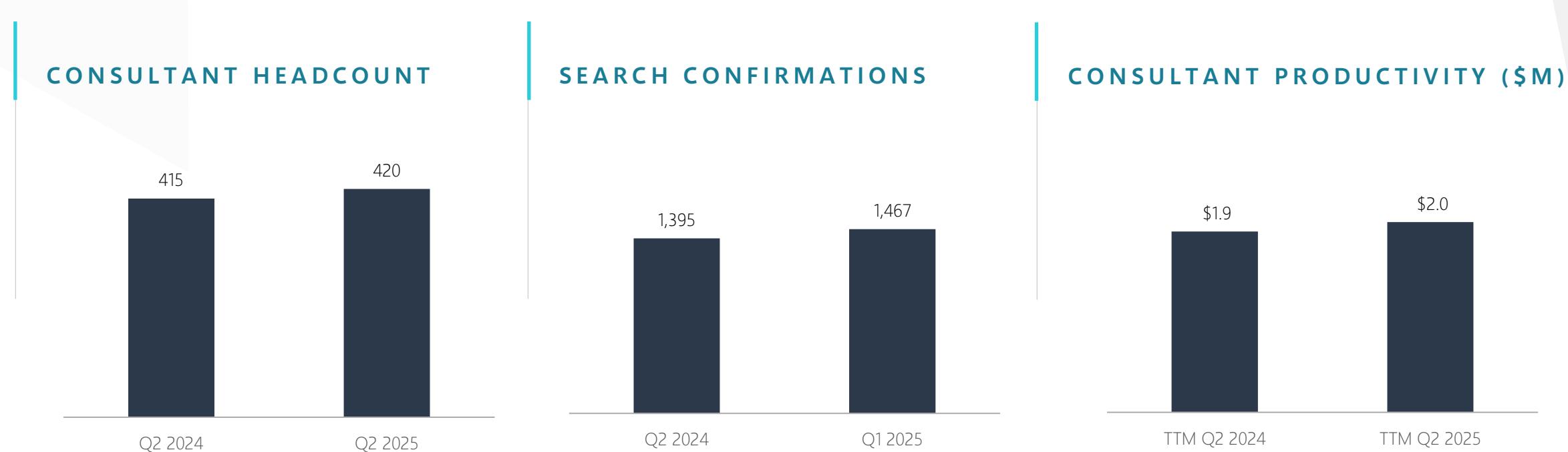
## QUARTERLY NET REVENUE



\* Non-GAAP Financial Measure

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# Executive Search Operational Highlights



1% year-over-year consultant headcount increase

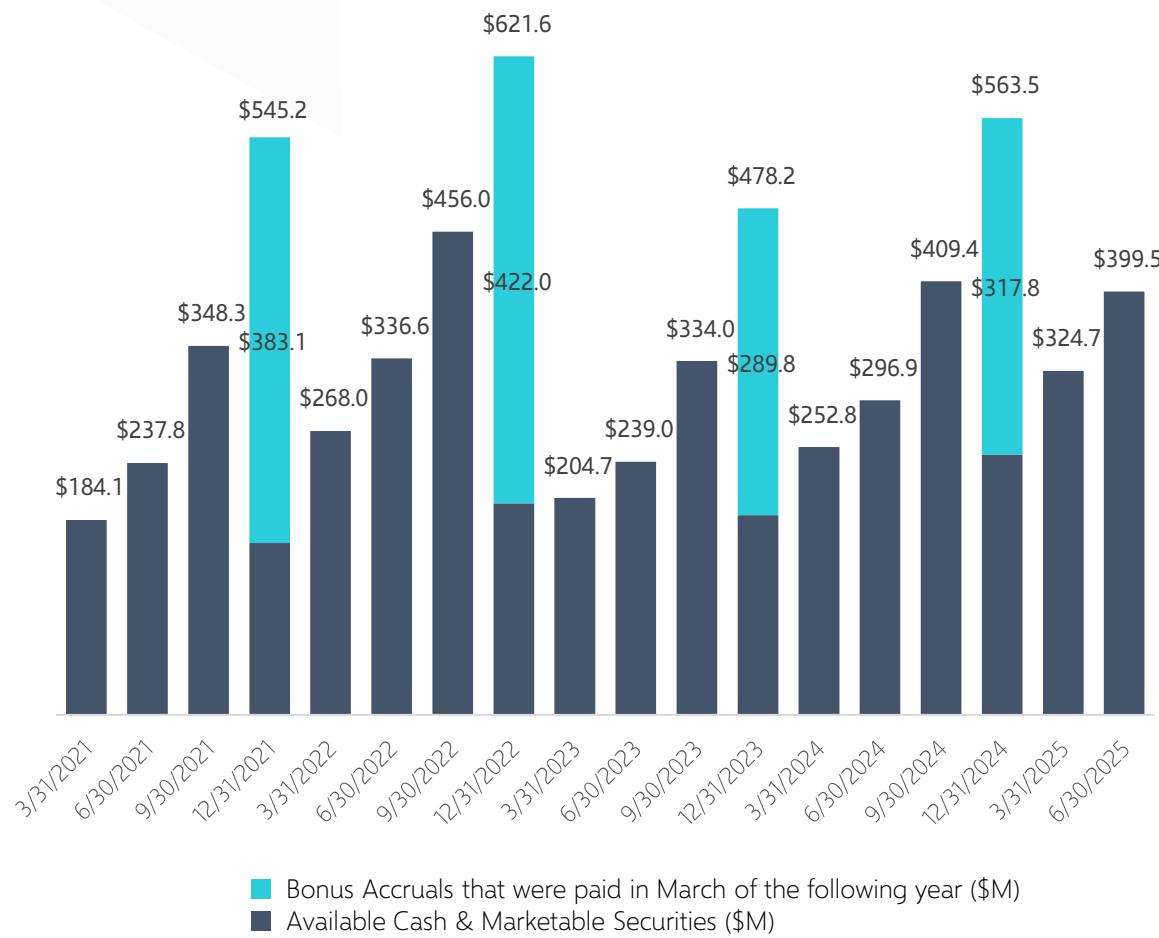
5% year-over-year increase in confirmation volume

Trailing twelve-month productivity remains robust

# **Balance Sheet & Liquidity**

# Strong & Flexible Balance Sheet

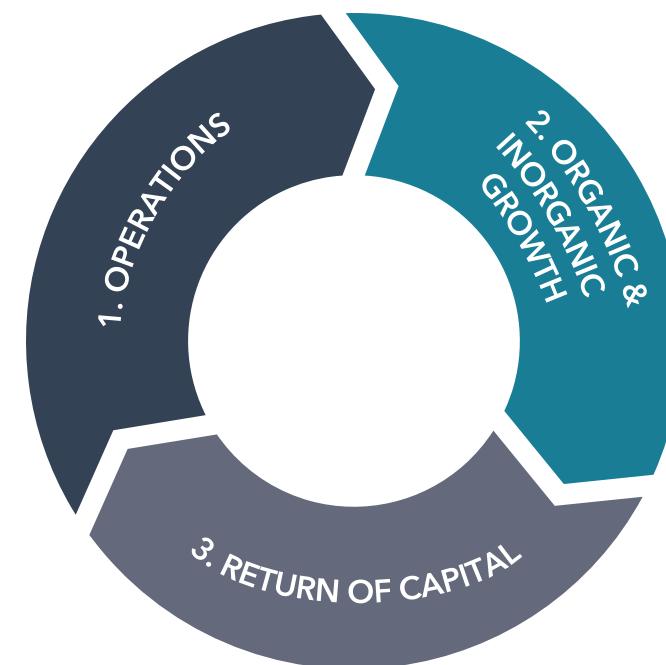
## CASH & MARKETABLE SECURITIES, NET OF DEBT



## CASH PROVIDED BY OPERATING ACTIVITIES

(\$M)	June 30, 2025	June 30, 2024
For the quarter ending:	\$68.6	\$62.5

## USE OF CASH PRIORITIZATION



# Appendix

Reconciliation of GAAP to Non-GAAP Financial Measures

# Adjusted EBITDA & Adjusted EBITDA Margin

We define Adjusted Net Income as net income excluding impairment charges, restructuring charges and earnout and contingent compensation fair value adjustments, net of tax.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
<b>Revenue before reimbursements (net revenue)</b>	\$ 317,248	\$ 278,626	\$ 600,826	\$ 543,823
<b>Net income (loss)</b>	21,073	(5,157)	34,379	8,875
Interest, net	(2,639)	(2,612)	(6,594)	(6,698)
Other, net	(3,276)	(997)	(710)	(3,568)
Provision for income taxes	10,072	4,583	14,383	13,482
<b>Operating income (loss)</b>	25,230	(4,183)	41,458	12,091
<b>Adjustments</b>				
Depreciation	3,428	1,990	6,607	4,483
Intangible amortization	1,587	1,920	3,255	4,217
Earnout accretion	536	469	1,017	935
Earnout fair value adjustments	(3,257)	1,211	(2,315)	1,211
Acquisition contingent consideration	1,566	3,285	4,387	5,273
Deferred compensation plan	5,198	956	4,840	3,306
Reorganization costs	(436)	—	3,725	—
Impairment charges	—	16,224	—	16,224
Restructuring charges	—	6,939	—	6,939
<b>Total adjustments</b>	8,622	32,994	21,516	42,588
<b>Adjusted EBITDA</b>	\$ 33,852	\$ 28,811	\$ 62,974	\$ 54,679
<b>Adjusted EBITDA margin</b>	10.7 %	10.3 %	10.5 %	10.1 %

# Adjusted Net Income & Earnings Per Share

We define Adjusted Net Income as net income excluding impairment charges, restructuring charges and earnout and contingent compensation fair value adjustments, net of tax.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2025	2024	2025	2024
	\$ 21,073	\$ (5,157)	\$ 34,379	\$ 8,875
<b>Net income (loss)</b>				
Adjustments				
Acquisition related earnout and contingent compensation fair value adjustments, net of tax <sup>(1)</sup>	(2,980)	749	(2,095)	749
Impairment charges, net of tax <sup>(2)</sup>	—	14,190	—	14,190
Restructuring charges, net of tax <sup>(3)</sup>	—	4,291	—	4,291
Total adjustments	(2,980)	19,230	(2,095)	19,230
Adjusted net income	<u>\$ 18,093</u>	<u>\$ 14,073</u>	<u>\$ 32,284</u>	<u>\$ 28,105</u>
<b>Weighted-average common shares outstanding</b>				
Basic	20,649	20,259	20,557	20,202
Diluted	21,215	20,865	21,333	21,061
<b>Earnings (loss) per common share</b>				
Basic	\$ 1.02	\$ (0.25)	\$ 1.67	\$ 0.44
Diluted	\$ 0.99	\$ (0.25)	\$ 1.61	\$ 0.42
<b>Adjusted earnings per common share</b>				
Basic	\$ 0.88	\$ 0.69	\$ 1.57	\$ 1.39
Diluted	\$ 0.85	\$ 0.67	\$ 1.51	\$ 1.33

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Vance Edelson

[Vance.Edelson@icrinc.com](mailto:Vance.Edelson@icrinc.com)