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DELTA REPORT

10-Q

HLI - HOULIHAN LOKEY, INC.

10-Q - DECEMBER 31, 2023 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	610
CHANGES	280
DELETIONS	164
ADDITIONS	166

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 September 30, 2023 December 31, 2023

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	**95-2770395**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**

10250 Constellation Blvd.
5th Floor
Los Angeles, California 90067
(Address of principal executive offices) (Zip Code)

(310) 788-5200
(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 x 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 x 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	x	Accelerated filer	¨
Non-accelerated filer	¨	Smaller reporting company	☐
		Emerging growth company	☐

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

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

As of November 2, 2023 February 5, 2024, the registrant had 51,614,392 52,119,187 shares of Class A common stock, $0.001 par value per share, and 17,370,751 16,993,327 shares of Class B common stock, $0.001 par value per share, outstanding.

HOULIHAN LOKEY, INC. AND SUBSIDIARIES
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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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

(In thousands, except share data and par value)	*(In thousands, except share data and par value)*	September 30, 2023	March 31, 2023	*(In thousands, except share data and par value)*	December 31, 2023	March 31, 2023
Assets	Assets					
Cash and cash equivalents	Cash and cash equivalents	$ 493,929	$ 714,439			
Cash and cash equivalents						
Cash and cash equivalents						
Restricted cash	Restricted cash	373	373			
Investment securities	Investment securities	31,214	37,309			
Accounts receivable, net of allowance for credit losses of $8,969 and $8,773, respectively		152,243	182,029			
Unbilled work in progress, net of allowance for credit losses of $6,461 and $5,622, respectively		133,787	115,045			

Accounts receivable, net of allowance for credit losses of $9,317 and $8,773, respectively			
Unbilled work in progress, net of allowance for credit losses of $9,941 and $5,622, respectively			
Income taxes receivable	Income taxes receivable	22,549	17,693
Deferred income taxes	Deferred income taxes	106,343	104,941
Property and equipment, net			
Property and equipment, net			
Property and equipment, net	Property and equipment, net	119,394	88,345
Operating lease right-of-use assets	Operating lease right-of-use assets	363,719	333,877
Goodwill	Goodwill	1,086,438	1,087,784
Other intangible assets, net	Other intangible assets, net	196,652	203,370
Other assets	Other assets	74,912	83,609
Total assets	Total assets	$2,781,553	$2,968,814
Liabilities and stockholders' equity	Liabilities and stockholders' equity		
Liabilities and stockholders' equity			
Liabilities and stockholders' equity			
Liabilities:	Liabilities:		
Liabilities:			
Liabilities:			
Accrued salaries and bonuses			
Accrued salaries and bonuses			
Accrued salaries and bonuses	Accrued salaries and bonuses	$ 552,673	$ 765,877
Accounts payable and accrued expenses	Accounts payable and accrued expenses	95,125	113,421
Deferred income	Deferred income	37,370	40,695
Deferred income taxes	Deferred income taxes	349	544
Deferred income taxes			
Deferred income taxes			
Operating lease liabilities			
Operating lease liabilities			
Operating lease liabilities	Operating lease liabilities	419,421	374,869
Other liabilities	Other liabilities	30,539	60,111
Total liabilities	Total liabilities	1,135,477	1,355,517
Commitments and contingencies (Note 17)	Commitments and contingencies (Note 17)		
Commitments and contingencies (Note 17)			
Commitments and contingencies (Note 17)			

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Stockholders' equity:	Stockholders' equity:		
Class A common stock, $0.001 par value. Authorized 1,000,000,000 shares; issued and outstanding 51,565,992 and 50,638,924 shares, respectively		52	51
Class B common stock, $0.001 par value. Authorized 1,000,000,000 shares; issued and outstanding 17,427,625 and 18,048,345 shares, respectively		17	18
Stockholders' equity:			
Stockholders' equity:			
Class A common stock, $0.001 par value. Authorized 1,000,000,000 shares; issued and outstanding 52,027,676 and 50,638,924 shares, respectively			
Class A common stock, $0.001 par value. Authorized 1,000,000,000 shares; issued and outstanding 52,027,676 and 50,638,924 shares, respectively			
Class A common stock, $0.001 par value. Authorized 1,000,000,000 shares; issued and outstanding 52,027,676 and 50,638,924 shares, respectively			
Class B common stock, $0.001 par value. Authorized 1,000,000,000 shares; issued and outstanding 17,114,509 and 18,048,345 shares, respectively			
Additional paid-in capital			
Additional paid-in capital			
Additional paid-in capital	Additional paid-in capital	638,404	642,970
Retained earnings	Retained earnings	1,087,326	1,033,072
Accumulated other comprehensive loss	Accumulated other comprehensive loss	(79,723)	(62,814)
Total stockholders' equity	Total stockholders' equity	1,646,076	1,613,297
Total stockholders' equity			
Total stockholders' equity			
Total liabilities and stockholders' equity	Total liabilities and stockholders' equity	$2,781,553	$2,968,814

See accompanying Notes to Consolidated Financial Statements

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

	Three Months Ended September 30,	Six Months Ended September 30,

	Three Months Ended December 31,				
(In thousands, except share and per share data)	***(In thousands, except share and per share data)***	**2023**	**2022**	**2023**	**2022**
Revenues	Revenues	$ 466,989	$ 489,537	$ 882,818	$ 908,181
Operating expenses:	Operating expenses:				
Employee compensation and benefits					
Employee compensation and benefits					
Employee compensation and benefits	Employee compensation and benefits	296,542	309,859	560,025	575,594
Travel, meals, and entertainment	Travel, meals, and entertainment	14,151	12,370	30,169	23,420
Rent	Rent	19,013	13,285	36,416	25,075
Depreciation and amortization	Depreciation and amortization	7,086	19,475	13,618	38,618
Information technology and communications	Information technology and communications	14,328	13,183	27,876	24,173
Professional fees	Professional fees	10,859	9,598	20,416	16,067
Other operating expenses	Other operating expenses	14,733	22,396	30,674	38,293
Total operating expenses	Total operating expenses	376,712	400,166	719,194	741,240
Operating income	Operating income	90,277	89,371	163,624	166,941
Other (income)/expense, net	Other (income)/expense, net	(3,296)	5,104	(6,301)	6,853
Income before provision for income taxes	Income before provision for income taxes	93,573	84,267	169,925	160,088
Provision for income taxes	Provision for income taxes	26,542	23,537	41,504	28,576
Net income	Net income	67,031	60,730	128,421	131,512
Other comprehensive income, net of tax:	Other comprehensive income, net of tax:				
Other comprehensive income, net of tax:					
Other comprehensive income, net of tax:					
Foreign currency translation adjustments					
Foreign currency translation adjustments					
Foreign currency translation adjustments	Foreign currency translation adjustments	(19,883)	(28,554)	(16,909)	(50,863)
Comprehensive income attributable to Houlihan Lokey, Inc.	Comprehensive income attributable to Houlihan Lokey, Inc.	$ 47,148	$ 32,176	$ 111,512	$ 80,649
Attributable to Houlihan Lokey, Inc. common stockholders:					
Attributable to Houlihan Lokey, Inc. common stockholders:					
Attributable to Houlihan Lokey, Inc. common stockholders:					
Basic	Basic	64,551,353	63,422,701	64,180,642	63,350,545
Fully diluted	Fully diluted	67,867,381	69,800,028	67,881,623	69,316,792

	Three Months Ended December 31,		Nine Months Ended December 31,	
(In thousands, except share and per share data)	**2023**	**2022**	**2023**	**2022**
Weighted average shares of common stock outstanding:				

Earnings per share (Note 13)	Earnings per share (Note 13)				
Basic	Basic	$ 1.04	$ 0.96	$ 2.00	$ 2.08
Basic					
Basic					
Fully diluted	Fully diluted	$ 0.99	$ 0.87	$ 1.89	$ 1.90

See accompanying Notes to Consolidated Financial Statements

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

Class A Common Stock
Class A Common Stock
Class A Common Stock

(In thousands, except share data)		Class B Common Stock	Additional Paid-In Capital	Retained Earnings
	Shares	$ Shares	$	

(In thousands, except share data)

Balances – October 1, 2023

		Class A Common Stock		Class B Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
(In thousands, except share data)		Shares	$	Shares	$	$	$	$	$
Balances – July 1, 2023		51,296,601	$51	18,035,565	$18	$ 616,315	$1,058,509	$ (59,840)	$ 1,615,053
Shares issued									
Shares issued									
Shares issued	Shares issued	—	—	55,907	—	5,635	—	—	5,635
Stock compensation vesting (Note 14)	Stock compensation vesting (Note 14)	—	—	—	—	41,662	—	—	41,662
Dividends	Dividends	—	—	—	—	—	(38,214)	—	(38,214)
Conversion of Class B to Class A shares	Conversion of Class B to Class A shares	508,491	1	(508,491)	(1)	—	—	—	—
Other shares repurchased/forfeited	Other shares repurchased/forfeited	(239,100)	—	(155,356)	—	(25,208)	—	—	(25,208)
Other shares repurchased/forfeited									
Other shares repurchased/forfeited									
Net income	Net income	—	—	—	—	—	67,031	—	67,031
Change in unrealized translation	Change in unrealized translation	—	—	—	—	—	—	(19,883)	(19,883)
Total comprehensive income	Total comprehensive income	—	—	—	—	—	67,031	(19,883)	47,148
Balances – September 30, 2023		51,565,992	$52	17,427,625	$17	$ 638,404	$1,087,326	$ (79,723)	$ 1,646,076
Balances – December 31, 2023									
Balances – December 31, 2023									
Balances – December 31, 2023									

		Class A Common Stock		Class B Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
		Class A Common Stock							
		Class A Common Stock							
		Class A Common Stock		Class B Common Stock		Additional Paid-In Capital	Re Ea		
(In thousands, except share data)	*(In thousands, except share data)*	Shares	$	Shares	$	$	$	$	$
	(In thousands, except share data)	Shares	$	Shares	$	$			
Balances – July 1, 2022		49,649,765	$50	19,136,952	$19	$ 527,666	$955,484	$ (65,656)	$ 1,417,563
Balances – October 1, 2022									
Shares issued	Shares issued	—	—	32,310	—	—	—	—	—
Stock compensation vesting (Note 14)	Stock compensation vesting (Note 14)	—	—	—	—	40,195	—	—	40,195
Dividends	Dividends	—	—	—	—	—	(35,010)	—	(35,010)
Conversion of Class B to Class A shares	Conversion of Class B to Class A shares	231,367	—	(231,367)	—	—	—	—	—
Other shares repurchased/forfeited	Other shares repurchased/forfeited	(100,257)	—	(63,773)	—	(8,256)	—	—	(8,256)
Other shares repurchased/forfeited									
Other shares repurchased/forfeited									
Net income									
Net income									
Net income	Net income	—	—	—	—	—	60,730	—	60,730
Change in unrealized translation	Change in unrealized translation	—	—	—	—	—	—	(28,554)	(28,554)
Total comprehensive income	Total comprehensive income	—	—	—	—	—	60,730	(28,554)	32,176
Balances – September 30, 2022		49,780,875	$50	18,874,122	$19	$ 559,605	$981,204	$ (94,210)	$ 1,446,668
Balances – December 31, 2022									

See accompanying Notes to Consolidated Financial Statements

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

	Class A Common Stock	Class B Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity		
	Class A Common Stock							
	Class A Common Stock							
	Class A Common Stock						Class B Common Stock	Addition Paid-In Capital

(In thousands, except share data)	*(In thousands, except share data)*	Shares	$	Shares	$	$	$	$	$
Balances – April 1, 2023	Balances – April 1, 2023	50,638,924	$51	18,048,345	$18	$ 642,970	$1,033,072	$ (62,814)	$ 1,613,297
Shares issued									
Shares issued									
Shares issued	Shares issued	—	—	1,612,192	1	10,811	—	—	10,812
Stock compensation vesting (Note 14)	Stock compensation vesting (Note 14)	—	—	—	—	79,010	—	—	79,010
Dividends	Dividends	—	—	—	—	—	(74,167)	—	(74,167)
Conversion of Class B to Class A shares	Conversion of Class B to Class A shares	1,159,559	1	(1,159,559)	(1)	—	—	—	—
Shares issued to non-employee directors (Note 14)	Shares issued to non-employee directors (Note 14)	6,609	—	—	—	587	—	—	587
Other shares repurchased/forfeited	Other shares repurchased/forfeited	(239,100)	—	(1,073,353)	(1)	(94,974)	—	—	(94,975)
Net income	Net income	—	—	—	—	—	128,421	—	128,421
Change in unrealized translation	Change in unrealized translation	—	—	—	—	—	—	(16,909)	(16,909)
Total comprehensive income	Total comprehensive income	—	—	—	—	—	128,421	(16,909)	111,512
Balances – September 30, 2023		51,565,992	$52	17,427,625	$17	$ 638,404	$1,087,326	$ (79,723)	$ 1,646,076

(In thousands, except share data) Shares $ Shares $ $

Balances – December 31, 2023

Balances – December 31, 2023

Balances – December 31, 2023

		Class A Common Stock		Class B Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
		Class A Common Stock							
		Class A Common Stock							
		Class A Common Stock							
(In thousands, except share data)	*(In thousands, except share data)*	Shares	$	Shares	$	$	$	$	$
Balances – April 1, 2022	Balances – April 1, 2022	49,853,564	$50	17,649,555	$18	$ 564,761	$922,223	$ (43,347)	$ 1,443,705
Shares issued	Shares issued	—	—	2,304,890	2	6,019	—	—	6,021
Shares issued									
Shares issued									
Stock compensation vesting (Note 14)	Stock compensation vesting (Note 14)	—	—	—	—	79,362	—	—	79,362
Dividends									
Dividends									
Dividends	Dividends	—	—	—	—	—	(72,531)	—	(72,531)
Conversion of Class B to Class A shares	Conversion of Class B to Class A shares	497,859	—	(497,859)	—	—	—	—	—

Class B Common Stock | Additional Paid-In Capital | R… E…

(In thousands, except share data) Shares $ Shares $ $

Shares issued to non-employee directors (Note 14)	Shares issued to non-employee directors (Note 14)	6,739	—	—	—	570	—	—	570
Other shares repurchased/forfeited	Other shares repurchased/forfeited	(577,287)	—	(582,464)	(1)	(91,107)	—	—	(91,108)
Net income	Net income	—	—	—	—	—	131,512	—	131,512
Change in unrealized translation	Change in unrealized translation	—	—	—	—	—	—	(50,863)	(50,863)
Total comprehensive income	Total comprehensive income	—	—	—	—	—	131,512	(50,863)	80,649
Balances – September 30, 2022		49,780,875	$50	18,874,122	$19	$ 559,605	$981,204	$ (94,210)	$ 1,446,668
Balances – December 31, 2022									

See accompanying Notes to Consolidated Financial Statements

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

		Six Months Ended September 30,				
	Nine Months Ended December 31,				**Nine Months Ended December 31,**	
(In thousands)	***(In thousands)***	**2023**	**2022**	***(In thousands)***	**2023**	**2022**
Cash flows from operating activities:	Cash flows from operating activities:					
Net income	Net income	$128,421	$131,512			
Net income						
Net income						
Adjustments to reconcile net income to net cash used in operating activities:	Adjustments to reconcile net income to net cash used in operating activities:					
Deferred income taxes						
Deferred income taxes						
Deferred income taxes	Deferred income taxes	(2,633)	(14,088)			
Provision for bad debts, net	Provision for bad debts, net	4,058	6,103			
Unrealized losses on investment securities	Unrealized losses on investment securities	142	2,140			
Non-cash lease expense	Non-cash lease expense	16,691	14,554			
Depreciation and amortization	Depreciation and amortization	13,618	38,618			

Contingent consideration valuation	Contingent consideration valuation	(816)	2,869
Compensation expense – equity and liability classified share awards (Note 14)	Compensation expense – equity and liability classified share awards (Note 14)	82,149	82,006
Changes in operating assets and liabilities:	Changes in operating assets and liabilities:		
Accounts receivable			
Accounts receivable			
Accounts receivable	Accounts receivable	26,569	5,388
Unbilled work in progress	Unbilled work in progress	(19,582)	(53,837)
Other assets	Other assets	8,697	(13,025)
Accrued salaries and bonuses	Accrued salaries and bonuses	(211,229)	(264,724)
Accounts payable and accrued expenses and other	Accounts payable and accrued expenses and other	(36,234)	(79,174)
Deferred income	Deferred income	(3,325)	6,729
Income taxes payable	Income taxes payable	(4,274)	(57,988)
Net cash provided by/(used) in operating activities	Net cash provided by/(used) in operating activities	2,252	(192,917)
Cash flows from investing activities:	Cash flows from investing activities:		
Purchases of investment securities	Purchases of investment securities	(35)	(11,263)
Purchases of investment securities			
Purchases of investment securities			
Sales or maturities of investment securities	Sales or maturities of investment securities	5,988	82,524
Acquisition of business, net of cash acquired			
Purchase of property and equipment, net			
Purchase of property and equipment, net			

Purchase of property and equipment, net	Purchase of property and equipment, net	(38,927)	(17,796)
Net cash provided by/(used in) investing activities	Net cash provided by/(used in) investing activities	(32,974)	53,465
Cash flows from financing activities:	Cash flows from financing activities:		
Dividends paid	Dividends paid	(77,390)	(73,812)
Dividends paid			
Dividends paid			
Share repurchases	Share repurchases	(24,952)	(48,905)
Payments to settle employee tax obligations on share-based awards	Payments to settle employee tax obligations on share-based awards	(70,025)	(42,191)
Earnouts paid			
Earnouts paid			
Earnouts paid	Earnouts paid	(7,053)	(2,078)
Loans payable to former shareholders redeemed	Loans payable to former shareholders redeemed	—	(33)
Repayments of loans to non-affiliates	Repayments of loans to non-affiliates	—	(2,488)
Other financing activities	Other financing activities	587	570
Net cash used in financing activities	Net cash used in financing activities	(178,833)	(168,937)
Effects of exchange rate changes on cash, cash equivalents, and restricted cash	Effects of exchange rate changes on cash, cash equivalents, and restricted cash	(10,955)	(21,502)
Net decrease in cash, cash equivalents, and restricted cash	Net decrease in cash, cash equivalents, and restricted cash	(220,510)	(329,891)
Cash, cash equivalents, and restricted cash – beginning of period	Cash, cash equivalents, and restricted cash – beginning of period	714,812	834,070
Cash, cash equivalents, and restricted cash – end of period	Cash, cash equivalents, and restricted cash – end of period	$494,302	$504,179

Supplemental disclosures of non-cash activities:	Supplemental disclosures of non-cash activities:		
Supplemental disclosures of non-cash activities:			
Supplemental disclosures of non-cash activities:			
Shares issued via vesting of liability classified awards	Shares issued via vesting of liability classified awards	$ 5,114	$ 5,955
Shares issued via vesting of liability classified awards			
Shares issued via vesting of liability classified awards			
Shares issued as consideration for acquisition			
Cash acquired through acquisitions			
Cash paid during the period:	Cash paid during the period:		
Interest			
Interest			
Interest	Interest	$ 200	$ 1,861
Taxes, net of refunds	Taxes, net of refunds	48,410	102,418
Regulatory fines and penalties	Regulatory fines and penalties	15,000	—

See accompanying Notes to Consolidated Financial Statements

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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 is 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 EMEA, LLP, a limited liability partnership registered in England ("HL EMEA, LLP"), is an indirect subsidiary of HL, Inc. HL EMEA, LLP 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, advice on mergers and acquisitions and capital markets offerings. We advise public and private institutions on a wide variety of situations, including buy-side and sell-side M&A transactions, as well as leveraged loans, private mezzanine debt, high-yield debt, initial public offerings, follow-ons, convertibles, equity private placements, and private equity, and liability management transactions, and advise financial sponsors on all types of 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 valuations of various assets, including: companies; illiquid debt and equity securities; and intellectual property (among other assets and liabilities). These valuations are used for financial reporting, tax reporting, and other purposes. In addition, our FVA business segment renders fairness opinions in connection with mergers and acquisitions and other transactions, and solvency opinions in connection with corporate spin-offs and dividend recapitalizations, and other types of financial opinions in connection with other transactions. 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.

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 six nine months ended September 30, 2023 December 31, 2023 are not necessarily indicative of the results of operations to be expected for the fiscal year ending March 31, 2024. 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, 2023 (the "2023 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)/expense, 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).

Revenues from CF engagements primarily consist of fees generated in connection with advisory services related to corporate finance, mergers and acquisitions, and capital markets offerings. 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.

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 through 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 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 and diligence 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 September 30, 2023 December 31, 2023 we had three one foreign currency forward contracts contract outstanding between the U.S. dollar and the pound sterling with an aggregate notional value of $35.2 million and two $2.0 million. As of December 31, 2022, we had one foreign currency forward contracts outstanding between the euro and the pound sterling with a notional value of €9.4 million. As of September 30, 2022, we had two foreign currency forward contracts contract outstanding between the pound sterling and the euro with a notional values value of €7.5 million and €0.5 €15.3 million. The change in fair value of these contracts represented a loss net gain/(loss) included in Other operating expenses of $(1,217) $11 and $(232) $(589) during the three months ended September 30, 2023 December 31, 2023 and September 30, 2022 December 31, 2022, respectively.

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 September 30, 2023 December 31, 2023 and March 31, 2023, 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.

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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.

		September 30, 2023	March 31, 2023		
	December 31, 2023			December 31, 2023	March 31, 2023
Cash and cash equivalents	Cash and cash equivalents	$493,929	$714,439		
Restricted cash (1)	Restricted cash (1)	373	373		
Total cash, cash equivalents, and restricted cash	Total cash, cash equivalents, and restricted cash	$494,302	$714,812		

(1) Restricted cash as of September 30, 2023 December 31, 2023 and March 31, 2023 consisted of a cash secured letter of credit issued 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.

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 September 30, 2023 December 31, 2023, 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 September 30, 2023 December 31, 2023, management concluded that it was not more likely than not that the fair values were less than the carrying values.

(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 September 30, 2023 December 31, 2023, 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, 2023	Increase/(Decrease)	September 30, 2023			
	April 1, 2023				April 1, 2023	Increase/(Decrease)	December 31, 2023
Receivables (1)	Receivables (1)	$175,023	$ (29,670)	$145,353			
Unbilled work in progress, net of allowance for credit losses	Unbilled work in progress, net of allowance for credit losses	115,045	18,742	133,787			
Contract Assets (1)	Contract Assets (1)	7,006	(116)	6,890			
Contract Liabilities (2)	Contract Liabilities (2)	40,695	(3,325)	37,370			

(1) Included within Accounts receivable, net of allowance for credit losses in the September 30, 2023 December 31, 2023 Consolidated Balance Sheets.

(2) Included within Deferred income in the September 30, 2023 December 31, 2023 Consolidated Balance Sheets.

During the three and six nine months ended September 30, 2023 December 31, 2023, $7.5 $4.1 million and $20.7 $24.8 million of Revenues, respectively, were recognized that were included in the Deferred income balance at the beginning of the period.

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 at September 30, 2023 December 31, 2023.

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Note 4 — Related Party Transactions

The Company provides financial advisory services to certain related parties, and received fees for these services totaling approximately $2 $6,686 and $1,537 $8,223 for the three and six nine months ended September 30, 2023 December 31, 2023, respectively. Accounts receivable and Unbilled work in progress in the accompanying Consolidated Balance Sheets include amounts pertaining to these services of $422 and $6,554 as of December 31, 2023, respectively.

Other assets in the accompanying Consolidated Balance Sheets includes loans receivable from certain employees of $25,910 $29,522 and $28,869 as of September 30, 2023 December 31, 2023 and March 31, 2023, 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:

		September 30, 2023			
		Level I	Level II	Level III	Total
	December 31, 2023				
	Level I				
		December 31, 2023			
		Level I	Level II	Level III	Total
Corporate debt securities	Corporate debt securities	$ —	$20,505	$ —	$20,505
U.S. treasury securities	U.S. treasury securities	—	10,186	—	10,186
Certificates of deposit	Certificates of deposit	—	523	—	523
Certificates of deposit					
Certificates of deposit					
Total assets measured at fair value	Total assets measured at fair value	$ —	$31,214	$ —	$31,214

	March 31, 2023			
	Level I	Level II	Level III	Total
Corporate debt securities	$ —	$ 23,617	$ —	$ 23,617
U.S. treasury securities	—	12,990	—	12,990
Common stock	184	—	—	184
Certificates of deposit	—	518	—	518
Total assets measured at fair value	$ 184	$ 37,125	$ —	$ 37,309

The Company had no transfers between fair value levels during the six nine months ended September 30, 2023 December 31, 2023.

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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:

	September 30, 2023			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value (1)
	December 31, 2023			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value (1)
Corporate debt securities	$ 21,863	$ 3	$ (1,361)	$20,505
U.S. treasury securities	10,723	—	(537)	10,186
Certificates of deposit	523	—	—	523
Certificates of deposit				
Certificates of deposit				
Total securities with unrealized gains/(losses)	$ 33,109	$ 3	$ (1,898)	$31,214

	March 31, 2023			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized (Losses)	Fair Value (1)
Corporate debt securities	$ 24,936	$ 6	$ (1,325)	$ 23,617
U.S. treasury securities	13,400	15	(425)	12,990
Common stock	768	—	(584)	184
Certificates of deposit	518	—	—	518
Total securities with unrealized gains/(losses)	$ 39,622	$ 21	$ (2,334)	$ 37,309

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

	September 30, 2023		March 31, 2023	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
	December 31, 2023		March 31, 2023	
	Amortized Cost	Estimated Fair Value	Amortized Cost	Estimated Fair Value
Due within one year	$ 3,969	$ 3,927	$ 6,243	$ 6,254
Due within years two through five	29,140	27,287	33,379	31,055
Total debt within the investment securities portfolio	$ 33,109	$ 31,214	$ 39,622	$ 37,309

Note 7 — Allowance for Credit Losses

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

		September 30, December 31, 2023
Beginning balance	$	14,395
Provision for bad debt, net		4,058 9,353
Recovery/(write-off) of uncollectible accounts, net		(3,023) (4,490)
Ending balance	$	15,430 19,258

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Note 8 — Property and Equipment

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

		September 30, 2023	March 31, 2023				
	December 31, 2023				December 31, 2023		March 31, 2023
Equipment	Equipment	$ 11,126	$10,178				
Furniture and fixtures	Furniture and fixtures	18,298	19,508	Furniture and fixtures	21,678	19,508	19,508
Leasehold improvements	Leasehold improvements	133,265	107,156	Leasehold improvements	144,382	107,156	107,156
Computers and software	Computers and software	13,745	12,086	Computers and software	13,646	12,086	12,086
Other	Other	7,442	7,411	Other	7,859	7,411	7,411
Total cost	Total cost	183,876	156,339				
Less: accumulated depreciation	Less: accumulated depreciation	(64,482)	(67,994)				
Total net book value	Total net book value	$119,394	$88,345				

Additions to property and equipment during the six nine months ended September 30, 2023 December 31, 2023 were primarily related to leasehold improvement costs incurred.

Depreciation expense of $3,727 $5,097 and $3,849 $2,890 was recognized for the three months ended September 30, 2023 December 31, 2023 and 2022, respectively, and $6,903 $12,000 and $7,228 $10,118 was recognized for the six nine months ended September 30, 2023 December 31, 2023 and 2022, 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	September 30, 2023	March 31, 2023			
	Useful Lives				Useful Lives	December 31, 2023	March 31, 2023
Goodwill	Goodwill	Indefinite	$1,086,438	$1,087,784			
Tradename-Houlihan Lokey	Tradename-Houlihan Lokey	Indefinite	192,210	192,210			
Other intangible assets	Other intangible assets	Varies	93,781	93,917			
Total cost	Total cost		1,372,429	1,373,911			
Less: accumulated amortization	Less: accumulated amortization		(89,339)	(82,757)			

Goodwill and other intangibles, net	Goodwill and other intangibles, net	$1,283,090	$1,291,154

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

		April 1, 2023	Change (1)	September 30, 2023			
	April 1, 2023				April 1, 2023	Change (1)	December 31, 2023
Corporate Finance	Corporate Finance	$ 833,254	$(1,346)	$ 831,908			
Financial Restructuring	Financial Restructuring	162,815	—	162,815			
Financial and Valuation Advisory	Financial and Valuation Advisory	91,715	—	91,715			
Goodwill	Goodwill	$1,087,784	$(1,346)	$1,086,438			

(1) Changes pertain primarily to foreign currency translation adjustments. the acquisition of 7 Mile Advisors, LLC. See Note 10 for additional information.

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Amortization expense of approximately $3,360 $1,560 and $15,625 $10,367 was recognized for the three months ended September 30, 2023 December 31, 2023 and 2022, respectively, and $6,715 $8,275 and $31,390 $41,756 for the six nine months ended September 30, 2023 December 31, 2023 and 2022, respectively.

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

		Year Ended March 31,	
	Year Ended March 31,		Year Ended March 31,
Remainder of 2024	Remainder of 2024	$2,444	
2025	2025	1,694	
2026	2026	—	
2027	2027	—	
2028 and thereafter	2028 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 September 30, 2023 December 31, 2023 and March 31, 2023, no principal was outstanding under the 2019 Line of Credit.

In May 2018, the Company acquired BearTooth Advisors. Total consideration included an unsecured note of $2.8 million bearing interest at an annual rate of 2.88% and payable on May 21, 2048. This note was subsequently assigned by the seller to the former BearTooth principals (who became employees of the Company), and, under certain circumstances, is convertible into Company Class B common stock after the fifth anniversary of the closing of the transaction. The Company did not incur interest expense on this note during the three months ended September 30, 2023 December 31, 2023 and 2022, respectively, and incurred interest expense of $0 and $18 for the six nine months ended September 30, 2023 December 31, 2023 and 2022, respectively.

In December 2019, the Company acquired Freeman & Co. Total consideration included an unsecured note of $4.0 million bearing interest at an annual rate of 2.75% and payable on December 16, 2049. The note issued by the Company to the seller was distributed to the former principals of Freeman & Co. (who became employees of the Company). Under certain circumstances, the note may be exchanged by each principal for Company stock over a four-year period in equal annual installments starting in December 2020. The

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

Company incurred interest expense on this note of $21 $17 and $20 for the three months ended September 30, 2023 December 31, 2023 and 2022, respectively, and $41 $58 and $61 for the six nine months ended September 30, 2023 December 31, 2023 and 2022. 2022, respectively.

In August 2020, the Company acquired MVP Capital, LLC (“MVP”). Total consideration included an unsecured non-interest bearing note of $4.5 million payable August 14, 2050. The note was issued by the Company to the former principals and sellers of MVP (who became employees of the Company). Under certain circumstances, the note may be exchanged by each seller for a combination of cash and Company stock over a three-year period in equal annual installments starting in August 2021. As of September 30, 2023, the note was fully converted and exchanged for a combination of cash and Company stock. Contingent consideration was also issued in connection with the acquisition of MVP, the remaining liability of which was settled during the three months ended September 30, 2023. The carrying value of the MVP contingent consideration was $12.9 million as of March 31, 2023, which is included in Other liabilities in our Consolidated Balance Sheet.

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 $17.9 $18.5 million and $18.1 million as of September 30, 2023 December 31, 2023 and March 31, 2023, 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 $16 for the three and nine months ended December 31, 2023. Contingent consideration was also issued in connection with the acquisition of 7MA, which had a carrying value of $4.0 million as of December 31, 2023, 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 $(19,883) $25,574 and $(28,554) $24,204 for the three months ended September 30, 2023 December 31, 2023 and 2022, respectively, and $(16,909) $8,665 and $(50,863) $(26,659) for the six nine months ended September 30, 2023 December 31, 2023 and 2022, respectively.

Accumulated other comprehensive (loss) as of September 30, 2023 December 31, 2023 was comprised of the following:

Balance, April 1, 2023	$	(62,814)
Foreign currency translation adjustment		(16,909) 8,665
Balance, September 30, 2023 December 31, 2023	$	(79,723) (54,149)

Note 12 — Income Taxes

The Company’s provision for income taxes was $26,542 $31,772 and $23,537 $20,559 for the three months ended September 30, 2023 December 31, 2023 and 2022, respectively, and $41,504 $73,276 and $28,576 $49,135 for the six nine months ended September 30, 2023 December 31, 2023 and 2022, respectively. These represent effective tax rates of 28.4% 31.0% and 27.9% 24.6% for the three months ended September 30, 2023 December 31, 2023 and 2022, respectively, and 24.4% 26.9% and 17.9% 20.2% for the six nine months ended September 30, 2023 December 31, 2023 and 2022, respectively.

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.

	Three Months Ended September 30,		Six Months Ended September 30,	
	2023	2022	2023	2022
Numerator:				
Net income attributable Houlihan Lokey, Inc.	$ 67,031	$ 60,730	$ 128,421	$ 131,512
Denominator:				

	Three Months Ended December 31,	Three Months Ended December 31,		Nine Months Ended December 31,	
	2023	2023	2022	2023	2022
Numerator:					
Net income attributable Houlihan Lokey, Inc.					
Net income attributable Houlihan Lokey, Inc.					
Net income attributable Houlihan Lokey, Inc.					
Denominator:					

Weighted average shares of common stock outstanding — basic					
Weighted average shares of common stock outstanding — basic					
Weighted average shares of common stock outstanding — basic	Weighted average shares of common stock outstanding — basic	64,551,353	63,422,701	64,180,642	63,350,545
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	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	3,316,028	6,377,327	3,700,981	5,966,247
Weighted average shares of common stock outstanding — diluted	Weighted average shares of common stock outstanding — diluted	67,867,381	69,800,028	67,881,623	69,316,792
Basic earnings per share	Basic earnings per share	$ 1.04	$ 0.96	$ 2.00	$ 2.08
Basic earnings per share					
Basic earnings per share					
Diluted earnings per share	Diluted earnings per share	$ 0.99	$ 0.87	$ 1.89	$ 1.90

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 $3,083 $3,471 and $1,867 $5,302 to these plans during the three months ended September 30, 2023 December 31, 2023 and 2022, respectively, and $6,112 $9,583 and $3,801 $9,103 for the six nine months ended September 30, 2023 December 31, 2023 and 2022, 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 fiscal 2023 at $84.55 and (ii) six independent directors in the first quarter of fiscal 2024 at $87.60.

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No excess tax benefit was recognized during the three months ended September 30, 2023 December 31, 2023 and 2022. An excess tax benefit of $7,299 and $8,102 was recognized during the six nine months ended September 30, 2023 December 31, 2023 and 2022, 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 six nine months ended September 30, 2023 December 31, 2023 and 2022 were related to shares vested in May 2023 and May 2022, respectively.

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 Company's 2016 Incentive Plan during the six nine months ended September 30, 2023 December 31, 2023 and 2022 was as follows:

Unvested Share Awards	Shares	Weighted Average Grant Date Fair Value
Balance, April 1, 2023	5,281,779	$ 79.57
Granted	1,244,902	87.60
Vested	(1,636,778)	74.23
Forfeited/Repurchased	(306,521)	84.30
Balance, September 30, 2023	4,583,382	$ 83.34
Balance, April 1, 2022	4,314,375	$ 71.42
Granted	2,221,461	84.49
Vested	(1,175,311)	59.82
Forfeited/Repurchased	(76,002)	80.44
Balance, September 30, 2022	5,284,523	$ 79.37

Activity in liability-classified share awards during the six months ended September 30, 2023 and 2022 was as follows:

Awards Settleable in Shares	Fair Value
Balance, April 1, 2023	$ 11,971
Offer to grant	9,112
Share price determined-converted to cash payments	(3)
Share price determined-transferred to equity grants	(6,172)
Forfeited	—
Balance, September 30, 2023	$ 14,908
Balance, April 1, 2022	$ 14,349
Offer to grant	6,188
Share price determined-converted to cash payments	(2,676)
Share price determined-transferred to equity grants	(4,269)
Forfeited	—
Balance, September 30, 2022	$ 13,592

Unvested Share Awards	Shares	Weighted Average Grant Date Fair Value
Balance, April 1, 2023	5,281,779	$ 79.57
Granted	1,244,902	87.60
Vested	(1,639,703)	74.21

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Forfeited/Repurchased	(321,337)	84.21
Balance, December 31, 2023	4,565,641	$ 83.36
Balance, April 1, 2022	4,314,375	$ 71.42
Granted	2,264,906	84.78
Vested	(1,175,311)	59.77
Forfeited/Repurchased	(98,299)	79.93
Balance, December 31, 2022	5,305,671	$ 79.55

Activity of our RSUs in liability-classified share awards during the six nine months ended September 30, 2023 December 31, 2023 and 2022 was as follows:

Restricted Stock Units	RSUs	Weighted Average Grant Date Fair Value
RSUs as of April 1, 2023	1,050,646	$ 95.46
Issued	94,286	87.60
Forfeitures	(19,070)	90.91
Vested	(266,883)	94.38
RSUs as of September 30, 2023	858,979	$ 95.02
RSUs as of April 1, 2022	1,038,503	$ 95.27
Issued	50,556	84.55
Forfeitures	(14,275)	96.82
Vested	(24,138)	63.75
RSUs as of September 30, 2022	1,050,646	$ 95.45

Awards Settleable in Shares	Fair Value
Balance, April 1, 2023	$ 11,971
Offer to grant	9,094
Share price determined-converted to cash payments	(3)
Share price determined-transferred to equity grants	(6,172)
Forfeited	—
Balance, December 31, 2023	$ 14,890
Balance, April 1, 2022	$ 14,349
Offer to grant	5,318
Share price determined-converted to cash payments	(2,664)
Share price determined-transferred to equity grants	(3,411)
Forfeited	—
Balance, December 31, 2022	$ 13,592

Activity of our RSUs during the nine months ended December 31, 2023 and 2022 was as follows:

Restricted Stock Units	RSUs	Weighted Average Grant Date Fair Value
RSUs as of April 1, 2023	1,050,646	$ 95.46
Issued	94,286	87.60
Forfeitures	(32,682)	90.82
Vested	(266,883)	94.38
RSUs as of December 31, 2023	845,367	$ 95.09

RSUs as of April 1, 2022	1,038,503	$	95.27
Issued	50,556		84.55
Forfeitures	(14,275)		96.82
Vested	(24,138)		63.75
RSUs as of December 31, 2022	1,050,646	$	95.45

Compensation expenses for the Company associated with both equity-classified and liability-classified awards totaled $42,740 $43,974 and $41,399 $40,760 for the three months ended September 30, 2023 December 31, 2023 and 2022, respectively, and $82,149 $126,123 and $82,006 $122,766 for the six nine months ended September 30, 2023 December 31, 2023 and 2022, respectively.

As of September 30, 2023 December 31, 2023 and 2022, there was $463,603 $460,973 and $519,704, $407,168, 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 3.4 3.2 years and 2.8 1.6 years, as of September 30, 2023 December 31, 2023 and 2022, 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.

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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.

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Class A Common Stock

During the three months ended September 30, 2023 December 31, 2023 and 2022, no shares were issued to non-employee directors and 508,491 461,684 and 231,367 670,268 shares were converted from Class B to Class A, respectively. During the six nine months ended September 30, 2023 December 31, 2023 and 2022, 6,609 and 6,739 shares were issued to non-employee directors, respectively, and 1,159,559 1,621,243 and 497,859 1,168,127 shares were converted from Class B to Class A, respectively.

As of September 30, 2023 December 31, 2023, there were 51,501,057 51,962,741 Class A shares held by the public and 64,935 Class A shares held by non-employee directors. As of September 30, 2022 December 31, 2022, there were 49,722,549 50,292,817 Class A shares held by the public and 58,326 Class A shares held by non-employee directors.

Class B Common Stock

As of September 30, 2023 December 31, 2023 and 2022, there were 17,427,625 17,114,509 and 18,874,122 18,271,833 of Class B shares held by the HL Voting Trust, respectively.

Dividends

Previously declared dividends related to unvested shares of $17,236 $20,110 and $12,003 $15,322 were unpaid as of September 30, 2023 December 31, 2023 and 2022, 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 September 30, 2023 December 31, 2023, shares with a value of $457.7 million remained available for purchase under the program.

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

During the three months ended September 30, 2023 December 31, 2023 and 2022, the Company repurchased 4,235 884 and 9,731 1,159 shares, respectively, of Class B common stock, to satisfy $259 $95 and $70, $92, respectively, of required withholding taxes in connection with the vesting of restricted awards. During the three months ended September 30, 2023 December 31, 2022, the Company repurchased 100,000 shares of its outstanding Class A common stock at a weighted average price of $91.68 per share, excluding commissions, for an aggregate purchase price of $9,168. No such repurchases were made during the three months ended December 31, 2023.

During the nine months ended December 31, 2023 and 2022, the Company repurchased 767,716 and 507,621 shares, respectively, of Class B common stock, to satisfy $70,120 and $42,283 of required withholding taxes in connection with the vesting of restricted awards, respectively. During the nine months ended December 31, 2023, the Company repurchased 239,100 shares of its outstanding Class A common stock at a weighted average price of $104.36 per share, excluding commissions, for an aggregate purchase price of $24,952. During the three nine months ended September 30, 2022 December 31, 2022, the Company repurchased 100,257 677,287 shares of its outstanding Class A common stock at a weighted average price of $81.74 $85.74 per share, excluding commissions, for an aggregate purchase price of $8,195.

During the six months ended September 30, 2023 and 2022, the Company repurchased 766,832 and 506,462 shares, respectively, of Class B common stock, to satisfy $70,025 and 42,191 of required withholding taxes in connection with the vesting of restricted awards, respectively. During the six months ended September 30, 2023, the Company repurchased 239,100 shares of its outstanding Class A common stock at a weighted average price of $104.36 per share, excluding commissions, for an aggregate purchase price of $24,952. During the six months ended September 30, 2022, the Company repurchased 577,287 shares of its outstanding Class A common stock at a weighted average price of $84.72 per share, excluding commissions, for an aggregate purchase price of $48,905. $58,073.

Note 16 — Leases

Lessee Arrangements

Operating Leases

We lease real estate and equipment used in operations from third parties. As of September 30, 2023 December 31, 2023, the remaining term of our operating leases ranged from 1 to 16 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 September 30, 2023 December 31, 2023.

Maturity of Operating Leases

		Operating Leases	
		Operating Leases	Operating Leases
Remaining 2024	Remaining 2024	$ 12,980	
2025	2025	45,382	
2026	2026	51,080	
2027	2027	48,870	
2028	2028	48,165	
Thereafter	Thereafter	370,454	
Total	Total	576,931	
Less: present value discount	Less: present value discount	(157,510)	
Operating lease liabilities	Operating lease liabilities	$ 419,421	

As of September 30, 2023 December 31, 2023, the Company has entered into operating leases for additional office space that have not yet commenced for approximately $6.5 $20.1 million. These operating leases will commence during fiscal year 2024 with a lease term of 5 years to 13 years.

Lease costs

	Three Months Ended September 30,		Six Months Ended September 30,	
	2023	2022	2023	2022

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2023	2022	2023	2022
Operating lease expense	$ 13,385	$ 8,571	$25,808	$15,807
Variable lease expense (1)	5,476	4,725	10,713	9,244
Short-term lease expense	62	52	108	87
Less: Sublease income	90	(63)	(213)	(63)
Total lease costs	$ 19,013	$13,285	$36,416	$25,075

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

Weighted-average details

	September 30,	
	2023	2022
Weighted-average remaining lease term (years)	12	9
Weighted-average discount rate	5.1 %	3.3 %

	December 31,	
	2023	2022
Weighted-average remaining lease term (years)	12	11
Weighted-average discount rate	5.2 %	3.7 %

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Supplemental cash flow information related to leases:

	Six Months Ended September 30,	
	2023	2022

	Nine Months Ended December 31,	
	2023	2022
Operating cash flows:		
Cash paid for amounts included in the measurement of Operating lease liabilities		

Cash paid for amounts included in the measurement of Operating lease liabilities				
Cash paid for amounts included in the measurement of Operating lease liabilities	Cash paid for amounts included in the measurement of Operating lease liabilities	$	17,562	$18,292
Non-cash activity:	Non-cash activity:			
Non-cash activity:				
Non-cash activity:				
Operating lease right-of-use assets obtained in exchange of Operating lease liabilities				
Operating lease right-of-use assets obtained in exchange of Operating lease liabilities				
Operating lease right-of-use assets obtained in exchange of Operating lease liabilities	Operating lease right-of-use assets obtained in exchange of Operating lease liabilities	$	13,735	$19,219
Change in Operating lease right-of-use assets due to remeasurement	Change in Operating lease right-of-use assets due to remeasurement		32,655	161

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 September 30, 2023 December 31, 2023 or March 31, 2023.

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 2023 Annual Report.

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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 September 30,	Six Months Ended September 30,

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2023	2022	2023	2022
Revenues by segment				
Corporate Finance	$281,684	$315,016	$508,735	$578,967
Financial Restructuring	114,670	97,694	238,038	176,532
Financial and Valuation Advisory	70,635	76,827	136,045	152,682
Revenues	$466,989	$489,537	$882,818	$908,181
Segment profit (1)				
Corporate Finance	$ 90,517	$ 93,794	$152,139	$185,359
Financial Restructuring	32,499	17,563	76,093	44,259
Financial and Valuation Advisory	19,593	26,169	34,492	45,203
Total segment profit	142,609	137,526	262,724	274,821
Corporate expenses (2)	52,332	48,155	99,100	107,880
Other (income)/expense, net	(3,296)	5,104	(6,301)	6,853
Income before provision for income taxes	$ 93,573	$ 84,267	$169,925	$160,088

(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.

	September 30, 2023	March 31, 2023
	December 31, 2023	March 31, 2023
Assets by segment		
Corporate Finance	$1,006,417	$1,015,760
Financial Restructuring	171,537	196,289
Financial and Valuation Advisory	175,106	165,395

Total segment assets	Total segment assets	1,353,060	1,377,444
Corporate assets	Corporate assets	1,428,493	1,591,370
Total assets	Total assets	$2,781,553	$2,968,814

		Three Months Ended September 30,		Six Months Ended September 30,	
		2023	2022	2023	2022
	Three Months Ended December 31, 2023	Three Months Ended December 31, 2023	2022	Nine Months Ended December 31, 2023	2022
Income before provision for income taxes by geography	Income before provision for income taxes by geography				
United States					
United States					
United States	United States	$61,280	$63,771	$113,682	$114,023
International	International	32,293	20,496	56,243	46,065
Income before provision for income taxes	Income before provision for income taxes	$93,573	$84,267	$169,925	$160,088

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		Three Months Ended September 30,		Six Months Ended September 30,	
		2023	2022	2023	2022
	Three Months Ended December 31, 2023	Three Months Ended December 31, 2023	2022	Nine Months Ended December 31, 2023	2022
Revenues by geography	Revenues by geography				
United States					
United States					
United States	United States	$328,958	$377,608	$656,694	$681,057
International	International	138,031	111,929	226,124	227,124
Revenues	Revenues	$466,989	$489,537	$882,818	$908,181

		September 30, 2023	March 31, 2023
	December 31, 2023	December 31, 2023	March 31, 2023
Assets by geography	Assets by geography		
United States			
United States			

United States	United States	$1,795,032	$1,861,296			
International	International	986,521	1,107,518	International	1,112,655	1,107,518
Total assets	Total assets	$2,781,553	$2,968,814			

Note 19 — Subsequent Events

On October 24, 2023January 25, 2024, the Company's board of directors declared a quarterly cash dividend of $0.55 per share of Class A and Class B common stock, payable on December 15, 2023March 15, 2024, to shareholders of record on December 1, 2023March 1, 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, 2023 (the "2023 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 in addition to advice on mergers and acquisitions and capital markets offerings. We advise public and private institutions on a wide variety of situations, including buy-side and sell-side transactions, as well as leveraged loans, private mezzanine debt, high-yield debt, initial public offerings, follow-ons, convertibles, equity private placements, and private equity, and liability management transactions, and advise financial sponsors on all types of 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 valuations of various assets, including: companies; illiquid debt and equity securities; and intellectual property (among other assets and liabilities). These valuations are used for financial reporting, tax reporting, and other purposes. In addition, our FVA business segment renders fairness opinions in connection with mergers and acquisitions and other transactions, and solvency opinions in connection with corporate spin-offs and dividend recapitalizations, and other types of financial opinions in connection with other transactions. 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)/Expense, Net

Other (income)/expense, 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 (vi) other miscellaneous non-operating expenses.

Results of Consolidated Operations

The following is a discussion of our results of operations for the six three and nine months ended September 30, 2023 December 31, 2023 and 2022. 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 December 31, 2023	Three Months Ended December 31, 2022	Change	Nine Months Ended December 31, 2023	Nine Months Ended December 31, 2022	Change
Revenues	$ 511,130	$ 456,499	12 %	$ 1,393,948	$ 1,364,680	2 %
Operating expenses:						
Employee compensation and benefits	324,039	289,348	12 %	884,064	864,942	2 %
Non-compensation	90,551	82,978	9 %	249,720	248,624	— %
Total operating expenses	414,590	372,326	11 %	1,133,784	1,113,566	2 %
Operating income	96,540	84,173	15 %	260,164	251,114	4 %
Other (income)/expense, net	(6,035)	563	(1,172)%	(12,336)	7,416	(266)%
Income before provision for income taxes	102,575	83,610	23 %	272,500	243,698	12 %
Provision for income taxes	31,772	20,559	55 %	73,276	49,135	49 %
Net income attributable to Houlihan Lokey, Inc.	$ 70,803	$ 63,051	12 %	$ 199,224	$ 194,563	2 %

($ in thousands)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Change	Six Months Ended September 30, 2023	Six Months Ended September 30, 2022	Change
Revenues	$ 466,989	$ 489,537	(5)%	$ 882,818	$ 908,181	(3)%
Operating expenses:						
Employee compensation and benefits	296,542	309,859	(4)%	560,025	575,594	(3)%
Non-compensation	80,170	90,307	(11)%	159,169	165,646	(4)%
Total operating expenses	376,712	400,166	(6)%	719,194	741,240	(3)%
Operating income	90,277	89,371	1 %	163,624	166,941	(2)%
Other (income)/expense, net	(3,296)	5,104	(165)%	(6,301)	6,853	(192)%

Income before provision for income taxes	93,573	84,267	11 %	169,925	160,088	6 %
Provision for income taxes	26,542	23,537	13 %	41,504	28,576	45 %
Net income attributable to Houlihan Lokey, Inc.	$ 67,031	$ 60,730	10 %	$ 128,421	$ 131,512	(2)%

Three Months Ended September 30, 2023 December 31, 2023 versus September 30, 2022 December 31, 2022

Revenues were $467.0 million $511.1 million for the three months ended September 30, 2023 December 31, 2023, compared with $489.5 million $456.5 million for the three months ended September 30, 2022 December 31, 2022, representing a decrease an increase of (5)%. For the quarter, CF revenues decreased (11)%, FR revenues increased 17%, and FVA revenues decreased (8)% when compared with the three months ended September 30, 2022 12%.

Operating expenses were $376.7 million $414.6 million for the three months ended September 30, 2023 December 31, 2023, compared with $400.2 million $372.3 million for the three months ended September 30, 2022 December 31, 2022, representing a decrease an increase of (6)% 11%. Employee compensation and benefits expense, as a component of operating expenses, was $296.5 million $324.0 million for the three months ended September 30, 2023 December 31, 2023, compared with $309.9 million $289.3 million for the three months ended September 30, 2022 December 31, 2022, representing a decrease an increase of (4)% 12%. The decrease increase in employee compensation and benefits expense was primarily a result of a decrease an increase in revenues for the quarter when compared with the same quarter last year. The Compensation Ratio was 63.5% 63.4% for the three months ended September 30, 2023 December 31, 2023, compared with 63.3% 63.4% for the three months ended September 30, 2022 December 31, 2022. Non-compensation expense, as a component of operating expenses, was $80.2 million $90.6 million for the three months ended September 30, 2023 December 31, 2023, compared with $90.3 million $83.0 million for the three months ended September 30, 2022 December 31, 2022, representing a decrease an increase of (11)% 9%. The decrease increase in non-compensation expense was primarily the result of a decrease an increase in depreciation professional fees and amortization and other operating expenses. rent expense.

Other (income)/expense, net decreased (165)% to $(3.3) was $(6.0) million for the three months ended September 30, 2023 December 31, 2023, compared with $5.1 million $0.6 million for the three months ended September 30, 2022 December 31, 2022. This was primarily due to a gain recognized in association with earnout liability settlements made during the three months ended September 30, 2023, compared with losses recognized during the three months ended September 30, 2022 driven by an increase in the fair value of an earnout liability for one of our previous acquisitions and an unfavorable periodic warrant revaluation.

The provision for income taxes for the three months ended September 30, 2023 was $26.5 million, which reflected an effective tax rate of 28.4%. The provision for income taxes for the three months ended September 30, 2022 was $23.5 million which reflected an effective tax rate of 27.9%.

Six Months Ended September 30,2023 versus September 30, 2022

Revenues were $882.8 million for the six months ended September 30, 2023, compared with $908.2 million for the six months ended September 30, 2022, representing a decrease of (3)%. For the six months ended September 30, 2023, CF revenues decreased (12)%, FR revenues increased 35%, and FVA revenues decreased (11)% when compared with the six months ended September 30, 2022.

Operating expenses were $719.2 million for the six months ended September 30, 2023, compared with $741.2 million for the six months ended September 30, 2022, a decrease of (3)%. Employee compensation and benefits expense, as a component of operating expenses, was $560.0 million for the six months ended September 30, 2023, compared with $575.6 million for the six months ended September 30, 2022, a decrease of (3)%. The decrease in employee compensation and benefits expense was primarily a result of lower revenues when compared with the same period last year. The Compensation Ratio was 63.4% for the six months ended September 30, 2023, compared with 63.4% for the six months ended September 30, 2022. Non-compensation expense, as a component of operating expenses, was $159.2 million for the six months ended September 30, 2023, compared with $165.6 million for the six months ended September 30, 2022, a decrease of (4)%. The decrease in non-compensation expense was the result of a decrease in depreciation and amortization and other operating expenses.

Other (income)/expense, net decreased (192)% to $(6.3) million for the six months ended September 30, 2023, compared with $6.9 million for the six months ended September 30, 2022, changed primarily due to the aforementioned quarterly fluctuation, in addition to (i) an increase in interest income and dividend income generated by our investment securities and gains recognized on various investment securities. securities and (ii) the write-off of an equity method investment during the three months ended December 31, 2022 with no such write-off during the three months ended December 31, 2023.

The provision for income taxes for the six three months ended September 30, 2023 December 31, 2023 was $41.5 million $31.8 million, which reflected an effective tax rate of 24.4% 31.0%. The provision for income taxes for the six three months ended September 30, 2022 December 31, 2022 was $28.6 million, $20.6 million which reflected an effective tax rate of 17.9% 24.6%. The increase in the Company's Company's tax rate during the six three months ended September 30, 2023 December 31, 2023 relative to the same period in 2022 was primarily a result of increased state taxes and increased taxes due to foreign operations.

Nine Months Ended December 31,2023 versus December 31, 2022

Revenues were $1.39 billion for the nine months ended December 31, 2023, compared with $1.36 billion for the nine months ended December 31, 2022, representing an increase of 2%.

Operating expenses were $1.13 billion for the nine months ended December 31, 2023, compared with $1.11 billion for the nine months ended December 31, 2022, an increase of 2%. Employee compensation and benefits expense, as a component of operating expenses, was $884.1 million for the nine months ended December 31, 2023, compared with $864.9 million for the nine months ended December 31, 2022, an increase of 2%. The increase in employee compensation and benefits expense was primarily a result of higher revenues when compared with the same period last year. The Compensation Ratio was 63.4% for the nine months ended December 31, 2023, compared with 63.4% for the nine months ended December 31, 2022. Non-compensation expense, as a component of operating expenses, remained relatively flat at $249.7 million for the nine months ended December 31, 2023, compared with $248.6 million for the nine months ended December 31, 2022.
Other (income)/expense, net was $(12.3) million for the nine months ended December 31, 2023, compared with $7.4 million for the nine months ended December 31, 2022. Other (income)/expense, net changed primarily due to (i) an increase in interest income and dividend income generated by our investment securities and gains recognized on various

investment securities and (ii) the write-off of an equity method investment during the three months ended December 31, 2022 with no such write-off during the three months ended December 31, 2023.

The provision for income taxes for the nine months ended December 31, 2023 was $73.3 million, which reflected an effective tax rate of 26.9%. The provision for income taxes for the nine months ended December 31, 2022 was $49.1 million, which reflected an effective tax rate of 20.2%. The increase in the Company's tax rate during the nine months ended December 31, 2023 relative to the same period in 2022 was primarily a result of increased state taxes and increased taxes due to foreign operations, as well as the release of the provision for an uncertain tax position as a result of the successful closure of a state audit that occurred during the six nine months ended September 30, 2022 December 31, 2022 and did not repeat during in the six nine months ended September 30, 2023 December 31, 2023.

Business Segments

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

		Three Months Ended September 30,			Six Months Ended September 30,								
	Three Months Ended December 31,												
($ in thousands)	($ in thousands)	2023	2022	Change	2023	2022	Change	($ in thousands)	2023			2022	
Revenues by segment	Revenues by segment												
Corporate Finance													
Corporate Finance													
Corporate Finance	Corporate Finance	$281,684	$315,016	(11)%	$508,735	$578,967	(12)%	$ 310,512		$	$291,734		6
Financial Restructuring	Financial Restructuring	114,670	97,694	17 %	238,038	176,532	35 %	Financial Restructuring	128,565	98,819		98,819	
Financial and Valuation Advisory	Financial and Valuation Advisory	70,635	76,827	(8)%	136,045	152,682	(11)%	Financial and Valuation Advisory	72,053	65,946		65,946	
Revenues	Revenues	$466,989	$489,537	(5)%	$882,818	$908,181	(3)%	Revenues	$511,130	$		$456,499	12
Segment profit (1)	Segment profit (1)												
Segment profit (1)													
Segment profit (1)													
Corporate Finance													
Corporate Finance													
Corporate Finance	Corporate Finance	$ 90,517	$ 93,794	(3)%	$152,139	$185,359	(18)%	$ 93,254		$	$ 83,753		11
Financial Restructuring	Financial Restructuring	32,499	17,563	85 %	76,093	44,259	72 %	Financial Restructuring	43,284	40,244		40,244	
Financial and Valuation Advisory	Financial and Valuation Advisory	19,593	26,169	(25)%	34,492	45,203	(24)%	Financial and Valuation Advisory	14,332	12,357		12,357	
Total segment profit	Total segment profit	142,609	137,526	4 %	262,724	274,821	(4)%	Total segment profit	150,870	136,354		136,354	
Corporate expenses (2)	Corporate expenses (2)	52,332	48,155	9 %	99,100	107,880	(8)%	Corporate expenses (2)	54,330	52,181		52,181	
Other (income)/expense, net	Other (income)/expense, net	(3,296)	5,104	(165)%	(6,301)	6,853	(192)%	Other (income)/expense, net	(6,035)	563		563	
Income before provision for income taxes	Income before provision for income taxes	$ 93,573	$ 84,267	11 %	$169,925	$160,088	6 %	Income before provision for income taxes	$102,575	$		$ 83,610	23
Segment metrics	**Segment metrics**												
Segment metrics													
Segment metrics													
Number of Managing Directors	Number of Managing Directors												
Number of Managing Directors													

Number of Managing Directors												
Corporate Finance												
Corporate Finance												
Corporate Finance	Corporate Finance	211	210	— %	211	210	— %		219	215	215	2
Financial Restructuring	Financial Restructuring	60	56	7 %	60	56	7 %	Financial Restructuring	52	56	56	(
Financial and Valuation Advisory	Financial and Valuation Advisory	40	40	— %	40	40	— %	Financial and Valuation Advisory	41	38	38	
Number of closed transactions/Fee Events (3)	Number of closed transactions/Fee Events (3)											
Corporate Finance	Corporate Finance	117	114	3 %	212	238	(11)%					
Corporate Finance												
Corporate Finance									117		125	
Financial Restructuring	Financial Restructuring	31	24	29 %	61	40	53 %	Financial Restructuring	30	28	28	
Financial and Valuation Advisory	Financial and Valuation Advisory	852	890	(4)%	1,255	1,404	(11)%	Financial and Valuation Advisory	926	876	876	

(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 $1,000. References to closed transactions should be understood to be the same as transactions that are "effectively closed" as described in Note 3 of our Consolidated Financial Statements.

Corporate Finance

Three Months Ended September 30, 2023 December 31, 2023 versus September 30, 2022 December 31, 2022

Revenues for CF were $281.7 million $310.5 million for the three months ended September 30, 2023 December 31, 2023, compared with $315.0 million $291.7 million for the three months ended September 30, 2022 December 31, 2022, representing an increase of 6%. Revenues increased due to an increase in the average transaction fee on closed transactions during the quarter, which was driven by transaction mix, and did not represent a trend in the average transaction fee on closed transactions.

Segment profit for CF was $93.3 million for the three months ended December 31, 2023, compared with $83.8 million for the three months ended December 31, 2022, an increase of 11%. Profitability increased primarily as a result of an increase in revenues and lower compensation expenses as a percentage of revenues when compared to the same quarter last year.

Nine Months Ended December 31,2023 versus December 31, 2022

Revenues for CF were $819.2 million for the nine months ended December 31, 2023, compared with $870.7 million for the nine months ended December 31, 2022, representing a decrease of (11) (6)%. Revenues decreased primarily due to a decrease in the number of closed transactions, which was driven by softness in the M&A markets.

Segment profit for CF was $245.4 million for the nine months ended December 31, 2023, compared with $269.1 million for the nine months ended December 31, 2022, a decrease of (9)%. Profitability decreased primarily as a result of a decrease in revenues when compared to the same quarter last year.

Financial Restructuring

Three Months Ended December 31, 2023 versus December 31, 2022

Revenues for FR were $128.6 million for the three months ended December 31, 2023, compared with $98.8 million for the three months ended December 31, 2022, representing an increase of 30%. Revenues increased primarily due to an increase in the average transaction fee on closed transactions, which was driven by transaction mix, and did not represent a trend in the average transaction fee on closed transactions.

Segment profit for CF FR was $90.5 million $43.3 million for the three months ended September 30, 2023 December 31, 2023, compared with $93.8 million $40.2 million for the three months ended September 30, 2022, representing a decrease of (3)%. Profitability decreased primarily as a result of a decrease in revenues when compared to the same quarter last year.

Six Months Ended September 30,2023 versus September 30, 2022

Revenues for CF were $508.7 million for the six months ended September 30, 2023, compared with $579.0 million for the six months ended September 30, 2022, representing a decrease of (12)%. Revenues decreased primarily due to a decrease in the number of closed transactions, which was driven by softness in the M&A markets.

Segment profit for CF was $152.1 million for the six months ended September 30, 2023, compared with $185.4 million for the six months ended September 30, 2022, representing a decrease of (18)%. Profitability decreased primarily as a result of a decrease in revenues and higher non-compensation expenses when compared to the same quarter last year.

Financial Restructuring

Three Months Ended September 30, 2023 versus September 30, 2022

Revenues for FR were $114.7 million for the three months ended September 30, 2023, compared with $97.7 million for the three months ended September 30, 2022, representing an increase of 17%. Revenues increased primarily due to an increase in the number of closed transactions during the quarter, which was driven by favorable market conditions for restructuring transactions.

Segment profit for FR was $32.5 million for the three months ended September 30, 2023, compared with $17.6 million for the three months ended September 30, 2022 December 31, 2022, an increase of 85% 8%. Profitability increased primarily as a result of higher revenues, and lower partially offset by higher compensation expenses as a percentage of revenues when compared to the same quarter last year.

Six Nine Months Ended September 30, December 31, 2023 versus September 30, 2022 December 31, 2022

Revenues for FR were $238.0 million $366.6 million for the six nine months ended September 30, 2023 December 31, 2023, compared with $176.5 million $275.4 million for the six nine months ended September 30, 2022 December 31, 2022, representing an increase of 35% 33%. The increase in revenues was a result of an increase in the number of closed transactions, which was driven by favorable market conditions for restructuring transactions. This increase was partially offset by a reduction in the average transaction fee when compared to the same period last year, which was driven by transaction mix, and did not represent a trend in the average transaction fee on closed transactions.

Segment profit for FR was $76.1 million $119.4 million for the six nine months ended September 30, 2023 December 31, 2023, compared with $44.3 million $84.5 million for the six nine months ended September 30, 2022 December 31, 2022, an increase of 72% 41%. Profitability increased primarily as a result of higher revenues and lower compensation expenses as a percentage of revenues when compared to the same period last year.

Financial and Valuation Advisory

Three Months Ended September 30, 2023 December 31, 2023 versus September 30, 2022 December 31, 2022

Revenues for FVA were $70.6 million $72.1 million for the three months ended September 30, 2023 December 31, 2023, compared with $76.8 million $65.9 million for the three months ended September 30, 2022 December 31, 2022, representing an increase of 9%. 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 new and existing clients for one or more of the service lines within our FVA business.

Segment profit for FVA was $14.3 million for the three months ended December 31, 2023, compared with $12.4 million for the three months ended December 31, 2022, an increase of 16%. Profitability increased primarily as a result of higher revenues and lower compensation expenses as a percentage of revenues when compared to the same quarter last year.

Nine Months Ended December 31,2023 versus December 31, 2022

Revenues for FVA were $208.1 million for the nine months ended December 31, 2023, compared with $218.6 million for the nine months ended December 31, 2022, representing a decrease of (8) (5)%. Revenues decreased The decrease in revenues was primarily due to a decrease in the number of Fee Events. The decrease in the number of Fee Events was driven by softness in the M&A markets, which affected one or more of the service lines within our FVA business.

Segment profit for FVA was $19.6 million $48.8 million for the three nine months ended September 30, 2023 December 31, 2023, compared with $26.2 million $57.6 million for the three nine months ended September 30, 2022 December 31, 2022, a decrease of (25) (15)%. Profitability decreased primarily as a result of lower revenues and higher non-compensation expenses when compared to the same quarter last year.

Six Months Ended September 30,2023 versus September 30, 2022

Revenues for FVA were $136.0 million for the six months ended September 30, 2023, compared with $152.7 million for the three months ended September 30, 2022, representing a decrease of (11)%. The decrease in revenues was due to a decrease in the number of Fee Events. The decrease in the number of Fee Events was driven by softness in the M&A markets, which affected one or more of the service lines within our FVA business.

Segment profit for FVA was $34.5 million for the six months ended September 30, 2023, compared with $45.2 million for the three months ended September 30, 2022, a decrease of (24)%. Profitability decreased primarily as a result percentage of lower revenues and an increase in non-compensation expenses when compared to the same period last year.

Corporate Expenses

Three Months Ended September 30, 2023 December 31, 2023 versus September 30, 2022 December 31, 2022

Corporate expenses were $52.3 million $54.3 million for the three months ended September 30, 2023 December 31, 2023, compared with $48.2 million $52.2 million for the three months ended September 30, 2022 December 31, 2022. This 9% 4% increase was driven by increased compensation expenses when compared to the same quarter last year.

Six Nine Months Ended September 30, December 31, 2023 versus September 30, 2022 December 31, 2022

Corporate expenses were $99.1 million $153.4 million for the six nine months ended September 30, 2023 December 31, 2023, compared with $107.9 million $160.1 million for the three nine months ended September 30, 2022 December 31, 2022. This (8) (4)% decrease was driven primarily by decreased non-compensation expenses depreciation and amortization expense, partially offset by increases in compensation expense and professional fees when compared to the same period last year, due to a decrease in depreciation and amortization expense. year.

Liquidity and Capital Resources

Our current assets comprise cash and cash equivalents, investment securities, receivables from affiliates, 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 the 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 September 30, 2023 December 31, 2023 and March 31, 2023, we had $392.1 million $464.8 million and $475.0 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 September 30, 2023 December 31, 2023 and March 31, 2023, our restricted cash, cash and cash equivalents, and investment securities were as follows:

(In thousands)	*(In thousands)*	September 30, 2023	March 31, 2023	*(In thousands)*	December 31, 2023	March 31, 2023
Cash and cash equivalents	Cash and cash equivalents	$493,929	$714,439			
Investment securities	Investment securities	31,214	37,309			
Total unrestricted cash and cash equivalents, including investment securities	Total unrestricted cash and cash equivalents, including investment securities	525,143	751,748			
Restricted cash (1)	Restricted cash (1)	373	373			
Total cash, cash equivalents, and restricted cash, including investment securities	Total cash, cash equivalents, and restricted cash, including investment securities	$525,516	$752,121			

(1) Represents a deposit in support of a letter of credit issued 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 September 30, 2023 December 31, 2023, accounts receivable, net of credit losses was $152.2 million $152.8 million. As of September 30, 2023 December 31, 2023, unbilled work in progress, net of credit losses was $133.8 million $174.2 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 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. As of September 30, 2023 December 31, 2023 and March 31, 2023, no principal was outstanding under the HLI Line of Credit. 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 September 30, 2023 December 31, 2023, we were, and expect to continue to be, in compliance with such covenants.

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 a portion thereof has been accrued as liabilities on the Consolidated Balance Sheets as of September 30, 2023 December 31, 2023 and March 31, 2023.

The Company entered into a settlement agreement (the “Settlement) with the Securities and Exchange Commission (“SEC”) to resolve an investigation of the Company’s compliance with records preservation requirements related to business communications sent over off-channel electronic messaging platforms, as described in our 2023 Annual Report. The terms of the Settlement are consistent with previously and subsequently announced settlements between firms similar to the Company and the SEC relating to these issues. In the Settlement, the Company agreed to a cease and desist order, admitted the SEC’s factual findings, agreed to pay a civil monetary penalty of $15.0 million, and to comply with certain undertakings, including retaining an independent compliance consultant, related to retention of electronic communications as enumerated in the Settlement. As described in our 2023 Annual Report, the Company recognized a $15 million accrual in other (income)/expense, net for the fourth fiscal quarter and fiscal year ended March 31, 2023, relating to the Settlement, which was paid in August, 2023.

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:

		Six Months Ended September 30,									
	Nine Months Ended December 31,									**Nine Months Ended December 31,**	
(In thousands)	***(In thousands)***	**2023**	**2022**	**Change**	***(In thousands)***	**2023**			**2022**		**Change**
Operating activities:	Operating activities:										
Net income											
Net income											
Net income	Net income	$128,421	$131,512	(2)%	$ 199,224	$	$194,563		2	2 %	
Non-cash charges	Non-cash charges	113,209	132,202	(14)%	Non-cash charges	184,270	200,452		200,452	(8)	(8)%
Other operating activities	Other operating activities	(239,378)	(456,631)	(48)%	Other operating activities	(280,346)	(496,890)		(496,890)	(44)	(44)%
Net cash provided by/(used) in operating activities	Net cash provided by/(used) in operating activities	2,252	(192,917)	(101)%	Net cash provided by/(used) in operating activities	103,148	(101,875)		(101,875)	(201)	(201)%
Net cash provided by/(used in) investing activities	Net cash provided by/(used in) investing activities	(32,974)	53,465	(162)%	Net cash provided by/(used in) investing activities	(55,718)	36,458		36,458	(253)	(253)%
Net cash (used in) financing activities	Net cash (used in) financing activities	(178,833)	(168,937)	6 %	Net cash (used in) financing activities	(214,438)	(207,839)		(207,839)	3	3 %

Effects of exchange rate changes on cash, cash equivalents, and restricted cash	Effects of exchange rate changes on cash, cash equivalents, and restricted cash	(10,955)	(21,502)	(49)%	Effects of exchange rate changes on cash, cash equivalents, and restricted cash	8,101	(11,019)	(11,019)	(174)	(174)%
Net decrease in cash, cash equivalents, and restricted cash	Net decrease in cash, cash equivalents, and restricted cash	(220,510)	(329,891)	(33)%	Net decrease in cash, cash equivalents, and restricted cash	(158,907)	(284,275)	(284,275)	(44)	(44)%
Cash, cash equivalents, and restricted cash — beginning of period	Cash, cash equivalents, and restricted cash — beginning of period	714,812	834,070	(14)%	Cash, cash equivalents, and restricted cash — beginning of period	714,812	834,070	834,070	(14)	(14)%
Cash, cash equivalents, and restricted cash — end of period	Cash, cash equivalents, and restricted cash — end of period	$494,302	$504,179	(2)%	Cash, cash equivalents, and restricted cash — end of period	$555,905	$	$ 549,795	1	1 %

Six Nine Months Ended September 30, 2023 December 31, 2023

Operating activities resulted in a net inflow of $2.3 million $103.1 million, primarily attributable to net income plus equity and liability classified share awards issued, almost entirely offset by cash bonus payments paid in May, 2023. Investing activities resulted in a net outflow of $(33.0) $(55.7) million, primarily attributable to purchases of property and equipment, net. Financing activities resulted in a net outflow of $(178.8) $(214.4) million, primarily attributable to dividends paid and payments made to settle employee tax obligations on share-based awards.

Six Nine Months Ended September 30, 2022 December 31, 2022

Operating activities resulted in a net outflow of $(192.9) $(101.9) million, primarily attributable to cash bonus payments paid a significant decrease in May 2022. accrued salaries and bonuses and income taxes payable. Investing activities resulted in a net inflow of $53.5 million $36.5 million, primarily attributable to sales or maturities of investment securities. securities, offset by purchases of property and equipment. Financing activities resulted in a net outflow of $(168.9) $(207.8) million, primarily attributable to dividends paid, share repurchases, and payments to settle employee tax obligations on share-based awards.

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 2023 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. 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 a 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.

For additional information on critical accounting policies and estimates, see “Critical Accounting Policies and Estimates” in the MD&A of the 2023 Annual Report.

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, other than for foreign currency hedging purposes. 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 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. 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. The net impact of the fluctuation of foreign currencies in other comprehensive income within the Consolidated Statements of Comprehensive Income was $(19,883) $25,574 and $(28,554) $24,204 during the three months ended September 30, 2023 December 31, 2023 and 2022, respectively, and $(16,909) $8,665 and $(50,863) $(26,659) during the six nine months ended September 30, 2023 December 31, 2023 and 2022, 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 U.S. 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 September 30, 2023 December 31, 2023 we had three one foreign currency forward contracts contract outstanding between the U.S. dollar and the pound sterling with an aggregate notional value of $35.2 million and two $2.0 million. As of December 31, 2022, we had one foreign currency forward contracts outstanding between the euro and the pound sterling with a notional value of €9.4 million. As of September 30, 2022, we had two foreign currency forward contracts contract outstanding between the pound sterling and the euro with a notional values value of €7.5 million and €0.5 €15.3 million. The change in fair value of these contracts represented a loss net gain/(loss) included in Other operating expenses of $(1,217) $11 and $(232) $(589) during the three months ended September 30, 2023 December 31, 2023 and September 30, 2022 December 31, 2022, 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 September 30, 2023 December 31, 2023.

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 September 30, 2023 December 31, 2023 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 2023 Annual Report.

Item 1A. Risk Factors

There have been no material changes to the risk factors disclosed in our 2023 Annual Report.

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

On August 14, 2023 December 12, 2023, the Company issued 54,655 165,834 shares of Class B common stock to certain former employees of a business acquired in 2020. 2023. 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 September 30, 2023 December 31, 2023:

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)
July 1, 2023 - July 31, 2023 (2)	3,026	$ 104.38	—	$ 482,657,397
August 1, 2023 - August 31, 2023 (3)	123,865	101.76	123,500	470,088,910
September 1, 2023 - September 30, 2023 (4)	115,612	107.06	115,600	457,712,992
Total	242,503	$ 104.32	239,100	$ 457,712,992

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)
October 1, 2023 - October 31, 2023 (2)	884	$ 106.24	—	$ 457,712,992
November 1, 2023 - November 30, 2023	—	—	—	457,712,992
December 1, 2023 - December 31, 2023	—	—	—	457,712,992
Total	884	$ 106.24	—	$ 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 3,026 884 unvested shares of Class B common stock at an average price per share of $104.38, 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 365 unvested shares of Class B common stock at an average price per share of $99.54, which were withheld from employees to satisfy tax withholding obligations resulting from the vesting of certain restricted stock awards.

(4) Total Number of Shares Purchased consists of 12 unvested shares of Class B common stock at an average price per share of $107.82, $106.24, 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 August 22, 2023, Christopher Crain, Secretary and General Counsel, During the fiscal quarter ended December 31, 2023 no director or officer of the Company adopted or terminated a Rule “Rule 10b5-1 trading arrangement that is intended to satisfy the affirmative defense arrangement” or a “non-Rule 10b5-1 trading arrangement” (in each case, as defined in Item 408 of Rule 10b5-1(c) for the sale of up to 4,000 shares of the Company's common stock until November 30, 2024 Regulation S-K).

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	
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: November February 8, 2023 2024

/s/ SCOTT L. BEISER

Scott L. Beiser

Chief Executive Officer

(Principal Executive Officer)

Date: November February 8, 2023 2024

/s/ J. LINDSEY ALLEY

J. Lindsey Alley

Chief Financial Officer

(Principal Financial and Accounting Officer)

Exhibit 31.1

CERTIFICATIONS

I, Scott L. Beiser, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ending September 30, 2023 December 31, 2023 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: November February 8, 2023 2024

/s/ SCOTT L. BEISER

Scott L. Beiser
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATIONS

I, J. Lindsey Alley, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the period ending September 30, 2023 December 31, 2023 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: November February 8, 2023 2024

/s/ J. LINDSEY ALLEY

J. Lindsey Alley
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 32.1

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

I, Scott L. Beiser, 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 September 30, 2023 December 31, 2023 (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: November February 8, 2023 2024

/s/ SCOTT L. BEISER

Scott L. Beiser
Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

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 September 30, 2023 December 31, 2023 (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:	November February 8, 2023 2024	/s/ J. LINDSEY ALLEY
		J. Lindsey Alley
		Chief Financial Officer
		(Principal Financial and Accounting Officer)

DISCLAIMER

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