



FOR IMMEDIATE RELEASE

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Korn Ferry Announces Third Quarter Fiscal 2022 Results of Operations

Highlights

- Korn Ferry reports quarterly fee revenue of \$680.7 million in Q3 FY'22, an increase of 43% from Q3 FY'21 and a sequential increase of 6% from Q2 FY'22.
- Net income attributable to Korn Ferry of \$84.1 million and diluted and adjusted diluted earnings per share of \$1.54 and \$1.59 in Q3 FY'22, respectively, all reaching new highs.
- Operating income and Adjusted EBITDA both reached new highs in Q3 FY'22 at \$126.3 million (operating margin of 18.6%) and \$138.3 million (Adjusted EBITDA margin of 20.3%), respectively.
- The Company repurchased 304,500 shares of stock during the quarter for \$22.1 million.
- Declared a quarterly dividend of \$0.12 per share on March 8, 2022, which is payable on April 14, 2022, to stockholders of record on March 28, 2022.
- During the third quarter, the Company completed the acquisition of Lucas Group, which is included in the RPO and Professional Search segment.

Los Angeles, CA, March 9, 2022 – Korn Ferry (NYSE: KFY), a global organizational consulting firm, today announced third quarter fee revenue of \$680.7 million, a new quarterly high. In addition, third quarter diluted earnings per share was \$1.54 and adjusted diluted earnings per share was \$1.59, both are new highs.

"I am extremely pleased with our results during the fiscal third quarter, as Korn Ferry once again achieved new financial performance highs. We generated \$681 million in fee revenue, up 43% year over year and a new quarterly high. Our diluted and adjusted diluted earnings per share, at \$1.54 and \$1.59, respectively, were also new highs," said Gary D. Burnison, CEO, Korn Ferry.

"Our solid performance over recent quarters is a reflection of the relevance of our strategy and solutions, the resilience of our colleagues, and the connection with our Korn Ferry brand," Burnison added. "We are replicating and scaling our success and continuing to lead innovation at the intersection of talent and strategy in a digitally-enabled new world of work."



Selected Financial Results

(dollars in millions, except per share amounts) ^(a)

| | Third Quarter | | Year to Date | |
|---------------------------------------|---------------|----------|--------------|------------|
| | FY'22 | FY'21 | FY'22 | FY'21 |
| Fee revenue | \$ 680.7 | \$ 475.4 | \$ 1,905.6 | \$ 1,254.9 |
| Total revenue | \$ 685.0 | \$ 477.9 | \$ 1,916.5 | \$ 1,262.6 |
| Operating income | \$ 126.3 | \$ 65.2 | \$ 331.3 | \$ 69.5 |
| Operating margin | 18.6% | 13.7% | 17.4% | 5.5% |
| Net income attributable to Korn Ferry | \$ 84.1 | \$ 51.3 | \$ 234.7 | \$ 48.3 |
| Basic earnings per share | \$ 1.55 | \$ 0.95 | \$ 4.33 | \$ 0.89 |
| Diluted earnings per share | \$ 1.54 | \$ 0.94 | \$ 4.28 | \$ 0.88 |

| Adjusted Results (b): | Third Quarter | | Year to Date | |
|--|---------------|---------|--------------|----------|
| | FY'22 | FY'21 | FY'22 | FY'21 |
| Adjusted EBITDA | \$ 138.3 | \$ 96.7 | \$ 394.5 | \$ 173.4 |
| Adjusted EBITDA margin | 20.3% | 20.3% | 20.7% | 13.8% |
| Adjusted net income attributable to Korn Ferry | \$ 86.9 | \$ 51.9 | \$ 245.7 | \$ 71.1 |
| Adjusted basic earnings per share | \$ 1.60 | \$ 0.96 | \$ 4.53 | \$ 1.31 |
| Adjusted diluted earnings per share | \$ 1.59 | \$ 0.95 | \$ 4.48 | \$ 1.30 |

(a) Numbers may not total due to rounding.

(b) Adjusted EBITDA refers to earnings before interest, taxes, depreciation and amortization, further adjusted to exclude integration/acquisition costs, impairment of fixed assets, impairment of right of use assets and net restructuring charges when applicable. Adjusted results on a consolidated basis are non-GAAP financial measures that adjust for the following, as applicable (see attached reconciliations):

| | Third Quarter | | Year to Date | |
|-----------------------------------|---------------|--------|--------------|---------|
| | FY'22 | FY'21 | FY'22 | FY'21 |
| Integration/acquisition costs | \$ 3.2 | \$ — | \$ 4.3 | \$ 0.7 |
| Impairment of fixed assets | \$ — | \$ — | \$ 1.9 | \$ — |
| Impairment of right of use assets | \$ — | \$ — | \$ 7.4 | \$ — |
| Restructuring charges, net | \$ — | \$ 0.8 | \$ — | \$ 30.7 |

The Company reported fee revenue in Q3 FY'22 of \$680.7 million, an increase of 43% (up 46% on a constant currency basis) compared to Q3 FY'21. Fee revenue increased in all lines of business. The increase in fee revenue when compared to Q3 FY'21 was primarily due to an increase in new business in the quarter driven by the increased relevance of the Company's solutions.

Operating margin was 18.6% in Q3 FY'22 compared to 13.7% in the year-ago quarter. Adjusted EBITDA margin was 20.3% in both Q3 FY'22 and Q3 FY'21. Net income attributable to Korn Ferry was \$84.1 million compared to \$51.3 million in Q3 FY'21.

The year-over-year improvement in operating margin was due to the increase in fee revenue discussed above, improved productivity resulting from work being conducted virtually, and cost savings from the structural changes made to the Company's business during the pandemic. Partially offsetting this were increases in compensation and benefits expense, general and administrative expenses and cost of services expense. The increase in compensation and benefits expense was driven by higher salaries and related payroll taxes and performance-related bonus expense. The increase in general and administrative expenses was primarily due to the acquisition of the Lucas Group along with the associated integration and acquisition costs. The higher cost of services expense was primarily due to the Lucas Group acquisition.

Adjusted EBITDA margin remained unchanged compared to the year-ago quarter.



Results by Line of Business

Selected Consulting Data

(dollars in millions) ^(a)

| | Third Quarter | | Year to Date | |
|--|----------------------|--------------|---------------------|--------------|
| | FY'22 | FY'21 | FY'22 | FY'21 |
| Fee revenue | \$ 162.9 | \$ 136.3 | \$ 476.3 | \$ 362.3 |
| Total revenue | \$ 163.8 | \$ 136.6 | \$ 478.6 | \$ 363.2 |
| Ending number of consultants and execution staff (b) | 1,787 | 1,528 | 1,787 | 1,528 |
| Hours worked in thousands (c) | 424 | 372 | 1,295 | 1,137 |
| Average bill rate (d) | \$ 384 | \$ 367 | \$ 368 | \$ 319 |
| Adjusted Results (e): | Third Quarter | | Year to Date | |
| | FY'22 | FY'21 | FY'22 | FY'21 |
| Adjusted EBITDA | \$ 28.6 | \$ 27.5 | \$ 85.5 | \$ 54.3 |
| Adjusted EBITDA margin | 17.5% | 20.2% | 17.9% | 15.0% |

(a) Numbers may not total due to rounding.

(b) Represents number of employees originating, delivering and executing consulting services.

(c) The number of hours worked by consultant and execution staff during the period.

(d) The amount of fee revenue divided by the number of hours worked by consultants and execution staff.

(e) Adjusted results exclude the following:

| | Third Quarter | | Year to Date | |
|-----------------------------------|---------------|--------|--------------|---------|
| | FY'22 | FY'21 | FY'22 | FY'21 |
| Impairment of fixed assets | \$ — | \$ — | \$ 0.3 | \$ — |
| Impairment of right of use assets | \$ — | \$ — | \$ 2.5 | \$ — |
| Restructuring charges, net | \$ — | \$ 0.3 | \$ — | \$ 14.2 |

Fee revenue was \$162.9 million in Q3 FY'22 compared to \$136.3 million in Q3 FY'21, an increase of \$26.6 million or 20% (up 22% on a constant currency basis). Growth in Consulting fee revenue continues to be driven by significant client workforce transformation initiatives including DE&I and ESG, delivered through our Organization Strategy, Assessment and Succession, and Leadership Development solutions. In addition, Total Rewards offering has increased as clients address compensation and retention issues associated with labor market dislocation and pay governance issues.

Adjusted EBITDA was \$28.6 million in Q3 FY'22 with an Adjusted EBITDA margin of 17.5% compared to Adjusted EBITDA of \$27.5 million with an associated margin of 20.2%, respectively, in the year-ago quarter. This increase in Adjusted EBITDA resulted from the increase in fee revenue outlined above, partially offset by an increase in compensation and benefits expense. The increase in compensation and benefits expense was driven by higher salaries and related payroll taxes and performance-related bonus expense due to an increase in fee revenue and headcount.



Selected Digital Data

(dollars in millions) ^(a)

Digital leverages an artificial intelligence powered, machine-learning platform to help identify the best structures, roles, capabilities, and behaviors needed to drive business forward. This end-to-end platform combines Korn Ferry proprietary data, client data, and external market data to help make better, faster decisions about organizations, leadership, and people.

| | Third Quarter | | Year to Date | |
|---------------|---------------|---------|--------------|----------|
| | FY'22 | FY'21 | FY'22 | FY'21 |
| Fee revenue | \$ 90.2 | \$ 75.8 | \$ 259.5 | \$ 206.8 |
| Total revenue | \$ 90.5 | \$ 76.0 | \$ 259.9 | \$ 207.0 |

| | | | | |
|------------------------------------|---------|---------|---------|---------|
| Ending number of consultants | 284 | 302 | 284 | 302 |
| Subscription & License fee revenue | \$ 29.0 | \$ 22.6 | \$ 79.7 | \$ 66.3 |

| Adjusted Results (b): | Third Quarter | | Year to Date | |
|------------------------|---------------|---------|--------------|---------|
| | FY'22 | FY'21 | FY'22 | FY'21 |
| Adjusted EBITDA | \$ 28.1 | \$ 27.1 | \$ 82.3 | \$ 58.2 |
| Adjusted EBITDA margin | 31.2% | 35.8% | 31.7% | 28.1% |

(a) Numbers may not total due to rounding.

(b) Adjusted results exclude the following:

| | Third Quarter | | Year to Date | |
|-----------------------------------|---------------|-------|--------------|--------|
| | FY'22 | FY'21 | FY'22 | FY'21 |
| Impairment of fixed assets | \$ — | \$ — | \$ 0.2 | \$ — |
| Impairment of right of use assets | \$ — | \$ — | \$ 1.3 | \$ — |
| Integration/acquisition costs | \$ — | \$ — | \$ — | \$ 0.6 |
| Restructuring charges, net | \$ — | \$ — | \$ — | \$ 2.9 |

Fee revenue was \$90.2 million in Q3 FY'22 compared to \$75.8 million in Q3 FY'21, an increase of \$14.4 million or 19% (up 22% on a constant currency basis). The increase in fee revenue was primarily due to growth in Total Rewards offering as companies contend with elevated levels of attrition due to dislocation in the labor markets and professional development around sales effectiveness as companies reassess their commercial models in a post-COVID world.

Adjusted EBITDA was \$28.1 million in Q3 FY'22 with an Adjusted EBITDA margin of 31.2% compared to \$27.1 million and 35.8%, respectively, in the year-ago quarter. Contributing to the increase were higher fee revenues. Partially offsetting this was an increase in compensation and benefits expense, driven by higher performance-related bonus expense, salaries and related payroll taxes and commission expense.



Selected Executive Search Data^(a)

(dollars in millions)^(b)

| | Third Quarter | | Year to Date | |
|-------------------------------|---------------|----------|--------------|----------|
| | FY'22 | FY'21 | FY'22 | FY'21 |
| Fee revenue | \$ 239.0 | \$ 168.1 | \$ 691.4 | \$ 436.3 |
| Total revenue | \$ 240.0 | \$ 168.5 | \$ 694.2 | \$ 438.0 |
| Ending number of consultants | 581 | 522 | 581 | 522 |
| Average number of consultants | 576 | 517 | 553 | 539 |
| Engagements billed | 4,335 | 3,260 | 8,862 | 6,464 |
| New engagements (c) | 1,787 | 1,301 | 5,362 | 3,747 |

| Adjusted Results (d): | Third Quarter | | Year to Date | |
|------------------------|---------------|---------|--------------|---------|
| | FY'22 | FY'21 | FY'22 | FY'21 |
| Adjusted EBITDA | \$ 65.7 | \$ 41.7 | \$ 193.4 | \$ 78.0 |
| Adjusted EBITDA margin | 27.5% | 24.8% | 28.0% | 17.9% |

(a) Executive Search is the sum of the individual Executive Search Reporting Segments and is presented on a consolidated basis as it is consistent with the Company's discussion of its Lines of Business, and financial metrics used by the Company's investor base.

(b) Numbers may not total due to rounding.

(c) Represents new engagements opened in the respective period.

(d) Executive Search Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP financial measures that adjust for the following:

| | Third Quarter | | Year to Date | |
|-----------------------------------|---------------|--------|--------------|---------|
| | FY'22 | FY'21 | FY'22 | FY'21 |
| Impairment of fixed assets | \$ — | \$ — | \$ 0.1 | \$ — |
| Impairment of right of use assets | \$ — | \$ — | \$ 0.9 | \$ — |
| Restructuring charges, net | \$ — | \$ 0.4 | \$ — | \$ 10.4 |

Fee revenue was \$239.0 million and \$168.1 million in Q3 FY'22 and Q3 FY'21, respectively, a year-over-year increase of \$70.9 million or 42% (up 44% on a constant currency basis). The increase in fee revenue was driven by an increase in the number of new search engagements as well as an increase in the average fee revenue per search. These increases were across all regions with the largest increase in North America.

Adjusted EBITDA was \$65.7 million in Q3 FY'22 with an Adjusted EBITDA margin of 27.5% compared to Adjusted EBITDA of \$41.7 million and Adjusted EBITDA margin of 24.8%, respectively, in the year-ago quarter. This improvement resulted from the increase in fee revenue discussed above, as well as productivity realized from work being conducted virtually and cost savings from the structural changes made during the pandemic. These changes were partially offset by increases in compensation and benefits expense due to an increase in performance-related bonus expense and salaries and related payroll taxes.



Selected RPO and Professional Search Data

(dollars in millions) ^(a)

| | Third Quarter | | Year to Date | |
|------------------------|---------------|---------|--------------|----------|
| | FY'22 | FY'21 | FY'22 | FY'21 |
| Fee revenue | \$ 188.7 | \$ 95.2 | \$ 478.5 | \$ 249.5 |
| Total revenue | \$ 190.6 | \$ 96.8 | \$ 483.8 | \$ 254.3 |
| Engagements billed (b) | 2,716 | 1,430 | 4,770 | 2,659 |
| New engagements (c) | 1,693 | 867 | 3,729 | 2,088 |

| Adjusted Results (d): | Third Quarter | | Year to Date | |
|------------------------|---------------|---------|--------------|---------|
| | FY'22 | FY'21 | FY'22 | FY'21 |
| Adjusted EBITDA | \$ 44.1 | \$ 19.6 | \$ 114.3 | \$ 39.5 |
| Adjusted EBITDA margin | 23.4% | 20.6% | 23.9% | 15.8% |

(a) Numbers may not total due to rounding.

(b) Represents professional search engagements billed.

(c) Represents new professional search engagements opened in the respective period.

(d) Adjusted results exclude the following:

| | Third Quarter | | Year to Date | |
|-----------------------------------|---------------|--------|--------------|--------|
| | FY'22 | FY'21 | FY'22 | FY'21 |
| Impairment of fixed assets | \$ — | \$ — | \$ 1.3 | \$ — |
| Impairment of right of use assets | \$ — | \$ — | \$ 2.6 | \$ — |
| Integration/acquisition costs | \$ 1.4 | \$ — | \$ 1.4 | \$ — |
| Restructuring charges, net | \$ — | \$ 0.1 | \$ — | \$ 3.2 |

Fee revenue was \$188.7 million in Q3 FY'22, an increase of \$93.5 million or 98% (up 101% on a constant currency basis), compared to the year-ago quarter. The higher fee revenue was driven by an increase in Professional Search fee revenue of \$54.0 million or 150% (154% at constant currency) and an increase in recruitment process outsourcing ("RPO") fee revenue of \$39.5 million or 67% (69% at constant currency). Professional Search fee revenue increased primarily due to an increase in both the number of engagements billed and the weighted-average fee billed per engagement and fee revenue generated by the acquisition of the Lucas Group that took place on November 1, 2021. RPO fee revenue increased due to the wider adoption of RPO services in the market in combination with our differentiated solutions.

Adjusted EBITDA was \$44.1 million in Q3 FY'22 with an Adjusted EBITDA margin of 23.4% compared to \$19.6 million and 20.6%, respectively, in the year-ago quarter. The increase in Adjusted EBITDA was due to the higher fee revenue discussed above, as well as improved productivity realized from work being conducted virtually and cost savings resulting from the structural changes made during the pandemic. Partially offsetting this were increases in compensation and benefits expense driven by higher salaries and related payroll taxes and commission expense as a result of increases in fee revenue, overall profitability, headcount and the acquisition of the Lucas Group. Also partially offsetting the increase in Adjusted EBITDA was an increase in cost of services expense due to the acquisition of Lucas Group.



Outlook

Despite the continuing strength in new business trends coming out of Q3 FY'22, the very recent situation in Eastern Europe presents a level of risk and uncertainty that is difficult to quantify. With this in mind and assuming no new major pandemic related lockdowns or further changes in worldwide geopolitical conditions, economic conditions, financial markets or foreign exchange rates, on a consolidated basis:

- Q4 FY'22 fee revenue is expected to be in the range of \$670 million and \$690 million; and
- Q4 FY'22 diluted earnings per share is expected to range between \$1.44 to \$1.60.

On a consolidated adjusted basis:

- Q4 FY'22 adjusted diluted earnings per share is expected to be in the range from \$1.49 to \$1.63.

| | Q4 FY'22 | |
|---|-----------------------------------|----------------|
| | Earnings Per Share Outlook | |
| | Low | High |
| Consolidated diluted earnings per share | \$ 1.44 | \$ 1.60 |
| Integration/acquisition costs | 0.06 | 0.04 |
| Tax rate impact | (0.01) | (0.01) |
| Consolidated adjusted diluted earnings per share ⁽¹⁾ | <u>\$ 1.49</u> | <u>\$ 1.63</u> |

(1) Consolidated adjusted diluted earnings per share is a non-GAAP financial measure that excludes the items listed in the table.

Earnings Conference Call Webcast

The earnings conference call will be held today at 12:00 PM (EST) and hosted by CEO Gary Burnison, CFO Robert Rozek and SVP Finance Gregg Kvochak. The conference call will be webcast and available online at ir.kornferry.com. We will also post to this section of our website earnings slides, which will accompany our webcast, and other important information, and encourage you to review the information that we make available on our website.



About Korn Ferry

Korn Ferry is a global organizational consulting firm. We help clients synchronize strategy and talent to drive superior performance. We work with organizations to design their structures, roles, and responsibilities. We help them hire the right people to bring their strategy to life. And we advise them on how to reward, develop, and motivate their people. Visit kornferry.com for more information.

Forward-Looking Statements

Statements in this press release and our conference call that relate to our outlook, projections, goals, strategies, future plans and expectations, and other statements of future events or conditions are forward-looking statements that involve a number of risks and uncertainties. Words such as “believes”, “expects”, “anticipates”, “goals”, “estimates”, “guidance”, “may”, “should”, “could”, “will” or “likely”, and variations of such words and similar expressions are intended to identify such forward-looking statements. Statements that refer to or are based on estimates, forecasts, projections, uncertain events or assumptions, including statements relating to expected demand for our products and services, the magnitude and duration of the impact of the COVID-19 outbreak on our business, employees, customers and our ability to provide services in affected regions, and the potential opportunities for our business as a result of worldwide changes in how companies conduct business as a result of COVID-19. Readers are cautioned not to place undue reliance on such statements. Such statements are based on current expectations; actual results in future periods may differ materially from those currently expected or desired because of a number of risks and uncertainties that are beyond the control of Korn Ferry. The potential risks and uncertainties include those relating to the ultimate magnitude and duration of COVID-19 and any future pandemic or similar outbreaks, and related restrictions and operational requirements that apply to our business and the businesses of our clients, and any related negative impacts on our business, employees, customers and our ability to provide services in affected regions, global and local political or economic developments in or affecting countries where we have operations, competition, changes in demand for our services as a result of automation, the dependence on and costs of attracting and retaining qualified and experienced consultants, our ability to maintain relationships with customers and suppliers and retain key employees, maintaining our brand name and professional reputation, potential legal liability and regulatory developments, the portability of client relationships, consolidation of the industries we serve, changes and developments in government laws and regulations, evolving investor and customer expectations with regard to environmental matters, currency fluctuations in our international operations, risks related to growth, alignment of our cost structure, restrictions imposed by off-limits agreements, reliance on information processing systems, cyber security vulnerabilities, changes to data security, data privacy and data protection laws, limited protection of our intellectual property, our ability to enhance and develop new technology, our ability to develop new products and services, the utilization and billing rates of our consultants, dependence on third parties for the execution of critical functions, our ability to successfully recover from a disaster or other business continuity problems, changes in our accounting estimates/assumptions, technical guidance relating to the Tax Act, treaties, or regulations on our business and our company, impairment of goodwill and other intangible assets, deferred tax assets that we may not be able to use, our indebtedness, the phase-out of the London Interbank Offered Rate, the withdrawal of the United Kingdom from the European Union, expansion of social media platforms, seasonality, ability to effect acquisition and integrate acquired businesses and employment liability risk. For a detailed description of risks and uncertainties that could cause differences, please refer to Korn Ferry’s periodic filings with the Securities and Exchange Commission. Korn Ferry disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Use of Non-GAAP Financial Measures

This press release contains financial information calculated other than in accordance with U.S. Generally Accepted Accounting Principles (“GAAP”). In particular, it includes:

- Adjusted net income attributable to Korn Ferry, adjusted to exclude integration/acquisition costs, impairment of fixed assets, impairment of right of use assets and restructuring charges net of income tax effect;*
- Adjusted basic and diluted earnings per share, adjusted to exclude integration/acquisition costs, impairment of fixed assets, impairment of right of use assets and restructuring charges net of income tax effect;*
- Constant currency (calculated using a quarterly average) percentages that represent the percentage change that would have resulted had exchange rates in the prior period been the same as those in effect in the current period;*
- Consolidated and Executive Search Adjusted EBITDA, which is earnings before interest, taxes, depreciation and amortization, further adjusted to exclude integration/acquisition costs, impairment of fixed assets, impairment of right of use assets and restructuring charges, and Consolidated and Executive Search Adjusted EBITDA margin.*



This non-GAAP disclosure has limitations as an analytical tool, should not be viewed as a substitute for financial information determined in accordance with GAAP, and should not be considered in isolation or as a substitute for analysis of the Company's results as reported under GAAP, nor is it necessarily comparable to non-GAAP performance measures that may be presented by other companies.

Management believes the presentation of non-GAAP financial measures in this press release provides meaningful supplemental information regarding Korn Ferry's performance by excluding certain charges that may not be indicative of Korn Ferry's ongoing operating results. These non-GAAP financial measures are performance measures and are not indicative of the liquidity of Korn Ferry. These charges, which are described in the footnotes in the attached reconciliations, represent 1) costs we incurred to acquire and integrate a portion of our Digital business and RPO & Professional Search business, 2) impairment of fixed assets associated with the decision to terminate and sublease some of our offices, 3) impairment of right of use assets due to the decision to terminate and sublease some of our offices and 4) charges we incurred to restructure the Company as a result of COVID-19. The use of non-GAAP financial measures facilitates comparisons to Korn Ferry's historical performance. Korn Ferry includes non-GAAP financial measures because management believes they are useful to investors in allowing for greater transparency with respect to supplemental information used by management in its evaluation of Korn Ferry's ongoing operations and financial and operational decision-making. Adjusted net income attributable to Korn Ferry, adjusted basic and diluted earnings per share and Consolidated and Executive Search Adjusted EBITDA, exclude certain charges that management does not consider on-going in nature and allows management and investors to make more meaningful period-to-period comparisons of the Company's operating results. Management further believes that Consolidated and Executive Search Adjusted EBITDA is useful to investors because it is frequently used by investors and other interested parties to measure operating performance among companies with different capital structures, effective tax rates and tax attributes and capitalized asset values, all of which can vary substantially from company to company. In the case of constant currency percentages, management believes the presentation of such information provides useful supplemental information regarding Korn Ferry's performance as excluding the impact of exchange rate changes on Korn Ferry's financial performance allows investors to make more meaningful period-to-period comparisons of the Company's operating results, to better identify operating trends that may otherwise be masked or distorted by exchange rate changes and to perform related trend analysis, and provides a higher degree of transparency of information used by management in its evaluation of Korn Ferry's ongoing operations and financial and operational decision-making.

[Tables attached]

KORN FERRY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share amounts)

| | Three Months Ended January 31, | | Nine Months Ended January 31, | |
|---|-----------------------------------|------------|----------------------------------|--------------|
| | 2022 | 2021 | 2022 | 2021 |
| | (unaudited) | | | |
| Fee revenue | \$ 680,741 | \$ 475,360 | \$ 1,905,579 | \$ 1,254,896 |
| Reimbursed out-of-pocket engagement expenses | 4,215 | 2,520 | 10,873 | 7,656 |
| Total revenue | 684,956 | 477,880 | 1,916,452 | 1,262,552 |
| Compensation and benefits | 445,870 | 326,333 | 1,273,746 | 917,530 |
| General and administrative expenses | 60,811 | 47,271 | 175,143 | 140,836 |
| Reimbursed expenses | 4,215 | 2,520 | 10,873 | 7,656 |
| Cost of services | 31,666 | 20,028 | 77,988 | 50,198 |
| Depreciation and amortization | 16,104 | 15,735 | 47,381 | 46,068 |
| Restructuring charges, net | - | 838 | - | 30,732 |
| Total operating expenses | 558,666 | 412,725 | 1,585,131 | 1,193,020 |
| Operating income | 126,290 | 65,155 | 331,321 | 69,532 |
| Other (loss) income, net | (7,277) | 14,935 | 2,236 | 26,374 |
| Interest expense, net | (7,029) | (7,298) | (18,820) | (21,686) |
| Income before provision for income taxes | 111,984 | 72,792 | 314,737 | 74,220 |
| Income tax provision | 26,927 | 21,204 | 76,951 | 25,409 |
| Net income | 85,057 | 51,588 | 237,786 | 48,811 |
| Net income attributable to noncontrolling interest | (956) | (269) | (3,090) | (547) |
| Net income attributable to Korn Ferry | \$ 84,101 | \$ 51,319 | \$ 234,696 | \$ 48,264 |
| Earnings per common share attributable to Korn Ferry: | | | | |
| Basic | \$ 1.55 | \$ 0.95 | \$ 4.33 | \$ 0.89 |
| Diluted | \$ 1.54 | \$ 0.94 | \$ 4.28 | \$ 0.88 |
| Weighted-average common shares outstanding: | | | | |
| Basic | 52,999 | 52,596 | 52,958 | 53,030 |
| Diluted | 53,495 | 53,013 | 53,538 | 53,396 |
| Cash dividends declared per share: | \$ 0.12 | \$ 0.10 | \$ 0.36 | \$ 0.30 |

KORN FERRY AND SUBSIDIARIES
FINANCIAL SUMMARY BY REPORTING SEGMENT
(dollars in thousands)
(unaudited)

| | <u>Three Months Ended January 31,</u> | | | <u>Nine Months Ended January 31,</u> | | |
|--|---------------------------------------|-------------------|-----------------|--------------------------------------|---------------------|-----------------|
| | <u>2022</u> | <u>2021</u> | <u>% Change</u> | <u>2022</u> | <u>2021</u> | <u>% Change</u> |
| Fee revenue: | | | | | | |
| Consulting | \$ 162,889 | \$ 136,268 | 19.5% | \$ 476,260 | \$ 362,271 | 31.5% |
| Digital | 90,194 | 75,791 | 19.0% | 259,504 | 206,807 | 25.5% |
| Executive Search: | | | | | | |
| North America | 152,597 | 106,002 | 44.0% | 449,472 | 266,485 | 68.7% |
| EMEA | 47,509 | 35,991 | 32.0% | 132,690 | 97,701 | 35.8% |
| Asia Pacific | 31,425 | 21,643 | 45.2% | 88,385 | 59,702 | 48.0% |
| Latin America | 7,468 | 4,468 | 67.1% | 20,815 | 12,419 | 67.6% |
| Total Executive Search ^(a) | <u>238,999</u> | <u>168,104</u> | 42.2% | <u>691,362</u> | <u>436,307</u> | 58.5% |
| RPO and Professional Search | <u>188,659</u> | <u>95,197</u> | 98.2% | <u>478,453</u> | <u>249,511</u> | 91.8% |
| Total fee revenue | 680,741 | 475,360 | 43.2% | 1,905,579 | 1,254,896 | 51.9% |
| Reimbursed out-of-pocket engagement expenses | 4,215 | 2,520 | 67.3% | 10,873 | 7,656 | 42.0% |
| Total revenue | <u>\$ 684,956</u> | <u>\$ 477,880</u> | 43.3% | <u>\$ 1,916,452</u> | <u>\$ 1,262,552</u> | 51.8% |

(a) Total Executive Search is the sum of the individual Executive Search Reporting Segments and is presented on a consolidated basis as it is consistent with the Company's discussion of its Lines of Business, and financial metrics used by the Company's investor base.

KORN FERRY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except per share amounts)

| | <u>January 31,</u> <u>2022</u> | <u>April 30,</u> <u>2021</u> |
|--|-----------------------------------|---------------------------------|
| | <u>(unaudited)</u> | |
| <u>ASSETS</u> | | |
| Cash and cash equivalents | \$ 846,505 | \$ 850,778 |
| Marketable securities | 73,110 | 63,667 |
| Receivables due from clients, net of allowance for doubtful accounts of \$34,617 and \$29,324 at January 31, 2022 and April 30, 2021, respectively | 603,346 | 448,733 |
| Income taxes and other receivables | 41,708 | 40,024 |
| Unearned compensation | 62,446 | 53,206 |
| Prepaid expenses and other assets | <u>40,635</u> | <u>30,724</u> |
| Total current assets | <u>1,667,750</u> | <u>1,487,132</u> |
| Marketable securities, non-current | 187,635 | 182,692 |
| Property and equipment, net | 131,198 | 131,778 |
| Operating lease right-of-use assets, net | 154,818 | 174,121 |
| Cash surrender value of company-owned life insurance policies, net of loans | 181,126 | 161,295 |
| Deferred income taxes | 77,000 | 73,106 |
| Goodwill | 699,518 | 626,669 |
| Intangible assets, net | 89,574 | 92,949 |
| Unearned compensation, non-current | 126,082 | 102,356 |
| Investments and other assets | <u>21,395</u> | <u>24,428</u> |
| Total assets | <u>\$ 3,336,096</u> | <u>\$ 3,056,526</u> |
| <u>LIABILITIES AND STOCKHOLDERS' EQUITY</u> | | |
| Accounts payable | \$ 47,203 | \$ 44,993 |
| Income taxes payable | 28,771 | 23,041 |
| Compensation and benefits payable | 429,683 | 394,606 |
| Operating lease liability, current | 46,583 | 47,986 |
| Other accrued liabilities | <u>298,911</u> | <u>239,444</u> |
| Total current liabilities | <u>851,151</u> | <u>750,070</u> |
| Deferred compensation and other retirement plans | 384,437 | 346,455 |
| Operating lease liability, non-current | 142,349 | 155,998 |
| Long-term debt | 395,303 | 394,794 |
| Deferred tax liabilities | 2,936 | 3,832 |
| Other liabilities | <u>24,675</u> | <u>36,602</u> |
| Total liabilities | <u>1,800,851</u> | <u>1,687,751</u> |
| Stockholders' equity | | |
| Common stock: \$0.01 par value, 150,000 shares authorized, 75,347 and 74,915 shares issued and 54,216 and 54,008 shares outstanding at January 31, 2022 and April 30, 2021, respectively | 562,564 | 583,260 |
| Retained earnings | 1,049,431 | 834,949 |
| Accumulated other comprehensive loss, net | <u>(80,718)</u> | <u>(51,820)</u> |
| Total Korn Ferry stockholders' equity | <u>1,531,277</u> | <u>1,366,389</u> |
| Noncontrolling interest | <u>3,968</u> | <u>2,386</u> |
| Total stockholders' equity | <u>1,535,245</u> | <u>1,368,775</u> |
| Total liabilities and stockholders' equity | <u>\$ 3,336,096</u> | <u>\$ 3,056,526</u> |

KORN FERRY AND SUBSIDIARIES
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES
(dollars in thousands, except per share amounts)
(unaudited)

| | Three Months Ended January 31, | | Nine Months Ended January 31, | |
|---|-----------------------------------|------------------|----------------------------------|-------------------|
| | 2022 | 2021 | 2022 | 2021 |
| Net income attributable to Korn Ferry | \$ 84,101 | \$ 51,319 | \$ 234,696 | \$ 48,264 |
| Net income attributable to non-controlling interest | 956 | 269 | 3,090 | 547 |
| Net income | 85,057 | 51,588 | 237,786 | 48,811 |
| Income tax provision | 26,927 | 21,204 | 76,951 | 25,409 |
| Income before provision for income taxes | 111,984 | 72,792 | 314,737 | 74,220 |
| Other loss (income), net | 7,277 | (14,935) | (2,236) | (26,374) |
| Interest expense, net | 7,029 | 7,298 | 18,820 | 21,686 |
| Operating income | 126,290 | 65,155 | 331,321 | 69,532 |
| Depreciation and amortization | 16,104 | 15,735 | 47,381 | 46,068 |
| Other (loss) income, net | (7,277) | 14,935 | 2,236 | 26,374 |
| Integration/acquisition costs (1) | 3,214 | - | 4,298 | 737 |
| Impairment of fixed assets (2) | - | - | 1,915 | - |
| Impairment of right of use assets (3) | - | - | 7,392 | - |
| Restructuring charges, net (4) | - | 838 | - | 30,732 |
| Adjusted EBITDA | <u>\$ 138,331</u> | <u>\$ 96,663</u> | <u>\$ 394,543</u> | <u>\$ 173,443</u> |
| Operating margin | 18.6% | 13.7% | 17.4% | 5.5% |
| Depreciation and amortization | 2.4% | 3.3% | 2.5% | 3.7% |
| Other (loss) income, net | (1.1%) | 3.2% | 0.1% | 2.1% |
| Integration/acquisition costs (1) | 0.4% | - | 0.2% | 0.1% |
| Impairment of fixed assets (2) | - | - | 0.1% | - |
| Impairment of right of use assets (3) | - | - | 0.4% | - |
| Restructuring charges, net (4) | - | 0.1% | - | 2.4% |
| Adjusted EBITDA margin | <u>20.3%</u> | <u>20.3%</u> | <u>20.7%</u> | <u>13.8%</u> |
| Net income attributable to Korn Ferry | \$ 84,101 | \$ 51,319 | \$ 234,696 | \$ 48,264 |
| Integration/acquisition costs (1) | 3,214 | - | 4,298 | 737 |
| Impairment of fixed assets (2) | - | - | 1,915 | - |
| Impairment of right of use assets (3) | - | - | 7,392 | - |
| Restructuring charges, net (4) | - | 838 | - | 30,732 |
| Tax effect on the adjusted items (5) | (404) | (276) | (2,632) | (8,597) |
| Adjusted net income attributable to Korn Ferry | <u>\$ 86,911</u> | <u>\$ 51,881</u> | <u>\$ 245,669</u> | <u>\$ 71,136</u> |
| Basic earnings per common share | \$ 1.55 | \$ 0.95 | \$ 4.33 | \$ 0.89 |
| Integration/acquisition costs (1) | 0.06 | - | 0.08 | 0.01 |
| Impairment of fixed assets (2) | - | - | 0.03 | - |
| Impairment of right of use assets (3) | - | - | 0.14 | - |
| Restructuring charges, net (4) | - | 0.02 | - | 0.57 |
| Tax effect on the adjusted items (5) | (0.01) | (0.01) | (0.05) | (0.16) |
| Adjusted basic earnings per share | <u>\$ 1.60</u> | <u>\$ 0.96</u> | <u>\$ 4.53</u> | <u>\$ 1.31</u> |
| Diluted earnings per common share | \$ 1.54 | \$ 0.94 | \$ 4.28 | \$ 0.88 |
| Integration/acquisition costs (1) | 0.06 | - | 0.08 | 0.01 |
| Impairment of fixed assets (2) | - | - | 0.03 | - |
| Impairment of right of use assets (3) | - | - | 0.14 | - |
| Restructuring charges, net (4) | - | 0.02 | - | 0.57 |
| Tax effect on the adjusted items (5) | (0.01) | (0.01) | (0.05) | (0.16) |
| Adjusted diluted earnings per share | <u>\$ 1.59</u> | <u>\$ 0.95</u> | <u>\$ 4.48</u> | <u>\$ 1.30</u> |

Explanation of Non-GAAP Adjustments

- (1) Costs associated with current and previous acquisitions, such as legal and professional fees, retention awards and the on-going integration expenses to combine the companies.
- (2) Costs associated with impairment of fixed assets (i.e., leasehold improvements) due to terminating and subleasing some of our office leases.
- (3) Costs associated with impairment of right-of-use assets due to terminating and subleasing some of our office leases.
- (4) Restructuring charges we incurred to rationalize our cost structure by eliminating redundant positions because of COVID-19.
- (5) Tax effect on integration/acquisition costs, impairment of fixed assets and right of use assets, and restructuring charges, net.

KORN FERRY AND SUBSIDIARIES
RECONCILIATION OF CONSOLIDATED NET INCOME AND
OPERATING INCOME (GAAP) TO ADJUSTED EBITDA (NON-GAAP)
(in thousands)
(unaudited)

| | Three Months Ended January 31, 2022 | | | | | | | | | |
|--|-------------------------------------|-----------|------------------|-----------|-----------------|------------------|------------|-----------------------------------|-------------|--------------|
| | Executive Search | | | | | | | RPO and Professional Search | Corporate | Consolidated |
| | Consulting | Digital | North America | EMEA | Asia Pacific | Latin America | Subtotal | | | |
| Fee revenue | \$ 162,889 | \$ 90,194 | \$ 152,597 | \$ 47,509 | \$ 31,425 | \$ 7,468 | \$ 238,999 | \$ 188,659 | \$ - | \$ 680,741 |
| Total revenue | \$ 163,824 | \$ 90,501 | \$ 153,454 | \$ 47,666 | \$ 31,448 | \$ 7,470 | \$ 240,038 | \$ 190,593 | \$ - | \$ 684,956 |
| Net income attributable to Korn Ferry | | | | | | | | | | \$ 84,101 |
| Net income attributable to noncontrolling interest | | | | | | | | | | 956 |
| Other loss, net | | | | | | | | | | 7,277 |
| Interest expense, net | | | | | | | | | | 7,029 |
| Income tax provision | | | | | | | | | | 26,927 |
| Operating income | | | | | | | | | | 126,290 |
| Depreciation and amortization | | | | | | | | | | 16,104 |
| Other loss, net | | | | | | | | | | (7,277) |
| Integration/acquisition costs | | | | | | | | | | 3,214 |
| Adjusted EBITDA | \$ 28,556 | \$ 28,142 | \$ 45,702 | \$ 8,080 | \$ 9,451 | \$ 2,484 | \$ 65,717 | \$ 44,109 | \$ (28,193) | \$ 138,331 |
| Adjusted EBITDA margin | 17.5% | 31.2% | 29.9% | 17.0% | 30.1% | 33.3% | 27.5% | 23.4% | | 20.3% |

| | Three Months Ended January 31, 2021 | | | | | | | | | |
|--|-------------------------------------|-----------|------------------|-----------|-----------------|------------------|------------|-----------------------------------|-------------|--------------|
| | Executive Search | | | | | | | RPO and Professional Search | Corporate | Consolidated |
| | Consulting | Digital | North America | EMEA | Asia Pacific | Latin America | Subtotal | | | |
| Fee revenue | \$ 136,268 | \$ 75,791 | \$ 106,002 | \$ 35,991 | \$ 21,643 | \$ 4,468 | \$ 168,104 | \$ 95,197 | \$ - | \$ 475,360 |
| Total revenue | \$ 136,593 | \$ 75,967 | \$ 106,325 | \$ 36,016 | \$ 21,680 | \$ 4,468 | \$ 168,489 | \$ 96,831 | \$ - | \$ 477,880 |
| Net income attributable to Korn Ferry | | | | | | | | | | \$ 51,319 |
| Net income attributable to noncontrolling interest | | | | | | | | | | 269 |
| Other income, net | | | | | | | | | | (14,935) |
| Interest expense, net | | | | | | | | | | 7,298 |
| Income tax provision | | | | | | | | | | 21,204 |
| Operating income | | | | | | | | | | 65,155 |
| Depreciation and amortization | | | | | | | | | | 15,735 |
| Other income, net | | | | | | | | | | 14,935 |
| Restructuring charges, net | | | | | | | | | | 838 |
| Adjusted EBITDA | \$ 27,515 | \$ 27,134 | \$ 30,941 | \$ 3,918 | \$ 6,375 | \$ 458 | \$ 41,692 | \$ 19,630 | \$ (19,308) | \$ 96,663 |
| Adjusted EBITDA margin | 20.2% | 35.8% | 29.2% | 10.9% | 29.5% | 10.3% | 24.8% | 20.6% | | 20.3% |

KORN FERRY AND SUBSIDIARIES
RECONCILIATION OF CONSOLIDATED NET INCOME AND
OPERATING INCOME (GAAP) TO ADJUSTED EBITDA (NON-GAAP)
(in thousands)
(unaudited)

| | Nine Months Ended January 31, 2022 | | | | | | | | | |
|--|------------------------------------|------------|------------------|------------|-----------------|------------------|------------|-----------------------------------|-------------|--------------|
| | Executive Search | | | | | | | RPO and Professional Search | Corporate | Consolidated |
| | Consulting | Digital | North America | EMEA | Asia Pacific | Latin America | Subtotal | | | |
| Fee revenue | \$ 476,260 | \$ 259,504 | \$ 449,472 | \$ 132,690 | \$ 88,385 | \$ 20,815 | \$ 691,362 | \$ 478,453 | \$ - | \$ 1,905,579 |
| Total revenue | \$ 478,563 | \$ 259,894 | \$ 451,836 | \$ 133,080 | \$ 88,447 | \$ 20,821 | \$ 694,184 | \$ 483,811 | \$ - | \$ 1,916,452 |
| Net income attributable to Korn Ferry | | | | | | | | | | \$ 234,696 |
| Net income attributable to noncontrolling interest | | | | | | | | | | 3,090 |
| Other income, net | | | | | | | | | | (2,236) |
| Interest expense, net | | | | | | | | | | 18,820 |
| Income tax provision | | | | | | | | | | 76,951 |
| Operating income | | | | | | | | | | 331,321 |
| Depreciation and amortization | | | | | | | | | | 47,381 |
| Other income, net | | | | | | | | | | 2,236 |
| Integration/acquisition costs | | | | | | | | | | 4,298 |
| Impairment of fixed assets | | | | | | | | | | 1,915 |
| Impairment of right of use assets | | | | | | | | | | 7,392 |
| Adjusted EBITDA | \$ 85,458 | \$ 82,330 | \$ 137,939 | \$ 23,328 | \$ 25,972 | \$ 6,204 | \$ 193,443 | \$ 114,334 | \$ (81,022) | \$ 394,543 |
| Adjusted EBITDA margin | 17.9% | 31.7% | 30.7% | 17.6% | 29.4% | 29.8% | 28.0% | 23.9% | | 20.7% |

| | Nine Months Ended January 31, 2021 | | | | | | | | | |
|--|------------------------------------|------------|------------------|-----------|-----------------|------------------|------------|-----------------------------------|-------------|--------------|
| | Executive Search | | | | | | | RPO and Professional Search | Corporate | Consolidated |
| | Consulting | Digital | North America | EMEA | Asia Pacific | Latin America | Subtotal | | | |
| Fee revenue | \$ 362,271 | \$ 206,807 | \$ 266,485 | \$ 97,701 | \$ 59,702 | \$ 12,419 | \$ 436,307 | \$ 249,511 | \$ - | \$ 1,254,896 |
| Total revenue | \$ 363,234 | \$ 207,027 | \$ 267,790 | \$ 97,925 | \$ 59,840 | \$ 12,419 | \$ 437,974 | \$ 254,317 | \$ - | \$ 1,262,552 |
| Net income attributable to Korn Ferry | | | | | | | | | | \$ 48,264 |
| Net income attributable to noncontrolling interest | | | | | | | | | | 547 |
| Other income, net | | | | | | | | | | (26,374) |
| Interest expense, net | | | | | | | | | | 21,686 |
| Income tax provision | | | | | | | | | | 25,409 |
| Operating income | | | | | | | | | | 69,532 |
| Depreciation and amortization | | | | | | | | | | 46,068 |
| Other income, net | | | | | | | | | | 26,374 |
| Integration/acquisition costs | | | | | | | | | | 737 |
| Restructuring charges, net | | | | | | | | | | 30,732 |
| Adjusted EBITDA | \$ 54,282 | \$ 58,161 | \$ 57,439 | \$ 8,445 | \$ 11,610 | \$ 480 | \$ 77,974 | \$ 39,453 | \$ (56,427) | \$ 173,443 |
| Adjusted EBITDA margin | 15.0% | 28.1% | 21.6% | 8.6% | 19.4% | 3.9% | 17.9% | 15.8% | | 13.8% |