UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 2023

OR

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

Commission File No. 0-25837

HEIDRICK & STRUGGLES INTERNATIONAL, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware	**36-2681268**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification Number)**

233 South Wacker Drive, Suite 4900, Chicago, Illinois 60606-6303
(Address of principal executive offices) (Zip Code)

(312) 496-1200
(Registrant's telephone number, including area code)

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

Title of Each Class	Trading Symbol	Name of Each Exchange On Which Registered
Common Stock, $.01 par value	HSII	The Nasdaq Stock Market

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 of Section 15(d) of the Act. Yes ☐ No ☒

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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	☐	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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15. U.S. C 7262(b)) by the registered public accounting firm that prepared or issued its audit report. Yes ☒ No ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of the registrant's Common Stock held by non-affiliates (excludes shares held by executive officers, directors and beneficial owners of 10% or more of the registrant's outstanding Common Stock) on June 30, 2023 was approximately $427,408,808 based upon the closing market price of $26.47 on that date of a share of Common Stock as reported on the Nasdaq Global Stock Market. As of March 1, 2024, there were 20,122,792 shares of the Company's Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement for its Annual Meeting of Stockholders to be held on May 23, 2024, are incorporated by reference into Part III of this Form 10-K.

HEIDRICK & STRUGGLES INTERNATIONAL, INC. AND SUBSIDIARIES

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PART I

ITEM 1. BUSINESS

Overview

Heidrick & Struggles International, Inc. (“Heidrick & Struggles”) is a human capital leadership advisory firm providing executive search, consulting and on-demand talent services to businesses and business leaders worldwide to help them to improve the effectiveness of their leadership teams. When we use the terms “Heidrick & Struggles,” “the Company,” “we,” “us” and “our,” in this Form 10-K, we mean Heidrick & Struggles International, Inc. a Delaware corporation, and its consolidated subsidiaries. We provide our services to a broad range of clients through the expertise of over 500 consultants located in major cities around the world. Heidrick & Struggles and its predecessors have been leadership advisors for more than 70 years. Heidrick & Struggles was formed as a Delaware corporation in 1999 when two of our predecessors merged to form Heidrick & Struggles.

Our service offerings include the following:

Executive Search. We partner with our clients - respected organizations across the globe - to help them build and sustain the best leadership teams in the world, with a specialized focus on the placement of top-level senior executives. Through our unique relationship-based, data-driven approach, we help our clients find the right leaders, set them up for success, and accelerate their and their team’s performance.

We believe focusing on top-level senior executives provides the opportunity for several competitive advantages including access to and influence with key decision makers, increased potential for recurring search and consulting engagements, higher fees per search, enhanced brand visibility, and a leveraged global footprint. Working at the top of client organizations also facilitates the attraction and retention of high-caliber consultants who desire to serve top industry executives and their leadership needs. Our executive search services derive revenue through the fees generated for each search engagement, which generally are based on the annual compensation for the placed executive. We provide our Executive Search services primarily on a retained basis.

We employ a global approach to executive search built on better insights, more data and faster decision making facilitated by the use of our Heidrick Leadership Framework and Heidrick Connect. Our Heidrick Leadership Framework allows clients to holistically evaluate a candidate's pivotal experience and expertise, leadership capabilities, agility and potential, and culture fit and impact, thereby allowing our clients to find the right person for the role. We supplement our Heidrick Leadership Framework through a series of additional online tools including our Leadership Accelerator, Leadership Signature and Culture Signature assessments. Heidrick Connect, a completely digital, always available client experience portal, allows our clients to access talent insights for each engagement, including the Heidrick Leadership Framework and other internally developed assessment tools. In response to working remotely, our Executive Search teams employed Heidrick Connect to operate effectively and efficiently while engaging virtually with our clients. Additionally, we have introduced upgrades to Heidrick Connect, resulting in greater flexibility, increased productivity and the ability to deliver more insights to our clients.

The executive search industry consists of several thousand executive search firms worldwide. Executive search firms are generally separated into two broad categories: retained search and contingency search. Retained executive search firms fulfill their clients’ senior leadership needs by identifying potentially qualified candidates and assisting clients in evaluating and assessing these candidates. Retained executive search firms generally are compensated for their services regardless of whether the client employs a candidate identified by the search firm and are generally retained on an exclusive basis. Typically, retained executive search firms are paid a retainer for their services equal to approximately one-third of the estimated first year compensation for the position to be filled. In addition, if the actual compensation of a placed candidate exceeds the estimated compensation, executive search firms often are authorized to bill the client for one-third of the excess. In contrast, contingency search firms are compensated only upon successfully placing a recommended candidate.

We are a retained executive search firm. Our search process typically consists of the following steps:

- Analyzing the client’s business needs in order to understand its organizational structure, relationships and culture, advising the client as to the required set of skills and experiences for the position, and identifying with the client the other characteristics desired of the successful candidate;

- Selecting, contacting, interviewing and evaluating candidates on the basis of experience and potential cultural fit with the client organization;
- Presenting confidential written reports on the candidates who potentially fit the position specification;
- Scheduling a mutually convenient meeting between the client and each candidate;
- Completing reference checks on the final candidate selected by the client; and
- Assisting the client in structuring compensation packages and supporting the successful candidate's integration into the client team.

On-Demand Talent. Our on-demand services provide clients seamless on-demand access to top independent talent, including professionals with deep industry and functional expertise for interim leadership roles and critical, project-based initiatives. Our unique model delivers the right independent talent on demand by blending proprietary data and technology with a dedicated Talent Solutions team. In February 2023, we acquired Atreus Group GmbH ("Atreus"), a leading provider of executive interim management in Germany, allowing us to establish and grow our on-demand talent presence in continental Europe. The On-Demand Talent segment represented approximately 15% of our net revenue in 2023.

Heidrick Consulting. We partner with organizations through Heidrick Consulting to unlock the power of their people. Our tools and experts use data and technology designed to bring science to the art of human capital development and organizational design. Our services allow our clients to accelerate their strategies and the effectiveness of individual leaders, teams and organizations as a whole. In April 2023, we acquired businessfourzero, a next generation consultancy specializing in developing and implementing purpose-driven change, which complements our existing culture shaping services to offer a broader, more robust set of leadership advisory solutions.

Heidrick Consulting offers our clients impactful approaches to human capital development through a myriad of solutions, ranging from leadership assessment and development, team and organization acceleration, digital acceleration and innovation, diversity and inclusion advisory services, and culture shaping. Applying our deep understanding of the behaviors and attributes of leaders across many of the world's premier companies, we guide our clients as they build a thriving culture of future-ready leadership. These premium services and offerings, which complement our Executive Search expertise, significantly contribute to our ability to deliver a full-service human capital consulting solution to our clients.

Our consulting services generate revenue primarily through the professional fees generated for each engagement which are generally based on the size of the project and scope of services. Our Heidrick Consulting teams have pivoted to create new digital solutions for Leadership Assessments, Team Acceleration, and Organization and Culture Acceleration that can be delivered virtually. The Heidrick Consulting segment represented less than 10% of our net revenue in 2023.

Organization

Our organizational structure, which is arranged by geography, service offering and industry and functional practices, is designed to enable us to better understand our clients' cultures, operations, business strategies, industries and regional markets for leadership talent.

Geographic Structure. We provide senior-level executive search and consulting services to our clients worldwide through a network of 61 offices in 30 countries. Each office size varies; however, major locations are staffed with consultants, research associates, administrative assistants and other support staff. Administrative functions are centralized where possible, although certain support and research functions are situated regionally because of variations in local requirements. We face risks associated with political instability, legal requirements and currency fluctuations in our international operations. Examples of such risks include difficulties in managing global operations, social and political instability, regulations and potential adverse tax consequences. For a more complete description of the risks associated with our business see the Section in this Form 10-K entitled "Risk Factors".

Information by Geography. We operate our Executive Search services in three geographic regions, each of which is reported as a separate reporting segment: the Americas (which includes the countries in North and South America); Europe (which includes the continents of Europe and Africa); and Asia Pacific (which includes Asia and the region generally known as the Middle East). Our On-Demand Talent and Heidrick Consulting reporting segments operate globally.

Americas Executive Search. As of December 31, 2023, we had 213 consultants in our Americas segment. The largest offices in this segment, as defined by net revenue, are located in New York, Chicago, and Boston.

Europe Executive Search. As of December 31, 2023, we had 124 consultants in our Europe segment. The largest countries in this segment, as defined by net revenue, are the United Kingdom, Germany, and France.

Asia Pacific Executive Search. As of December 31, 2023, we had 77 consultants in our Asia Pacific segment. The largest countries in this segment, as defined by net revenue, are Australia, China (including Hong Kong), and the United Arab Emirates.

On-Demand Talent. The largest countries in this segment, as defined by net revenue, are the United States, Germany and the United Kingdom.

Heidrick Consulting. As of December 31, 2023, we had 89 consultants in our Heidrick Consulting segment. The largest countries in this segment, as defined by net revenue, are the United States, the United Kingdom, and United Arab Emirates.

The relative percentages of net revenue attributable to each segment were as follows:

	Year Ended December 31,		
	2023	**2022**	**2021**
Executive Search			
Americas	51 %	57 %	58 %
Europe	16 %	16 %	17 %
Asia Pacific	9 %	11 %	11 %
On-Demand Talent	15 %	9 %	7 %
Heidrick Consulting	9 %	7 %	7 %

For financial information relating to each segment, see Note 18, *Segment Information*, in the Notes to Consolidated Financial Statements.

Global Industry Practices. Our executive search and consulting businesses operate in six broad industry groups listed below. These industry categories and their relative sizes, as measured by billings for 2023, 2022 and 2021, are as follows:

	Percentage of Billings		
Global Industry Practices	**2023**	**2022**	**2021**
Financial Services	26 %	27 %	27 %
Industrial	24	20	20
Global Technology & Services	19	23	23
Consumer Markets	17	16	15
Healthcare & Life Sciences	11	11	13
Social Impact	3	3	2
	100 %	100 %	100 %

Within each broad industry group are a number of industry sub-sectors. Consultants often specialize in one or more sub-sectors to provide clients with market intelligence and candidate knowledge specific to their industry. For example, within the Financial Services sector, our business is diversified amongst a number of industry sub-sectors including Asset & Wealth Management, Consumer & Commercial Finance, Commodities, Corporate and Transaction Banking, Global Markets, Hedge Fund, Infrastructure, Investment Banking, Insurance, Private Equity Investment Professionals and Real Estate.

We service our clients with global industry interests and needs through unified global executive search teams who specialize in industry practices. This go-to-market strategy allows us to leverage our global diversity and market intelligence and is designed to provide better client service. Each client is served by one global account team, which we believe is a key differentiator from our competition.

Global Functional Practices. Our Executive Search consultants also specialize in searches for specific "C-level" functional positions, which are roles that generally report directly to the chief executive officer.

Our Global Functional Practices include Chief Executive Officer & Board of Directors; Human Resources Officers; Financial Officers; Digital Officers; Technology Officers; Legal, Risk, Compliance & Government Affairs; Marketing, Sales and Strategy Officers and Supply Chain and Operations Officers.

Our team of Executive Search consultants may service clients from any one of our offices around the world. For example, an executive search for a chief financial officer of an industrial company located in the United Kingdom may involve an executive search consultant in the United Kingdom with an existing relationship with the client, another executive search consultant in the United States with expertise in our Industrial practice and a third executive search consultant with expertise in recruiting chief financial officers. This same industrial client may also engage us to perform skill-based assessments for each of its senior managers, which could require the expertise of one of our leadership advisory consultants trained in this service.

Client Base

For many of our clients, our global access to and knowledge of regional and functional markets and candidate talent is an important differentiator of our business. Our clients generally fall into one of the following categories:

- Fortune 1000 companies;
- Major U.S. and non-U.S. companies;
- Middle market and emerging growth companies;
- Private equity firms;
- Governmental, higher education and not-for-profit organizations; and
- Other leading private and public entities.

Clients and Marketing

Our consultants market the firm's executive search and consulting services through two principal means: targeted client calling and industry networking with clients and referral sources. These efforts are supported by proprietary databases, which provide our consultants with information as to contacts made by their colleagues with particular referral sources, candidates and clients. In addition, we benefit from a significant number of referrals generated by our reputation for high quality service and successfully completed assignments, as well as repeat business resulting from our ongoing client relationships.

In support of client calling and networking, the practice teams as well as individual consultants also author and publish articles and white papers on a variety of leadership and talent topics and trends around the world. Our consultants often present research findings and talent insights at notable conferences and events as well. Our insights are sometimes acknowledged by major media outlets and trade journalists. These efforts aid in the marketing of our services as well.

Either by agreement with the clients or to maintain strong client relationships, we may refrain from recruiting employees of a client, or possibly other entities affiliated with that client, for a specified period of time but typically not more than one year from the commencement of a search. We seek to mitigate any adverse effects of these off-limits arrangements by strengthening our long-term relationships, allowing us to communicate our belief to prospective clients that we can conduct searches effectively notwithstanding certain off-limits arrangements.

No single client accounted for more than 1% of our net revenue in 2023, 2022 and 2021. As a percentage of total revenue, our top ten clients in aggregate accounted for approximately 7% in 2023 and 6% in 2022 and 2021.

Information Management Systems

We rely on technology to support our consultants and staff in the search process. We employ a global approach to executive search built on better insights, more data and faster decision making facilitated by the use of our proprietary Heidrick Leadership Framework and Heidrick Connect. Our Heidrick Leadership Framework allows clients to holistically evaluate a candidate's pivotal experience and expertise, leadership capabilities, agility and potential, and culture fit and impact, thereby allowing our clients to find the right person for the role. We supplement our Heidrick Leadership Framework through a series of additional online tools including our Leadership Accelerator, Leadership Signature and Culture Signature assessments. Heidrick Connect, a completely digital, always available, client experience portal allows our clients to access talent insights for each engagement, including the Heidrick Leadership Framework and other proprietary assessment tools. In response to working remotely, our Executive Search teams employed Heidrick Connect to operate effectively and efficiently while engaging virtually with our clients. Additionally, we have introduced upgrades to Heidrick Connect, resulting in greater flexibility, increased productivity and the ability to deliver more insights to our clients.

Our consulting business' proprietary Web-based system, Culture Connect, is integral to the culture-shaping process. This technology platform enables our consultants to administer, analyze and interpret online Corporate Culture Profiles™ surveys to develop clarity around team and organizational need and desired outcomes. In addition, we gather data using our online Culture Impact Survey™ to determine which culture-shaping concepts are being utilized by individuals and the team as a whole. Our Heidrick Consulting teams have pivoted to create new digital solutions for Leadership Assessments, Team Acceleration, and Organization and Culture Acceleration that can be delivered virtually.

Competition

The executive search industry is highly competitive. While we face competition to some degree from all firms in the industry, we believe our most direct competition comes from four established global retained executive search firms that conduct searches primarily for the most senior-level positions within an organization. In particular, our competitors include Egon Zehnder International, Korn Ferry, Russell Reynolds Associates, and Spencer Stuart. To a lesser extent, we also face competition from smaller boutique firms that specialize in certain regional markets or industry segments and Internet-based firms. Additionally, our clients or prospective clients may decide to perform executive searches using in-house personnel. Each firm with which we compete is also a competitor in the marketplace for effective search consultants.

Overall, the search industry has relatively few barriers to entry; however, there are higher barriers to entry to compete with global retained executive search firms that can provide leadership consulting services at the senior executive level. At this level, clients rely more heavily on a search firm's reputation, global access and the experience level of its consultants. We believe that the segment of executive search in which we compete is more quality-sensitive than price-sensitive. As a result, we compete on the level of service we offer, reflected by our client services specialties and, ultimately, by the quality of our search results. We believe that our emphasis on senior-level executive search, the depth of experience of our search consultants and our global presence enable us to compete favorably with other executive search firms.

Competition in the leadership consulting markets in which we operate is highly fragmented, with no universally recognized market leaders.

Seasonality

There is no discernible seasonality in our business, although as a percentage of total annual net revenue, the first quarter is typically the lowest. Revenue and operating income have historically varied by quarter and are hard to predict from quarter to quarter. In addition, the volatility in the global economy and business cycles can impact our quarterly revenue and operating income.

Human Capital Resources

As a premier provider of global leadership advisory services including executive search, consulting, on-demand talent and digital services, we hold the core belief that our employees' growth fuels our company's success. Building an engaged, diverse and inclusive firm is a strategic priority, and our culture is a key differentiator we have to attract, develop and retain the highest-performing talent.

Employee Summary. As of December 31, 2023, we employed 2,212 individuals, represented on geographic basis by 1,190 in the Americas, 718 in Europe, and 304 in Asia Pacific. Within our operating segments, we employed 664 individuals in the Americas, 402 in Europe, 244 in Asia Pacific, 229 in On-Demand Talent, 335 in Heidrick Consulting and 274 in Global Operations Support. Our headcount includes 503 consultants (414 related to Executive Search and 89 related to Heidrick Consulting), 585 associates and engagement managers, and 1,124 other search, consulting, on-demand talent, support, and Global Operations Support employees.

Within Executive Search and Heidrick Consulting, our professionals are generally categorized either as consultants or associates. Associates support consultants by providing research assistance, coordinating candidate contact and performing other engagement-related functions. We promote outstanding associates to consultant levels during the annual consultant promotion process, initially to Principals and ultimately to Partners. We also recruit consultants from other executive search or human capital firms. In the case of Executive Search, we sometimes recruit consultants new to executive search who have worked in industries or functions represented by our practices. In the latter case, these are often seasoned executives with extensive contacts and outstanding reputations who are entering the search profession as a second career and whom we train in our methodologies. Our Heidrick Consulting consultants are recruited for their executive business experience, as well as their skills in consulting and leadership advisory services and often are former clients who are familiar with our consulting methodology.

In On-Demand Talent and Heidrick Digital, we seek employees with relevant skills and technical capabilities and with potential to grow into more senior roles within the firm. We are not a party to any U.S. collective bargaining agreement, and we consider relations with our employees to be good. Approximately 5.0% of employees, all of whom are located outside the U.S., are covered by industry-level or national-level collective bargaining agreements. We are committed to respecting our employees' freedom of association, allowing them the right to bargain to establish terms and conditions of employment and to conclude their work commitment with proper notice, all free from any kind of coercion.

Diversity Equity and Inclusion ("DE&I"). At Heidrick & Struggles, we are committed to nurturing a culture that actively champions our DE&I efforts internally. We firmly believe in embedding DE&I principles throughout our organization and business relationships, including our hiring practices, business development and internal learning and development. Our dedication to DE&I is steadfast, with the aim of fostering an environment where everyone feels valued, respected and empowered. By cultivating a culture that brings a spectrum of ideas and experiences to our work with clients around the world, we believe we create better solutions for our clients' business challenges and win as one firm.

As part of this commitment, we strive to cultivate an inclusive workforce, where professionals from diverse backgrounds are represented, engaged and empowered to make meaningful contributions. Our long-term DE&I commitments span multiple years, and we hold ourselves accountable by measuring our corresponding achievements year over year. We closely monitor and track our progress, and our commitment to accountability is reflected in our accomplishments as of December 31, 2023:

- Women represent 63% of our overall workforce, 66% of our new hires[1] for the year and 64% of our promotions globally for the year.
- People of color[2] represent 27% of our overall U.S. workforce, 30% of our new hires[1] for the year and 20% of our promotions for the year.
- 38% of our Board of Directors members are women and 25% of its members are people of color.
- Our Management Committee, a global body, is 31% gender diverse, and 23% racially/ethnically diverse.
- 43% of the Chief Executive Officer's direct reports are women.
- We have strong gender and racial/ethnic representation across the senior teams leading our business units, regional organizations, and practice groups around the globe.

(1) Excludes temporary employees deployed to clients in our on-demand talent business
(2) United States employees only

Additional data measurements include the following statistics and inform our DE&I strategic priorities towards our firm's commitment to a diverse and inclusive workforce.

The following table summarizes the self-identified diversity statistics of our employee population that are vice presidents[1] and above, including consultants, as of December 31, 2023:

Gender*		**Age Group**		**Race/Ethnicity†**	
Female	42%	Under 30	1%	Asian	5%
Male	58%	30-50	58%	Black or African-American	3%
		Over 50	41%	Hispanic or Latino	2%
				Two or More Races	2%
				White	88%

The following table summarizes the self-identified diversity statistics of our employee population that are below the vice president level as of December 31, 2023:

Gender*		Age Group		Race/Ethnicity†	
Female	69%	Under 30	29%	Asian	11%
Male	31%	30-50	50%	Black or African-American	7%
		Over 50	21%	Hispanic or Latino	8%
				Two or More Races	4%
				White	70%

* Heidrick & Struggles employees align to gender identities beyond men and women. Less than 1% of employees who chose to disclose gender identify information identified as non-binary
† United States employees only

Diversity, equity and inclusion are imperative for our internal culture and integral to driving our firm's innovation and future growth. We have committed substantial time and resources to advance diversity in our workforce and create a culture of inclusion, where everyone feels equitably valued, supported and encouraged to meaningfully contribute to our success through authentic engagement. In 2023, our DE&I efforts were comprised of many initiatives, including:

- Developing a comprehensive strategic roadmap that serves as a guiding framework to strengthen our organization's commitment to achieving DE&I goals. This roadmap, aligned with our Strategic Pillars, outlines specific, actionable areas of focus. It systematically details tactical steps, initiatives, and aspirational goals to advance our mission of cultivating diversity, supporting equity, and promoting inclusion across all areas of our organization.

- Continuing to support our Accelerating Women's Excellence program as part of our ongoing commitment to advance the development and inclusion of top professional women at Heidrick & Struggles and foster a strong culture of sponsorship by both men and women.

- Continuing and expanding our Advancing Professionals of Color program designed to honor the unique experiences of our junior and mid-level ethnically diverse talent in the workplace, while also accelerating their professional development and readiness to take on more challenging roles and facilitating internal peer networking.

- Launching the "Mitigating Bias in Recruiting" Learning & Development program for global Human Resources, people managers and Search Analysts, Associates, Senior Associates and Engagement Managers. The goal of the training is to educate those who attract and hire internal talent to recognize the importance of minimizing bias at every stage of the recruiting lifecycle.

- Continuing to promote our Employee Resource Groups ("ERGs"), which embody our people-first approach and represent a safe space for employees to promote and celebrate affinity, community and allyship while providing the firm a window into what the groups represented need. The various ERGs at the Company offer educational programming and networking opportunities to engage and develop employees. The DE&I team actively assesses employee interest and engagement, identifying opportunities for new ERGs. Recently, we launched "Veterans@Heidrick," creating a space for veterans, military families, and allies to collaborate, support, and engage.

- Implementing a biased language analysis software in partnership with our Talent Acquisition team to improve our diversity recruiting approach at the job description stage. Our integration of this tool allowed us to consistently modify our open position postings to avoid restricting our talent pool and to attract a broader pool of applicants. The tool provides neutral language alternatives and identifies and eliminates outdated or unreliable indicators of skill.

- Establishing new external partnerships with Disability:IN, AARP, PFLAG and others. Our DE&I team strategically leverages external partnerships as powerful allies in advancing our DE&I efforts, enabling us to tap into expertise, best practices, and diverse perspectives beyond our organization's boundaries.

Talent Management & Development. We invest in ongoing learning and development for employees of all levels by applying a talent management framework to grow our people and deliver on the firm's strategic objectives.

Employee Engagement. We believe an engaged workforce is crucial to our success and our culture. To that end, we are keenly focused on creating an environment where employees are acknowledged, valued and supported. Employee engagement is a key element to attracting, developing, promoting and retaining the highest-performing talent and building a more diverse, equitable and inclusive workplace.

A key component of our employee engagement strategy is to promote a culture of continuous and candid feedback. In June 2022, we launched a new Voice of Employee pulse survey tool. These surveys offer employees the opportunity to regularly and anonymously comment on their experience at Heidrick & Struggles. We use the tool to evaluate three areas of the employee experience: Engagement, Diversity & Inclusion, and Health & Well-being. We leverage the results to evaluate, inform and drive relevant programs. Data from the surveys is shared anonymously with key leaders across geographies, practices and businesses, and leaders are encouraged to engage with their teams to celebrate the positive themes and address the challenging issues and opportunities expressed through the survey results. In 2023, we launched four firm-wide surveys with a total aggregate employee participation of 87%.

*Talent Managemen*t. As part of our talent management framework, we have a mid-year review and a thorough performance review process at year-end, conducted with all permanent employees. In addition, we conduct talent reviews across various groups and departments across the firm, including for our Partners and Principals in Executive Search and Heidrick Consulting, which are designed to enable the identification of development needs and succession potential for leadership roles. In addition, this process helps us identify any talent gaps that our talent acquisition team can focus on related to future hiring needs. Finally, with Heidrick Pathways, our employees have a platform for internal career mobility, offering additional flexibility with their career path and development opportunities within the firm.

Learning & Development. We are committed to the professional development of our employees and promoting a continuous learning culture within our firm. Our learning and development programs have been created with the goal of building leadership, business development, account management, client service, and change leadership skills among our employees. In addition to building personal and professional capabilities, these programs set a standard for the behaviors we believe will help us realize our business goals and strategies.

In 2023, our Learning & Development team delivered over 10,500 hours of facilitated training to our colleagues globally, and employees completed over 5,000 self-paced courses. Our programming was deployed in both virtual and in-person formats. Our learning catalog outlines dozens of live and virtual programs as well as thousands of on-demand eLearning courses designed to help build and enhance employee leadership, business acumen and business development skills. These programs are regularly updated to reflect best practices and feedback received from employees.

As we strive to build an unrivaled culture for high-performing talent at Heidrick & Struggles, our firm's leaders continue to play a central role in this work, and we are further investing in our firm's own leadership capabilities. This includes a transformational leadership development program, which is designed to help our leaders maximize their impact in the rapidly evolving workplace and build upon existing leadership skills and experiences, focusing on resilience, vulnerability, trust, and living our firm's values. In 2023, we held four cohorts and 83 senior level employees went through the leadership development program. The program is a multi-year investment in our leadership that we cascade across multiple cohorts throughout the organization.

Participation in our Communities. We are proud members and eager participants in supporting the communities where we live and work. We know first-hand from our client work the positive effects that strong leaders can bring to both organizations and communities and encourage employees to contribute to our communities as well.

The Company formed a Global Philanthropic Committee in 2019 to establish a coordinated, global approach to supporting the philanthropic causes and endeavors that impact our employees, clients and communities. In 2023, employees participated in our 5th Global Day of Service where 780 colleagues in over 43 offices around the world donated over 2,900 hours to 45 non-profit organizations. We also support our employees who bring attention to philanthropic causes and organizations that they engage with independently.

Total Rewards. We are committed to supporting our employees both professionally and personally as they continue to navigate a rapidly changing world on multiple fronts. One of the objectives of our benefits program is to help our employees in their efforts to achieve a healthy work-life balance. Benefits offered to our employees may include annual leave and other paid time off, medical, dental and vision benefits, prescription drug benefits, flexible spending accounts, employee assistance programs, 401(k) and deferred compensation retirement programs, short and long-term disability insurance, critical illness insurance and life insurance.

We are committed to compensating our employees fairly and equitably at all levels, based on demonstrated capabilities and achievements, experience and superior performance, irrespective of gender, race, or other demographic factors. Our compensation practices are designed to ensure that pay is determined fairly and consistently. We regularly benchmark our compensation practices against industry standards and best practices to ensure that we remain competitive while upholding our commitment to pay equity. We believe achieving and sustaining pay equity is critical to helping our company attract, develop, promote and retain top-performing talent.

Employee Well-being and Hybrid Work. Employee well-being continues to be a significant area of focus for us. We learned from our pulse surveys that our employees highly value some flexibility and choice in the way they work, so we crafted a hybrid approach which allows employees to work remotely part of the time, with variations depending upon location and role. We believe that this approach supports both employee well-being and collaboration and we encourage our teams to structure their schedules to allow for purposeful time in the office together. We believe stronger bonds are formed in person and that bringing teams together in person facilitates collaboration that comprehensively supports our client services standards and go-to-market strategy.

For more information about our approach to human capital management as part of our broader ESG efforts, please see our 2022 ESG Report which can be found here: https://www.heidrick.com/en/about-us/esg-at-heidrick-struggles. The information contained in our 2022 ESG Report, or otherwise on or connected to the Company's website, is not incorporated by reference into this Annual Report on Form 10-K and should not be considered part of this or any other report filed with the U.S. Securities and Exchange Commission ("SEC").

Ethics. At Heidrick & Struggles, we foster a "Speak Up" culture where employees are encouraged to speak to their colleagues, managers or representatives from Legal and Human Resources whenever an ethical dilemma or situation arises. As an integral part of our ethics program, we maintain the Heidrick & Struggles EthicsLine, a service that provides a mechanism for reporting alleged breaches of any legal or regulatory obligations, financial fraud, including with respect to accounting, internal controls and auditing, or any alleged violation of the Code of Ethics or corporate policies to the Company. The EthicsLine is a web-based and telephonic reporting hotline available to all Company employees, contractors, vendors, stockholders, clients, or other interested parties. The EthicsLine is administered by an independent third party that specializes in running whistleblower hotline programs for companies across the globe. Calls are not recorded and callers have the option to remain anonymous. The EthicsLine is operational 24 hours a day, seven days a week. To contact the EthicsLine, you may visit heidrick.ethicspoint.com or dial 800-735-0589 toll-free in the U.S. For outside the U.S. you may dial one of our local lines, 800 94 50 54 (France); 0800 1819941 (Germany); 0800 048 5486 (UK); or 704-731-7242 (Global).

Regulation

We are subject to the U.S. securities laws and general corporate and commercial laws and regulations of the locations which we serve. These include regulations regarding anti-bribery, privacy and data protection, intellectual property, data security, data retention, personal information, economic or other trade prohibitions or sanctions, and classification of workers as employees or independent contractors, which is especially relevant to our On-Demand Talent segment. In particular, we are subject to federal, state, and foreign laws regarding privacy and protection of people's data. Foreign data protection, privacy, and other laws and regulations can be more restrictive than those in the United States. Most notably, certain aspects of our business are subject to the EU's and UK's General Data Protection Regulation ("GDPR"). We have a global privacy program to facilitate our ongoing efforts to comply with global privacy regulations, including GDPR and other rapidly emerging privacy and data protection laws in countries such as Brazil and China, or states in the U.S such as California. U.S. federal and state and foreign laws and regulations, which in some cases can be enforced by private parties in addition to government entities, are constantly evolving and can be subject to change.

Available Information

We maintain an Internet website at *http://www.heidrick.com*. We make available free of charge through the investor relations section of our website annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the U.S. Securities Exchange Act of 1934 ("Exchange Act"), as well as proxy statements, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the U.S. Securities and Exchange Commission ("SEC"). Also posted on our website, and available in print upon request of any shareholder to our Investor Relations Officer, are our certificate of incorporation and by-laws, charters for our Audit and Finance Committee, Human Resources and Compensation Committee and Nominating and Board Governance Committee, our Director Independence Standards, our Corporate Governance Guidelines, our Policy on Resolution of Conflicts of Interest for Directors and Executive Officers, our Related Party Transactions Policy, our Misconduct Clawback Policy, our Policy on Recoupment of Incentive Compensation, our Insider Trading Policy, and our Code of Ethics governing our directors, officers and employees. Within the time period required by the SEC, we will post on our website any amendment to the Code of Ethics and any waiver applicable to any executive officer, director or senior financial officer.

In addition, our website includes information concerning purchases and sales of our equity securities by our officers and directors, as well as disclosure relating to certain non-GAAP financial measures (as defined in the SEC's Regulation G) that we may make public orally, telephonically, by webcast, by broadcast or by similar means from time to time. The information contained on or accessible through our website or any other website that we may maintain is not incorporated by reference into and is not part of this Form 10-K or any other report filed with the SEC.

Our Investor Relations Officer can be contacted at Heidrick & Struggles International, Inc., 233 South Wacker Drive, Suite 4900, Chicago, Illinois, 60606, Attn: Investor Relations Officer, telephone: 312-496-1200,
e-mail: InvestorRelations@heidrick.com.

ITEM 1A. RISK FACTORS

In addition to other information in this Form 10-K, the following risk factors should be carefully considered in evaluating our business because such factors may have a material impact on our business, operating results, cash flows and financial condition. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties of which we are unaware, or that we currently believe are not material, may also become important factors that adversely affect our business.

Company Risks

Operational Risks

Any failure to attract, integrate, develop, manage, retain and motivate qualified consultants and senior leaders could cause our business, financial condition and results of operations to suffer.

Our success depends upon our ability to attract, develop, integrate, manage, retain and motivate quality consultants with the skills and experience necessary to fulfill our clients' needs and achieve our operational and financial goals. We must be able to successfully hire, develop, retain and motivate appropriate numbers of talented people with diverse skills in order to serve clients across the globe, respond quickly to rapid and ongoing changes in demand, technology, industry and the macroeconomic environment, and continuously innovate to grow our business. Our ability to hire, develop, retain and motivate qualified consultants could be impaired by any diminution of our reputation, disparity in compensation relative to our competitors, modifications to our total compensation philosophy or competitor hiring programs. If we cannot attract, hire, develop and retain qualified consultants, our business, financial condition and results of operations may suffer. Our future success also depends upon our ability to integrate newly hired consultants successfully into our operations, to manage the performance of our consultants, and to train and incentivize them to introduce new services and solutions to clients. Failure to successfully integrate newly hired consultants or to manage the performance of our consultants could affect our profitability by causing operating inefficiencies that could increase operating expenses and reduce operating income. Our ability to integrate, train and motivate our consultants and senior leaders in a manner that protects and enhances our culture could be negatively impacted by the Company's current hybrid work arrangements, and hybrid and remote working arrangements have also expanded the pool of other firms that may compete with us for our consultants and consultant candidates. There is also a risk that unanticipated turnover in senior leadership could stall Company activity, interrupt strategic vision or lower productive output, any of which may adversely affect our business, financial condition and results of operations. As a result, any failure to attract, integrate, develop, manage, retain and motivate qualified consultants and senior leaders could cause our business, financial condition and results of operations to suffer.

We may not be able to prevent our consultants from taking our clients with them to another firm, which could adversely affect our business, financial condition and results of operations.

Our success depends upon our ability to develop and maintain strong, long-term relationships with our clients. Although we work on building these relationships between our firm and our clients, in many cases one or two consultants have primary responsibility for a client relationship. When a consultant leaves one executive search firm and joins another, clients who have established relationships with the departing consultant may move, and in the past have moved, their business to the consultant's new employer. We may also lose, and in the past have lost, clients if the departing consultant has widespread name recognition or a reputation as a specialist in executing searches in a specific industry or management function. If we fail to retain important client relationships when a consultant departs our firm, our business, financial condition and results of operations may be adversely affected.

Any inability to maintain our professional reputation and brand name could adversely affect our business, financial condition and results of operations.

We depend on our overall professional reputation and brand name recognition to secure new engagements and hire qualified consultants. Our success also depends on the individual reputations of our consultants. We obtain many of our new engagements from existing clients or from referrals by those clients. A client who is dissatisfied with our work can adversely affect our ability to secure new engagements. In turn, the clients with which we choose to work can impact our reputation. If any factor, including the poor performance of our personnel or consultants, the loss of relevant thought leadership, various evolving trends related to market standards and stakeholder expectations, or the actual or perceived action or position of one of our consultants or clients, hurts our reputation or brand name, we may experience difficulties in competing successfully for both new engagements and qualified consultants, and we may experience decreased demand for our services. Failure to maintain our professional reputation and brand name could adversely affect our business, financial condition and results of operations.

Because certain of our clients have arrangements that restrict us from recruiting their employees, we are constrained in our ability to fill or obtain new executive search assignments in certain cases, which could impact demand for our services and affect our results of operations or financial condition.

Clients frequently require us to refrain from recruiting certain of their employees when conducting executive searches on behalf of other clients. These restrictions often have time and/or geographic limitations. The specific duration and scope of the off-limits arrangements depend on the length of the client relationship, the frequency with which the client engages us to perform searches, the number of assignments we have performed for the client and the potential for future business with the client.

Client restrictions on recruiting their employees create constraints on our ability to fulfill certain executive searches. Additionally, if a prospective client believes that we are overly restricted from recruiting the employees of our existing clients, these prospective clients may not engage us to perform their executive searches. As a result, our business, financial condition and results of operations may suffer.

We rely heavily on information management systems, and if such systems experience disruptions or other failures, are not expanded and diversified in a cost-effective and timely manner or are found to infringe the intellectual property rights of third parties, it may adversely affect the operation of our business, results of operations and financial condition.

Our success depends upon our ability to store, retrieve, process and manage substantial amounts of information. To achieve our goals, we must ensure that our information management systems continue to function properly, while also improving and upgrading them. Our information management systems are subject to the risk of failure, damage, interruption, obsolescence, inadequacy and breach. Further, we may be unable to license, design and implement, in a cost-effective and timely manner, improved information systems that allow us to compete effectively and can handle the increased demands of the planned expansion and diversification of our business. In addition, business process reengineering efforts may result in a change in software platforms and programs. Such efforts may result in an acceleration of depreciation expense over the shortened expected remaining life of the software and present transitional problems. If it were determined or alleged that our information management systems infringe the intellectual property rights of third parties, we could face increased costs or our ability to use such systems, or to derive all of the intended benefits from them, could be delayed, impaired or blocked if we are unable to license such intellectual property or remedy the infringement. Problems or issues with our proprietary search system or other factors may result in interruptions or loss in our information processing capabilities which may adversely affect our business, financial condition and results of operations.

We are investing in new technology and intellectual property for the introduction of new products and services to our clients. Our inability to successfully implement these new technologies, products and services could negatively affect our business, profitability and reputation.

We continue to invest in new technology and intellectual property to enhance the products and services we offer to penetrate new markets and increase our client base. The development of new technology and intellectual property is subject to a number of risks including customer acceptance, intellectual property infringement, obsolescence, increased expenditures for research and development and privacy and ethical considerations. The success of new product and service introductions depends on a number of factors, including timely and effective development and market acceptance, and can be negatively impacted by various factors such as quality issues, the risk of exposure or misuse of confidential client information or other deficiencies and the risk that our competitors beat us to market with similar or more highly regarded products and services. The development and introduction of new products and services may prove disruptive to our operations by placing additional demands on our employees and management team and on our information, financial, marketing, administrative and operational systems, processes and controls. There can be no assurance that we will successfully develop new technology and intellectual property and effectively manage future introductions and transitions of products and services. The development and management of intellectual property also exposes us to the risk of potential misappropriation of or failure to otherwise protect our intellectual property. Furthermore, as we develop new technology intended to allow us to derive greater insights from our data or data entrusted to us by clients, there is a risk that such technology may not be designed or operate to produce the types or quality of results that will enable us to succeed as the market for our products and services continues to evolve, and a risk that our new products and services will not find market acceptance due to changes in clients' needs, technology, competitive pressures, or other external factors. If our new products and services are not successfully implemented or received by our clients, our business, financial condition and results of operations, as well as our professional reputation, could be adversely affected.

We are dependent on third parties for the execution of certain critical functions and the failure or inability to perform on the part of one or more of these third parties could materially and adversely affect our reputation and our business.

We do not maintain all of our technology infrastructure, and we have outsourced certain other critical applications and business processes to external providers, including cloud-based services. The failure or inability to perform on the part of one or more of these critical suppliers or partners could cause significant disruptions and increased costs. We are also dependent on security measures that some of our third-party vendors are taking to protect their own systems and infrastructures. If our third-party vendors do not maintain adequate security measures, do not require their sub-contractors to maintain adequate security measures, do not perform as anticipated and in accordance with contractual requirements, or become targets of cyber-attacks, we may experience operational difficulties, increased costs or the exposure or inappropriate use of certain data with which we are entrusted, any of which could materially and adversely affect our reputation and our business.

Legal, Regulatory and Compliance Risks

We face the risk of claims, including relating to alleged breaches of contractual obligations and employment-related or other laws and regulations in the services we perform for our clients, which could result in significant liabilities.

We are exposed to potential claims with respect to the executive search process and the other services we perform for our clients. A client could assert a claim for violations of off-limits arrangements, breaches of confidentiality agreements or professional malpractice. In addition, candidates for an executive search and on-demand talent assignment could assert claims against us. Possible claims include failure to maintain the confidentiality of the candidate’s employment or placement search or personal data or for unlawful discrimination or other violations of the employment laws or malpractice. The growth and development of our other business lines bring with it the potential for similar claims as well as new types of claims from clients and client employees, including claims of intellectual property infringement. In various countries, we are subject to data protection laws impacting the processing of candidate and client employee information. We maintain professional liability insurance in amounts and coverage that we believe are adequate; however, we cannot guarantee that our insurance will cover all claims or that coverage will always be available. Significant liabilities in excess of, or otherwise outside, our insurance coverage could have a negative impact on our business, financial condition and results of operations.

Data security, data privacy and data protection laws, such as GDPR, and other evolving regulations and cross-border data transfer restrictions, may limit the use of our services and adversely affect our business.

Legal requirements relating to the collection, storage, handling, use, disclosure, transfer, and security of personal data continue to evolve, and regulatory scrutiny in this area is increasing around the world. As a result, we are or may become subject to a variety of laws and regulations in the U.S. and abroad, which may require us to make changes to our approach to services, solutions and/or products so as to enable the Company and/or our clients to meet new legal requirements. Although we have a global data privacy program that is designed to address the requirements applicable to our international business, ongoing efforts to comply with GDPR and other rapidly emerging privacy and data protection laws in countries such as Brazil and China, or states in the U.S. such as California, has increased the complexity of our compliance operations, and could in the future entail substantial expenses, and divert resources from other initiatives and projects. The enactment of more restrictive laws, rules or regulations could lead to more onerous obligations in our contracts, limiting our storage, transfer and processing of data and, in some cases, make it more difficult and costly to meet client expectations, or lead to significant fines, penalties or liabilities for noncompliance, any of which could adversely affect our business, financial condition and results of operations.

In addition, due to the uncertainty and potentially conflicting interpretations of these laws, it is possible that such laws and regulations may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or our practices. Any failure or perceived failure by us to comply with applicable laws or satisfactorily protect personal information could result in governmental enforcement actions, litigation, or negative publicity, any of which could inhibit sales of our services, solutions and/or products in certain locations.

There may be adverse tax, legal, and other consequences if the independent contractor classification of our on-demand independent talent is challenged.

We classify the interim talent available through On-Demand Talent primarily as independent contractors. In general, any time a court or administrative agency determines that we or our clients have misclassified an on-demand consultant as an independent contractor, we or our clients could incur tax and other liabilities for failing to properly withhold or pay taxes on the consultant’s compensation as well as potential wage and hour and other liabilities depending on the circumstances and jurisdiction. For on-demand talent who are classified as employees, some jurisdictions impose licensing and other requirements. If a court or administrative agency determines that we have failed to comply with these requirements, we could be subject to fines, revocation of licensure, or other penalties.

We may become subject to administrative inquiries and audits concerning the taxation and classification of our on-demand consultants. There is often uncertainty in the application of worker classification laws, and consequently there is risk to us and to clients that independent contractors could be deemed to be misclassified under applicable law. The tests governing whether a service provider is an independent contractor or an employee are typically highly fact sensitive and vary by governing law. Laws and regulations that govern the status and classification of independent contractors are also subject to change as well as to divergent interpretations by various authorities, which can create uncertainty and unpredictability.

A misclassification determination, allegation, claim, or audit involving our on-demand consultants creates potential exposure for clients and for us, including but not limited to reputational harm and monetary exposure arising from or relating to failure to withhold and remit taxes, unpaid wages, and wage and hour laws and requirements (such as those pertaining to minimum wage and overtime); claims for employee benefits, social security contributions, and workers’ compensation and unemployment insurance; claims of discrimination, harassment, and retaliation under civil rights laws; claims under laws pertaining to unionizing, collective bargaining, and other concerted activity; and other claims, charges, or other proceedings under laws and regulations applicable to employers and employees, including risks relating to allegations of joint employer liability. Such claims could result in monetary damages (including but not limited to wage-based damages or restitution, compensatory damages, liquidated damages, and punitive damages), interest, fines, penalties, costs, fees (including but not limited to attorneys’ fees), criminal and other liability, assessment, injunctive relief, or settlement, all of which could adversely impact our business and results of operations.

Increased cybersecurity vulnerabilities, threats and more sophisticated and targeted cyber-related attacks could pose a risk to our systems, networks, solutions, services and data.

Increased global cybersecurity vulnerabilities, threats and more sophisticated and targeted cyber-related attacks could pose a risk to the security of our systems and networks and the confidentiality, availability and integrity of our data. Cybersecurity risks are constantly evolving as cybercriminals are becoming more sophisticated and launching larger and more effective attacks that are becoming more difficult to defend against, including attacks involving the malicious use of artificial intelligence. Cybersecurity threats range from ransomware, to attacks from more advanced and persistent sources, such as organized cybercriminals, to improper conduct by our employees. Furthermore, the Company's hybrid work arrangements may make it more vulnerable to targeted activity from cybercriminals or other nefarious actors and may increase the risk of cybersecurity incidents or other security breaches, including because hybrid work arrangements involve reliance on cloud technology and remote connectivity features which have been increasingly targeted by threat actors. As described in Part I, Item 1C. Cybersecurity, we have an incident response program in place designed to detect and respond to cybersecurity incidents. However, we have, from time to time, experienced threats to and infringement of our data, policies and systems in the ordinary operation of our business, and we remain vulnerable to additional known or unknown threats. We also have access to sensitive, confidential or personal data or information that is subject to privacy and security laws, regulations and client-imposed controls. Despite our efforts to protect sensitive, confidential or personal data or information, we may be vulnerable to security breaches, theft, lost data, employee errors and/or malfeasance that could potentially lead to the compromising or other unauthorized use of sensitive, confidential or personal data or information, improper use of our systems or networks, or unauthorized access, use, disclosure, modification or destruction of information. In addition, a cybersecurity incident could result in other negative consequences, including disruption of our business operations for sustained periods of time, damage to our reputation or competitiveness, significant remediation costs, increased compliance costs, and litigation or regulatory action, which could result in fines and/or penalties, any of which could result in a negative impact to our business, results of operations and financial condition. Further, cybersecurity incidents affecting our clients could interrupt the operation of their businesses in a manner that could reduce or delay our clients' demand for our services, which could impact our results of operations.

Industry and General Economic Risks

Our net revenue and operating expenses may be affected by the impact of adverse macroeconomic or labor market conditions, including the impacts of inflation and effects of geopolitical instability, on demand for our services.

Demand for our services is affected by global macroeconomic conditions and the general level of economic activity and strength of the labor markets in the geographic regions in which we and our clients operate. During periods of slowed economic activity, many companies hire fewer permanent employees, reduce the levels at which they compensate their employees (which generally reduces the amount of revenue we generate as a result of a successful placement), choose to rely on their own human resources departments rather than third-party search firms to find talent or cut back on human resource initiatives or consulting engagements, all of which could negatively affect our financial condition and results of operations, including specifically our net revenue and operating expenses. We also may experience more competitive pricing pressure during periods of economic decline or unfavorable labor market conditions. If unfavorable changes in economic conditions occur, or if there are prolonged weaknesses in the labor markets in which we and our clients operate, including as a result of structural changes in workforce requirements in response to emerging technologies such as artificial intelligence, our business, financial condition and results of operations could suffer. Accelerated and pronounced economic pressures, such as the recent inflationary cost pressures, may negatively impact our expense base by increasing the costs we pay, including for services and employees, and may negatively impact revenues if our efforts to compensate for higher costs by raising our prices cause clients to reduce the volume of business they do with us or reduce our ability to attract new clients. Geopolitical instability may also cause employers to reduce hiring and otherwise limit new strategic initiatives, which may also affect the demand for our services and ultimately impact our results of operations and financial condition.

We face aggressive competition and if we are unable to meet these competitive challenges, our business, financial condition and results of operations may be materially and adversely affected.

The global executive search industry is highly competitive and fragmented. We compete with other large global executive search firms, smaller specialty firms and, more recently with Internet-based firms and social media. Specialty firms may focus on regional or functional markets or on particular industries to a greater extent than we do. Some of our competitors may possess greater resources, greater name recognition and longer operating histories than we do in particular markets or practice areas, or be willing to reduce their fees or agree to alternative pricing practices in order to attract clients and increase market share. Our competitors may be further along in the development and design of technological solutions to meet client requirements, including solutions involving generative artificial intelligence or other emerging technologies, and our new products and services could encounter significant competition from more mature participants in those areas. We may also face increasing competitive pressure as a result of our clients leveraging such technologies in-house to perform all or a portion of the services we offer in a manner that ultimately decreases the demand for our services, which could in turn require us to reduce our fees.

There are limited barriers to entry into the search industry and new search firms continue to enter the market. Executive search firms that have a smaller client base than we do may be subject to fewer off-limits arrangements. In addition, our clients or prospective clients may decide to perform executive searches using in-house personnel. Also, as Internet-based firms continue to evolve, they may develop offerings similar to or more expansive than ours, thereby increasing competition for our services or more broadly disrupting the executive search industry. As a result, we may not be able to continue to compete effectively with existing or potential competitors and we may not be able to implement our leadership strategy effectively.

Additionally, our on-demand talent and consulting services likewise face aggressive competition. We compete with other firms which offer services competitive with those we offer. Certain of these competitors may have more resources than we do and may be able to innovate and provide services faster than we can.

Our inability to meet these competitive challenges could have an adverse effect on our business, financial condition and results of operations.

A significant currency fluctuation between the U.S. dollar and other currencies could adversely impact our operating income.

With our operations in the Americas, Europe and Asia Pacific, we conduct business using various currencies. In 2023, approximately 41% of our net revenue was generated outside the United States. We do not enter into hedging transactions relating to our exposure to currency fluctuations. As we typically transact business in the local currency of our subsidiaries, our profitability may be impacted by the translation of foreign currency financial statements into U.S. dollars. Significant long-term fluctuations in relative currency values, in particular an increase in the value of the U.S. dollar against foreign currencies, could have an adverse effect on our financial condition and results of operations. Currency fluctuations positively impacted our net revenues 0.3% and negatively impacted our operating income by 0.7% for the year ended December 31, 2023.

Our ability to access additional credit could be limited, which may negatively impact our business.

Banks can be expected to strictly enforce the terms of our credit agreement. Although we are currently in compliance with the financial covenants of our revolving credit facility, a deterioration of economic conditions may negatively impact our business resulting in our failure to comply with these covenants, which could limit our ability to borrow funds under our credit facility or from other borrowing facilities in the future. In such circumstances, we may not be able to secure alternative financing or may only be able to do so at significantly higher costs.

General Risk Factors

Our multinational operations may be adversely affected by social, geopolitical, regulatory, legal, economic and weather-related or other natural disaster risks, and if we are unable to quickly and completely recover from any associated disruption to our business, we may experience financial losses and reputational damage.

We generate substantial revenue outside the United States. We offer our services through a network of offices in 30 countries around the world excluding our affiliates. Our ability to effectively serve our clients is dependent upon our ability to successfully leverage our operating model across all of these and any future locations, maintain effective management controls over all of our locations to ensure, among other things, compliance with applicable laws, rules and regulations, and instill our core values in all of our personnel at each of these and any future locations. We are exposed to the risk of changes in social, political, legal and economic conditions inherent in our operations, which could have a significant impact on our business, financial condition and results of operations. In addition, we conduct business in countries where the legal systems, local laws and trade practices are unsettled and evolving. Commercial laws in these countries are sometimes vague, arbitrary and inconsistently applied. Under these circumstances, it is difficult for us to determine at all times the exact requirements of such local laws. If we fail to comply with local laws, our business, financial condition and results of operations could suffer. In addition, the global nature of our operations poses challenges to our management, and financial and accounting systems. Failure to meet these challenges could adversely affect our business, financial condition and results of operations.

Our inability to quickly and completely recover should we experience a disaster or other business continuity problem could result in material financial loss, loss of human capital, regulatory actions, reputational harm or legal liability. Natural disasters and unusual weather conditions, pandemic outbreaks, terrorist acts, global political events and other serious catastrophic events could disrupt business and otherwise materially adversely affect the Company's business and financial condition. For instance, natural disasters or unusual weather conditions, which have increased in frequency and severity as a result of changing climate patterns, may reduce our consultants' and other employees' ability to travel or damage or impair access to our data servers that we use to provide consistent services to our clients.

The ongoing war in Ukraine has had a number of adverse effects for businesses including a worsening of economic conditions in Europe and more broadly, heightened cybersecurity threats, volatility in foreign exchange rates, inflationary pressures and disruptions in energy, food and commodity markets. Following Russia's invasion of Ukraine, we ceased our operations in Russia, which represented an immaterial amount of our total revenue. Additionally, conditions in Israel and the Gaza strip may adversely affect our business, especially our operations in Tel Aviv, which also represented an immaterial amount of our total revenue. Continued instability involving Israel and the Gaza strip, including any further hostilities, political instability, terrorist activities or the interruption of trade or transport may adversely affect our business, financial condition and results of operations.

There is substantial uncertainty about the future impact of these conflicts and the response of the international community on regional economies and the global economy generally, including the risk that the conflicts could escalate or expand, and the risk of a continuation or escalation of the effects described above, and heightened geopolitical instability generally. Any of these events or trends could have a material adverse effect on our business and operating results, particularly our European, Asia Pacific and Middle East operations, as well as on the business and operations of our clients, which could, in turn, affect demand for our services. In addition, the continuation or extent to which the Russia-Ukraine war or the conflict in Israel and the Gaza strip may intensify or expand could exacerbate or heighten many of the other risk factors described in this section.

Unfavorable tax law changes and tax authority rulings may adversely affect our results.

We are subject to income taxes in the United States and in various foreign jurisdictions. Domestic and international tax liabilities are subject to the allocation of income among various tax jurisdictions. Our effective tax rate could be adversely affected by changes in the mix of earnings among countries with differing statutory tax rates, or changes in the valuation allowance of deferred tax assets or tax laws. The amount of income taxes and other taxes are subject to ongoing audits by U.S. federal, state and local tax authorities and by non-U.S. authorities. If these audits result in assessments different from amounts recorded, future financial results may include unfavorable tax adjustments.

We may not be able to generate sufficient profits to realize the benefit of our net deferred tax assets.

We establish valuation allowances against deferred tax assets when there is insufficient evidence that we will be able to realize the benefit of these deferred tax assets. We reassess our ability to realize deferred tax assets as facts and circumstances dictate. If after future assessments of our ability to realize the deferred tax assets we determine that a lesser or greater allowance is required, we record a reduction or increase to the income tax expense and the valuation allowance in the period of such determination. The uncertainty surrounding the future realization of our net deferred tax assets could adversely impact our financial condition and results of operations.

We may not be able to align our cost structure with net revenue, which could adversely affect our business, financial condition and results of operations.

We must ensure that our costs and workforce continue to be in proportion to demand for our services. Failure to align our cost structure, including cost increases due to inflationary pressures and higher labor costs due to recent historically low levels of unemployment, and headcount with net revenue could adversely affect our business, financial condition and results of operations. Changes in our mix of revenue also affect our profitability, and as we continue to diversify our businesses, it places additional pressure on our ability to appropriately align our cost structure and headcount with our operations, which could adversely affect our operating margins and our ability to invest in future growth.

We may experience impairment of our goodwill, other intangible assets and other long-lived assets, which could have an adverse impact on our business, financial condition and results of operations.

In accordance with generally accepted accounting principles, we perform assessments of the carrying value of our goodwill at least annually, and we review our goodwill, other intangible assets and other long-lived assets for impairment whenever events occur or circumstances indicate that a carrying amount of these assets may not be recoverable. These events and circumstances include a significant change in business climate, attrition of key personnel, changes in financial condition or results of operations, a prolonged decline in our stock price and market capitalization, competition, and other factors. In performing these assessments, we must make assumptions regarding the estimated fair value of our goodwill and other intangible assets. These assumptions include estimates of future market growth and trends, forecasted revenue and costs, capital investments, discount rates, and other variables. If the fair market value of one of our reporting units or other long-term assets is less than the carrying amount of the related assets, we would be required to record an impairment charge. Due to continual changes in market and general business conditions, we cannot predict whether, and to what extent, our goodwill and long-lived intangible assets may be impaired in future periods. Any resulting impairment loss could have an adverse impact on our business, financial condition and results of operations.

Our ability to execute and integrate future acquisitions, if any, could negatively affect our business and profitability.

Our future success may depend in part on our ability to complete the integration of acquisition targets successfully into our operations, including our recent acquisitions of Business Talent Group and Atreus. The process of executing and integrating an acquired business subjects us to a number of risks, including:

- diversion of management attention;
- failure to successfully further develop the acquired business;
- amortization of intangible assets, adversely affecting our reported results of operations;
- inability to retain and/or integrate the management, key personnel and other employees of the acquired business;
- inability to properly integrate businesses resulting in operating inefficiencies;
- inability to establish uniform standards, disclosure controls and procedures, internal control over financial reporting and other systems, procedures and policies in a timely manner;
- inability to retain the acquired company's clients;
- exposure to legal claims for activities of the acquired business prior to acquisition; and
- inability to generate revenues to offset any new liabilities assumed and expenses associated with an acquired business.

If our acquisitions are not successfully executed and integrated, our business, strategic position, financial condition and results of operations, as well as our professional reputation, could be adversely affected.

We have anti-takeover provisions that could make an acquisition of us difficult and expensive.

Anti-takeover provisions in our Certificate of Incorporation, our By-laws and the laws of Delaware, our jurisdiction of incorporation, make it difficult and expensive for someone to acquire us in a transaction which is not approved by our Board of Directors. Some of the provisions in our Certificate of Incorporation and By-laws include:

- limitations on stockholder actions; and
- the ability to issue one or more series of preferred stock by action of our Board of Directors.

These provisions could discourage an acquisition attempt or other transaction in which stockholders could receive a premium over the then-current market price for the common stock.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

Risk Management and Strategy

We consider cybersecurity risk management, confidentiality and information security to be critical to our corporate visions and values. We employ a combination of people, technical safeguards and processes to manage these risks and protect information for which we are responsible. Our security program, policies, standards, processes, tools and talent are aligned with the purpose of preventing and mitigating any potential cybersecurity incidents and data leakage.

We have a program in place designed to detect and respond to cybersecurity incidents. Our Chief Information Security Officer ("CISO") and the cybersecurity team are responsible for defining, implementing and administering appropriate measures to protect information across the Company. Cybersecurity risks are also identified and considered when conducting our annual Enterprise Risk Management ("ERM") exercise. Pursuant to our ERM program, material cybersecurity risks are identified, assigned to an individual owner with the organization, reviewed twice annually with the CISO, Chief Legal Officer and Corporate Secretary, and Chief Information Officer and tracked to evaluate containment and mitigation efforts on a go-forward basis. As further described below, management also reviews and discusses the ERM program with the Audit & Finance Committee ("AFC") of our Board of Directors ("Board"), as well as the full Board, at least annually.

Some key safeguards we have undertaken to assess, identify and manage material risks from cybersecurity threats include, but are not limited to:

- Engaging an independent audit firm to conduct a System and Organization Controls ("SOC") 2 audit of the Company in 2023;
- Designing information security policies based on the International Organization Standardization ("ISO") 27001 framework;
- Maintaining well-documented processes to provide and remove access, for security incident response, for IT change control and for secure software development lifecycle;
- Conducting regular system patching;
- Conducting frequent, independent third-party vulnerability and penetration testing;
- Providing access on a "need to know" basis applied with "least privilege" principle;
- Requiring multi-factor authentication for system access;
- Protecting the use of data centers with physical and environmental controls;
- Encrypting data at rest and in transit;
- Requiring regular, independent SOC 1 and/or SOC 2 audits for key SaaS providers;
- Requiring third-parties to have information risk management processes;
- Requiring regular security awareness training, including annual online security awareness training, for all users of our systems, which covers topics like phishing, social engineering, mobile and device security and protection of sensitive information;
- Testing awareness by sending regular test phishing emails;
- Monitoring security 24/7/365; and
- Providing for system redundancy and resilience to help ensure business continuity.

We regularly engage third party service providers to assist with management of cybersecurity risks. For instance, as noted above, we engage third parties to conduct frequent, independent vulnerability and penetration testing of our systems. In addition, in 2023, we engaged Grant Thornton LLP to conduct a SOC 2 audit of our systems and controls. Further, our enterprise level IT general controls are audited annually by our independent registered public accounting firm.

We also monitor and oversee risks from cybersecurity threats associated with all third-party service providers that handle data or information for us. In connection with engaging any third-party service provider that will handle data or information for us, we review its internal controls, require that it fill out our security and/or privacy questionnaires and ensure there is appropriate contractual language regarding data privacy, security, and confidentiality. For example, we require all third-party service providers that handle personal data to sign data privacy addenda. We also annually audit compliance of those third-party service providers with these requirements, including through a review of their SOC 1 and/or SOC 2 audits, have them update our security and/or privacy questionnaires and, as appropriate, we conduct on-site audits for certain significant third-party service providers.

We face a number of cybersecurity risks in connection with our business. To date and to our knowledge, we have not experienced a material cybersecurity incident, and cybersecurity threats have not had a material impact on our business strategy, results of operations, or financial condition. However, we have, from time to time, experienced threats to and infringement of our data, policies and systems in the ordinary operation of our business. For more information about the cybersecurity risks we face, see the risk factors in Part I, Item 1A. Risk Factors entitled “Increased cybersecurity vulnerabilities, threats and more sophisticated and targeted cyber-related attacks could pose a risk to our systems, networks, solutions, services and data.” and “We are dependent on third parties for the execution of certain critical functions and the failure or inability to perform on the part of one or more of these third parties could materially and adversely affect our reputation and our business.”.

Governance

The AFC, comprised entirely of independent directors, assists the Board in its responsibilities of ensuring that the Company has established, documented and maintained, and periodically reevaluates, its processes with respect to cybersecurity. Our CISO briefs the AFC on cybersecurity matters, including on the evolving threat landscape and the Company’s enhanced efforts in light of emerging risks, no less than twice per year, and in 2023, our CISO provided cybersecurity updates to the AFC two times during the course of the year. In addition to formal updates provided to the AFC, our CISO maintains regular communication throughout the year with members of the AFC on these issues. The chair of the AFC also briefs the full Board on cybersecurity matters discussed amongst the AFC. Furthermore, and as discussed above, cybersecurity risks are also reviewed and discussed with the AFC and the full Board as part of the annual ERM assessment.

Our CISO has experience managing a risk-based, effective, practical and appropriately-sized cybersecurity program that aligns with our strategic business objectives and leads our cybersecurity team, which is responsible for assessing and managing the Company’s material risks from cybersecurity threats. Our CISO has 28 years of experience in the technology domain and 24 years of experience in information security. Our CISO is also a CISSP (Certified Information Systems Security Professional) and a CIPP/E (Certified Information Privacy Professional/Europe).

We have a specifically outlined incident response plan that documents the requirements of notification, classification, analysis and communication of security incidents, including cybersecurity incidents, based on the identified severity level. The CISO is informed of incidents at all severity levels pursuant to the incident response plan. The incident response plan also includes initial steps to convene the response team, contain the incident, consider insurance notification requirements, determine the type of incident and escalation, consider the communications protocol and consider involving law enforcement. In addition, the CISO is informed of potential cybersecurity incidents through the Company’s IT incident response system, which contains security logs that are reviewed by the Company’s 24/7/365 security operations center, and through the Company’s enterprise incident response system, which involves both daily reports of potential issues and alerts that may be initiated by an employee or former employee of the Company.

ITEM 2. PROPERTIES

Our corporate headquarters is located in Chicago, Illinois. As of December 31, 2023, we have leased office space in 55 cities in 30 countries around the world. All of our offices are leased. We do not own any real estate. We believe our existing facilities are in good operating condition and are suitable for our current needs. We do not anticipate any significant difficulty replacing such facilities or locating additional facilities to accommodate future growth.

ITEM 3. LEGAL PROCEEDINGS

We have contingent liabilities from various pending claims and litigation matters arising in the ordinary course of our business, some of which involve claims for damages that may be substantial in amount. Some of these matters are covered by insurance. Based upon information currently available, we believe the ultimate resolution of such claims and litigation will not have a material adverse effect on our financial condition, results of operations or liquidity.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market for our Common Stock

Our common stock, $0.01 par value, is listed on the Nasdaq Stock Market under the symbol "HSII".

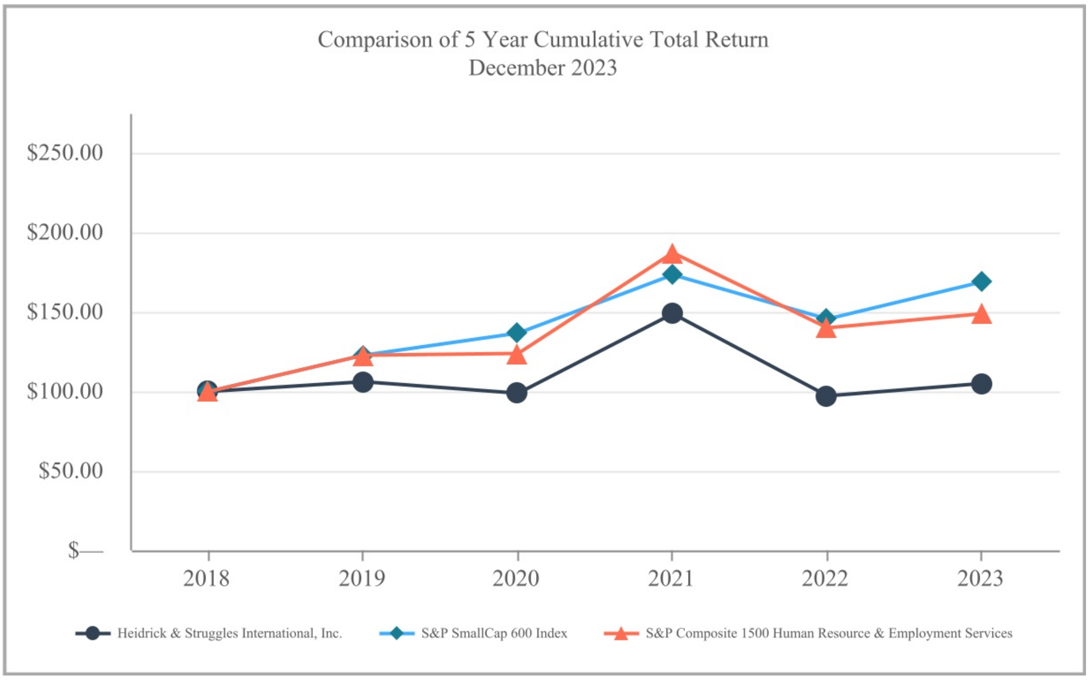
Holders of Record

As of February 23, 2024, we had 48 holders of record of our common stock and 20,122,792 shares of common stock outstanding. A greater number of holders of our common stock are beneficial holders, whose shares are held by banks, brokers, and other financial institutions.

Performance Graph

We have presented below a graph which compares the cumulative total stockholder return on our common shares with the cumulative total stockholder return of the Standard & Poor's SmallCap 600 Index and the Standard & Poor's Composite 1500 Human Resource and Employment Services Index. The S&P Composite 1500 Human Resource & Employment Services Index includes 13 companies in related businesses, including Heidrick & Struggles. Cumulative total return for each of the periods shown in the performance graph is measured assuming an initial investment of $100 on December 31, 2018.

The stock price performance depicted in this graph is not necessarily indicative of future price performance. This graph will not be deemed to be filed as part of this Form 10-K, and will not be deemed to be incorporated by reference by any general statement incorporating this Form 10-K into any filing by us under the Securities Act of 1933 or the Exchange Act, except to the extent we specifically incorporate this information by reference.



Assumes $100 invested on 12/31/18 in HSII or index, including reinvestment of dividends.
Index Data - Copyright Standard and Poor's, Inc. Used with permission. All rights reserved.

Dividends

From September 2007 through December 2018, we paid a quarterly cash dividend of $0.13 per share as approved by our Board of Directors. In 2019, we began paying a quarterly cash dividend of $0.15 per share as approved by our Board of Directors. In 2023, the total cash dividend paid was $0.60 per share.

In February 2024, our Board of Directors approved a quarterly dividend of $0.15 per share on our common stock which will be paid on March 21, 2024, to shareholders of record as of March 8, 2024. Any future dividends will continue to be declared at the discretion of our Board of Directors.

In connection with the quarterly cash dividend, we also pay a dividend equivalent on outstanding restricted stock units. The amounts related to the dividend equivalent payments for restricted stock units are accrued over the vesting period and paid upon vesting. In 2023 and 2022, we paid $0.5 million and $0.6 million, respectively, in dividend equivalent payments.

Stock Repurchase Program

On February 11, 2008, we announced that our Board of Directors authorized management to repurchase shares of our common stock with an aggregate purchase price of up to $50 million (the "Repurchase Authorization"). We may from time to time and as business conditions warrant purchase shares of our common stock on the open market or in negotiated or block trades. No time limit has been set for completion of this program. During the year ended December 31, 2023, the Company repurchased 36,000 shares of common stock for $0.9 million. During the quarter ended December 31, 2023, the Company did not repurchase any shares of common stock. There were no purchases of shares of our common stock in 2022, and prior to the 2023 purchases, the most recent purchase of the Company's shares of common stock occurred during the year ended December 31, 2012. As of December 31, 2023, we have purchased 1,074,670 shares of our common stock pursuant to the Repurchase Authorization for a total of $29.2 million and $20.8 million remains available for future purchases under the Repurchase Authorization.

ITEM 6. RESERVED

Not applicable.

ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management’s Discussion and Analysis of Financial Condition and Results of Operations as well as other sections of this Annual Report on Form 10-K contain forward-looking statements within the meaning of the federal securities laws, including statements regarding guidance for the first quarter of 2024. The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements. Forward-looking statements are not historical facts or guarantees of future performance, but instead represent only our beliefs, assumptions, expectations, estimates, forecasts and projections regarding future events, many of which, by their nature, are inherently uncertain and outside our control. Forward-looking statements may be identified by the use of words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," “outlook,” "projects," "forecasts," "aim," and similar expressions. These statements include statements other than historical information or statements of current condition and may relate to our future plans and objectives and results. By identifying these statements for you in this manner, we are alerting you to the possibility that our actual results and financial condition may differ, possibly materially, from the anticipated results and financial condition indicated in these forward-looking statements. Important factors that could cause our actual results and financial condition to differ from those indicated in the forward-looking statements include, among others, those discussed under the Section heading “Risk Factors” in Part I, Item 1A of this Annual Report on Form 10-K.

Factors that may cause actual outcomes and results to differ materially from what is expressed, forecasted or implied in the forward-looking statements include, among other things, our ability to attract, integrate, develop, manage, retain and motivate qualified consultants and senior leaders; our ability to prevent our consultants from taking our clients with them to another firm; our ability to maintain our professional reputation and brand name; our clients’ ability to restrict us from recruiting their employees; our heavy reliance on information management systems; risks arising from our implementation of new technology and intellectual property to deliver new products and services to our clients; our dependence on third parties for the execution of certain critical functions; the fact that we face the risk of liability in the services we perform; the fact that data security, data privacy and data protection laws and other evolving regulations and cross-border data transfer restrictions may limit the use of our services and adversely affect our business; any challenges to the classification of our on-demand talent *as independent contractors; the fact that increased cybersecurity requirements, vulnerabilities, threats and more sophisticated and targeted cyber-related attacks could pose a risk to our systems, networks, solutions, services and data; the fact that our net revenue may be affected by adverse macroeconomic or labor market conditions, including impacts of inflation and effects of geopolitical instability; the aggressive competition we face; the impact of foreign currency exchange rate fluctuations; our ability to access additional credit; social, political, regulatory, legal and economic risks in markets where we operate, including the impact of the ongoing war in Ukraine and the conflict in Israel and the Gaza strip, the risks of an expansion or escalation of those conflicts and our ability to quickly and completely recover from any disruption to our business; unfavorable tax law changes and tax authority rulings; our ability to realize the benefit of our net deferred tax assets; the fact that we may not be able to align our cost structure with net revenue; any impairment of our goodwill, other intangible assets and other long-lived assets; our ability to maintain an effective system of disclosure controls and internal control over our financial reporting and produce accurate and timely financial statements; our ability to execute and integrate future acquisitions; and the fact that we have anti-takeover provisions that make an acquisition of us difficult and expensive. We caution the reader that the list of factors may not be exhaustive. The forward-looking statements contained in this Annual Report on Form 10-K speak only as of the date hereof. We undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.*

Executive Overview

Our Business

We are a human capital leadership advisory firm providing executive search, on-demand talent and consulting services.

Our Executive Search services help our clients build leadership teams by facilitating the recruitment, management and development of senior executives. We believe focusing on top-level services offers us several advantages that include access to and influence with key decision makers, increased potential for recurring search consulting engagements, higher fees per search, enhanced brand visibility and a leveraged global footprint, which create added barriers to entry for potential competitors. Working at the top of client organizations also allows us to attract and retain high-caliber consultants.

Our On-Demand Talent business is a market-leader in sourcing high-end, on-demand independent talent and provides clients seamless on-demand access to top independent talent, including professionals with deep industry and functional expertise for interim leadership roles and critical, project-based initiatives.

As a complement and extension of our search services, we partner with organizations through Heidrick Consulting to provide advisory services related to leadership assessment and development, organization and team effectiveness, and culture shaping. Our tools and experts use data and technology designed to bring science to the art of human capital development and organizational design. Our services allow our clients to accelerate their strategies and the effectiveness of individual leaders, teams and organizations as a whole.

Heidrick Consulting offers our clients impactful approaches to human capital development through a myriad of solutions, ranging from leadership assessment and development, team and organization acceleration, digital acceleration and innovation, diversity and inclusion advisory services, and culture shaping. Applying our deep understanding of the behaviors and attributes of leaders across many of the world's premier companies, we guide our clients as they build a thriving culture of future-ready leadership. These premium services and offerings, which complement our Executive Search expertise, significantly contribute to our ability to deliver a full-service human capital consulting solution to our clients.

We provide our services to a broad range of clients through the expertise of over 500 consultants located in major cities around the world. Our Executive Search services are provided on a retained basis. Revenue before reimbursements of out-of-pocket expenses ("net revenue") consists of retainers and indirect expenses billed to clients. Typically, we are paid a retainer for our executive search services equal to approximately one-third of the estimated first-year compensation for the position to be filled. In addition, if the actual compensation of a placed candidate exceeds the estimated compensation, we often are authorized to bill the client for one-third of the excess. Indirect expenses are calculated as a percentage of the retainer with certain dollar limits per search.

The Company has five operating segments. The executive search business operates in the Americas, Europe (which includes Africa) and Asia Pacific (which includes the Middle East), and the Heidrick Consulting and On-Demand Talent businesses operate globally.

Key Performance Indicators

We manage and assess our performance through various means, with primary financial and operational measures including net revenue, Adjusted EBITDA (defined below; non-GAAP) and Adjusted EBITDA margin (non-GAAP). These non-GAAP financial measures should be considered in addition to, and not as a substitute for or superior to, any measure of performance prepared in accordance with GAAP (defined below). Executive Search and Heidrick Consulting performance is also measured using consultant headcount. Specific to Executive Search, confirmed search (confirmation) trends, consultant productivity and average revenue per search are used to measure performance. Productivity is as measured by annualized Executive Search net revenue per consultant.

Revenue is driven by market conditions and a combination of the number of executive search engagements, consulting projects, on-demand projects and the average revenue per search or project. With the exception of compensation expense and cost of sales, incremental increases in revenue do not necessarily result in proportionate increases in costs, particularly operating and administrative expenses, thus creating the potential to improve Adjusted EBITDA and Adjusted EBITDA margins.

The number of consultants, confirmation trends, number of searches or projects completed, productivity levels and the average revenue per search or project will vary from quarter to quarter, affecting net revenue, Adjusted EBITDA and Adjusted EBITDA margin.

The Company evaluates performance and allocates resources based on the chief operating decision maker's review of (1) net revenue and (2) net income before interest, taxes, depreciation and amortization, as adjusted, to the extent they occur, for earnout accretion, earnout fair value adjustments, contingent compensation, deferred compensation plan income or expense, certain reorganization costs, impairment charges and restructuring charges ("Adjusted EBITDA"). Adjusted EBITDA margin is defined as Adjusted EBITDA as a percentage of revenue in the same period.

Consolidated and the subtotal of Executive Search Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP financial measures and have limitations as analytical tools. They should not be viewed as a substitute for financial information determined in accordance with United States ("U.S.") generally accepted accounting principles ("GAAP") and should not be considered in isolation or as a substitute for analysis of the Company's results as reported under GAAP. In addition, they may not necessarily be comparable to non-GAAP performance measures that may be presented by other companies.

We believe the presentation of these non-GAAP financial measures provides meaningful supplemental information and a more complete understanding of our ongoing operating results, including underlying trends. These non-GAAP financial measures are used by management in their financial and operating decision making because management believes they reflect our ongoing business in a manner that allows for meaningful period-to-period comparison and evaluation. We also believe that these non-GAAP financial measures, when considered together with our GAAP financial measures, provide management and investors with additional information for comparison of our operating results with the operating results of other companies.

Our Compensation Model

At the consultant level, there are fixed and variable components of compensation. Individuals are rewarded for their performance based on a system that directly ties a portion of their compensation to the amount of net revenue for which they are responsible. A portion of the reward may be based upon individual performance against a series of non-financial measures. Credit towards the variable portion of a consultant's compensation is earned by generating net revenue for winning and executing work. Each quarter, we review and update the expected annual performance of all consultants and accrue variable compensation accordingly. The amount of variable compensation that is accrued for each consultant is based on a tiered payout model. Overall Company performance determines the amount available for total variable compensation. The more net revenue that is generated by the consultant, the higher the percentage credited towards the consultant's variable compensation and thus accrued by the Company as expense.

The mix of individual consultants who generate revenue can significantly affect the total amount of compensation expense recorded, which directly impacts operating margin. As a result, the variable portion of the compensation expense may fluctuate significantly from quarter to quarter. The total variable compensation is discretionary and is based on Company-wide financial targets approved by the Human Resources and Compensation Committee of the Board of Directors.

Historically, a portion of the Company's consultant and management cash bonuses were deferred and paid over a three-year vesting period. The portion of the bonus was approximately 15% depending on the employee's level or position. The compensation expense related to the amounts being deferred was recognized on a graded vesting attribution method over the requisite service period. This service period began on January 1 of the respective fiscal year and continued through the deferral date, which coincided with the Company's bonus payments in the first half of the following year and for an additional three-year vesting period. The deferrals are recorded in *Accrued salaries and benefits* within both *Current liabilities* and *Non-current liabilities* in the Consolidated Balance Sheets.

In 2020, the Company terminated the cash bonus deferral for consultants and, in 2021, terminated the cash bonus deferral for management. The Company now pays 100% of the cash bonuses earned by consultants and management in the first half of the following year. Consultant and management cash bonuses earned prior to 2020 and 2021, respectively, were paid under the terms of the cash bonus deferral program. The deferrals are recorded in *Accrued salaries and benefits* within both *Current liabilities* and *Non-current liabilities* in the Consolidated Balance Sheets. The final cash bonus deferrals were paid during the year ended December 31, 2023.

2023 Overview

Consolidated net revenue decreased $46.6 million, or 4.3%, to $1.0 billion in 2023 from $1.1 billion in 2022. Foreign exchange rates positively impacted results by $2.9 million, or 0.3%. Executive Search net revenue was $780.0 million in 2023, a decrease of $121.9 million, or 13.5%, compared to 2022. The decrease in Executive Search net revenue was primarily due to a decrease in the average revenue per executive search compared to the prior year. On-Demand Talent net revenue was $152.5 million in 2023, an increase of $61.2 million, or 66.9%, compared to 2022. The increase in On-Demand Talent revenue was primarily due the acquisition of Atreus in February 2023, partially offset by a decrease in the volume of legacy on-demand projects. Heidrick Consulting net revenue was $94.3 million in 2023, an increase of $14.1 million, or 17.6%, compared to 2022. The increase in Heidrick Consulting revenue was primarily due to the acquisition of businessfourzero in April 2023, and an increase in leadership assessment and development consulting engagements compared to the prior year.

The number of Executive Search and Heidrick Consulting consultants was 414 and 89, respectively, as of December 31, 2023, compared to 390 and 70, respectively, as of December 31, 2022. Executive Search productivity, as measured by annualized net Executive Search revenue per consultant, was $1.9 million and $2.3 million for the years ended December 31, 2023, and 2022, respectively. Executive search confirmations decreased 10.5% in 2023 compared to 2022. The average revenue per executive search decreased to $139,000 in 2023 compared to $144,000 in the prior year.

Adjusted EBITDA as a percentage of revenue was 12.2% in 2023, compared to 11.3% in 2022. The change in Adjusted EBITDA was primarily due to a decrease in net revenue of $46.6 million, as well as increases in cost of services, general and administrative expense, research and development costs, partially offset by a decrease in salaries and benefits expense. Salaries and benefits expense as a percentage of net revenue was 63.9% in 2023, compared to 68.7% in 2022. General and administrative expense as a percentage of net revenue was 15.2% in 2023, compared to 12.4% in 2022. Cost of services expense as a percentage of net revenue was 10.6% in 2023, compared to 6.6% in 2022. Research and development costs as a percentage of net revenue was 2.2% in 2023, compared to 1.9% in 2022.

We ended the year with combined cash, cash equivalents, and marketable securities of $478.2 million, a decrease of $143.4 million compared to $621.6 million at December 31, 2022. We pay the majority of bonuses in the first half of the year following the year in which they were earned. Employee bonuses are accrued throughout the year and are based on the Company's performance and the performance of the individual employee. We expect to pay approximately $289.8 million in bonuses related to 2023 performance in March and April 2024.

2024 First Quarter Outlook

The Company expects 2024 first quarter consolidated net revenue of between $245 million and $265 million, while acknowledging that continued fluidity in external factors, such as foreign exchange and interest rate environments, foreign conflicts, inflation and macroeconomic constraints on pricing actions may impact quarterly results. In addition, this outlook is based on the average currency rates in December 2023 and reflects, among other factors, management's assumptions for the anticipated volume of new Executive Search confirmations, On-Demand Talent projects, and Heidrick Consulting assignments, consultant productivity, consultant retention, and the seasonality of the business, along with the current backlog.

Our 2024 first quarter guidance is subject to a number of risks and uncertainties, including those disclosed under "Risk Factors" and in this "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in this Form 10-K. As such, actual results could vary from these projections.

Results of Operations

The following table summarizes, for the periods indicated, the results of operations (in thousands, except per share data):

	Year Ended December 31,		
	2023	2022	2021
Revenue			
Revenue before reimbursements (net revenue)	$ 1,026,864	$ 1,073,464	$ 1,003,001
Reimbursements	14,318	10,122	5,473
Total revenue	1,041,182	1,083,586	1,008,474
Operating expenses			
Salaries and benefits	656,030	737,430	717,411
General and administrative expenses	156,494	132,678	130,749
Cost of services	109,039	70,676	52,785
Research and development	22,698	20,414	—
Impairment charges	7,246	—	—
Restructuring charges	—	—	3,792
Reimbursed expenses	14,318	10,122	5,473
Total operating expenses	965,825	971,320	910,210
Operating income	75,357	112,266	98,264
Non-operating income (expense)			
Interest, net	11,617	5,337	302
Other, net	1,697	(2,367)	7,463
Net non-operating income	13,314	2,970	7,765
Income before taxes	88,671	115,236	106,029
Provision for income taxes	34,261	35,750	33,457
Net income	$ 54,410	$ 79,486	$ 72,572
Weighted-average common shares outstanding			
Basic	20,029	19,758	19,515
Diluted	20,766	20,618	20,296
Earnings per common share			
Basic	$ 2.72	$ 4.02	$ 3.72
Diluted	$ 2.62	$ 3.86	$ 3.58
Cash dividends paid per share	$ 0.60	$ 0.60	$ 0.60

The following table summarizes, for the periods indicated, our results of operations as a percentage of revenue before reimbursements (net revenue):

	Year Ended December 31,		
	2023	2022	2021
Revenue			
Revenue before reimbursements (net revenue)	100.0 %	100.0 %	100.0 %
Reimbursements	1.4	0.9	0.5
Total revenue	101.4	100.9	100.5
Operating expenses			
Salaries and benefits	63.9	68.7	71.5
General and administrative expenses	15.2	12.4	13.0
Cost of Services	10.6	6.6	5.3
Research and development	2.2	1.9	—
Impairment charges	0.7	—	—
Restructuring charges	—	—	0.4
Reimbursed expenses	1.4	0.9	0.5
Total operating expenses	94.1	90.5	90.7
Operating income	7.3	10.5	9.8
Non-operating income (expense)			
Interest, net	1.1	0.5	—
Other, net	0.2	(0.2)	0.7
Net non-operating income	1.3	0.3	0.8
Income before income taxes	8.6	10.7	10.6
Provision for income taxes	3.3	3.3	3.3
Net income	5.3 %	7.4 %	7.2 %

Note: Totals and subtotals may not equal the sum of individual line items due to rounding.

The following table sets forth, for the periods indicated, a reconciliation of Adjusted EBITDA to net income:

	December 31, 2023	December 31, 2022	December 31, 2021
Revenue before reimbursements (net revenue)	$ 1,026,864	$ 1,073,464	$ 1,003,001
Net income	54,410	79,486	72,572
Interest, net	(11,617)	(5,337)	(302)
Other, net	(1,697)	2,367	(7,463)
Provision for income taxes	34,261	35,750	33,457
Operating income	75,357	112,266	98,264
Adjustments			
Depreciation	9,113	7,394	7,150
Intangible amortization	9,395	3,209	2,898
Earnout accretion	1,554	820	486
Earnout fair value adjustments	—	(464)	11,368
Acquisition contingent consideration	11,934	3,885	1,973
Deferred compensation plan	6,132	(6,232)	3,057
Reorganization costs	4,886	—	—
Impairment charges	7,246	—	—
Restructuring charges	—	—	3,792
Total adjustments	50,260	8,612	30,724
Adjusted EBITDA	$ 125,617	$ 120,878	$ 128,988
Adjusted EBITDA margin	12.2 %	11.3 %	12.9 %

The Company has five operating segments. The executive search business operates in the Americas, Europe (which includes Africa) and Asia Pacific (which includes the Middle East), and the Heidrick Consulting and On-Demand Talent businesses operate globally (See Note 18, *Segment Information*).

Revenue and Adjusted EBITDA, by segment, are as follows:

	December 31, 2023	December 31, 2022	December 31, 2021
Revenue			
Executive Search			
Americas	$ 522,988	$ 612,881	$ 581,440
Europe	166,379	176,275	170,312
Asia Pacific	90,678	112,766	117,008
Total Executive Search	780,045	901,922	868,760
On-Demand Talent	152,506	91,349	66,636
Heidrick Consulting	94,313	80,193	67,605
Revenue before reimbursements	1,026,864	1,073,464	1,003,001
Reimbursements	14,318	10,122	5,473
Total revenue	$ 1,041,182	$ 1,083,586	$ 1,008,474
Adjusted EBITDA			
Executive Search			
Americas	$ 173,358	$ 164,193	$ 154,087
Europe	22,246	22,150	20,219
Asia Pacific	11,070	19,813	19,442
Total Executive Search	206,674	206,156	193,748
On-Demand Talent	1,434	(336)	4,592
Heidrick Consulting	(5,823)	(6,444)	(14,685)
Total segments	202,285	199,376	183,655
Research and development	(20,535)	(19,965)	—
Global Operations Support	(56,133)	(58,533)	(54,667)
Total adjusted EBITDA	$ 125,617	$ 120,878	$ 128,988

Year ended December 31, 2023, compared to year ended December 31, 2022

Total revenue. Consolidated total revenue decreased $42.4 million, or 3.9%, to $1.0 billion in 2023 from $1.1 billion in 2022. The decrease in total revenue was primarily due to the decrease in revenue before reimbursements (net revenue).

Revenue before reimbursements (net revenue). Consolidated net revenue decreased $46.6 million, or 4.3%, to $1.0 billion in 2023 from $1.1 billion in 2022. Foreign exchange rates positively impacted results by $2.9 million, or 0.3%. Executive Search net revenue was $780.0 million in 2023, a decrease of $121.9 million, or 13.5%, compared to 2022. The decrease in Executive Search net revenue was primarily due to a decrease in the average revenue per executive search compared to the prior year. On-Demand Talent net revenue was $152.5 million in 2023, an increase of $61.2 million, or 66.9%, compared to 2022. The increase in On-Demand Talent revenue was primarily due to the acquisition of Atreus in February 2023, partially offset by a decrease in the volume of legacy on-demand projects. Heidrick Consulting net revenue was $94.3 million in 2023, an increase of $14.1 million, or 17.6%, compared to 2022. The increase in Heidrick Consulting revenue was primarily due to the acquisition of businessfourzero in April 2023, and an increase in leadership assessment and development consulting engagements compared to the prior year.

The number of Executive Search and Heidrick Consulting consultants was 414 and 89, respectively, as of December 31, 2023, compared to 390 and 70, respectively, as of December 31, 2022. Executive Search productivity, as measured by annualized net Executive Search revenue per consultant, was $1.9 million and $2.3 million for the years ended December 31, 2023, and 2022, respectively. Executive search confirmations decreased 10.5% in 2023 compared to 2022. The average revenue per executive search decreased to $139,000 in 2023 compared to $144,000 in the prior year.

Salaries and benefits. Consolidated salaries and benefits expense decreased $81.4 million, or 11.0%, to $656.0 million in 2023, from $737.4 million in 2022. Fixed compensation increased $48.6 million due to increases in base salaries and payroll taxes, deferred compensation plan expenses, retirement and benefits, separation costs, and talent acquisition and retention costs, partially offset by a decrease in stock compensation. Variable compensation decreased $130.0 million due to lower bonus accruals related to decreased consultant productivity. Foreign exchange rate fluctuations negatively impacted salaries and benefits expenses in 2023 by $1.2 million, or 0.2%.

In 2023, we had an average of 2,208 employees, compared to an average of 1,994 employees in 2022.

As a percentage of net revenue, salaries and benefits expense was 63.9% in 2023, compared to 68.7% in 2022.

General and administrative expenses. Consolidated general and administrative expenses increased $23.8 million, or 18.0%, to $156.5 million in 2023 from $132.7 million in 2022. The increase in general and administrative expenses was due to increases in intangible amortization, earnout accretion, office occupancy costs, information technology costs, bad debt, taxes and licenses, marketing, and insurance and bank fees, partially offset by decreases in professional fees and hiring fees. Foreign exchange rate fluctuations negatively impacted general and administrative expenses by $0.7 million, or 0.5%.

As a percentage of net revenue, general and administrative expenses were 15.2% in 2023, compared to 12.4% in 2022.

Cost of services. Consolidated cost of services increased $38.4 million, or 54.3%, to $109.0 million in 2023, from $70.7 million in 2022. The increase in cost of services was primarily due to the acquisition of Atreus. Foreign exchange rate fluctuations negatively impacted cost of services in 2023 by $1.9 million, or 2.7%.

Research and development. Due to the rapid pace of technological advances and digital disruption many of our clients are experiencing, we believe our ability to compete successfully depends increasingly upon our ability to provide clients with timely and relevant technology-enabled products and services. As such, we are focused on developing new technologies to enhance existing products and services, and to expand the range of our offerings through research and development ("R&D"), licensing of intellectual property and acquisition of third-party businesses and technology. The benefits from our R&D efforts will be utilized to develop and enhance new and existing services and products across our current offerings in Executive Search, Heidrick Consulting, On-Demand Talent and for products and services in new segments that we may embark upon in the future from time to time, such as our new digital product Heidrick Navigator. Consolidated R&D expense increased $2.3 million, or 11.2%, to $22.7 million in 2023, from $20.4 million in 2022. R&D expense consists of payroll, employee benefits, stock-based compensation, other employee expenses and third-party professional fees associated with new product development.

Impairment charges. On October 31, 2022, the Company conducted its annual goodwill impairment evaluation, which indicated that the carrying value of the Heidrick Consulting reporting unit was less than its fair value. In 2023, the Company acquired businessfourzero and recorded approximately $7.1 million of goodwill in the Heidrick Consulting reporting unit. Due to the inclusion of goodwill in a reporting unit with a pre-existing fair value shortfall, the Company evaluated the recent and anticipated future financial performance of the Heidrick Consulting reporting unit and determined that it was more likely than not that the fair value of the reporting unit was less than its carrying value. As a result, the Company identified a triggering event and performed an interim goodwill impairment evaluation during the three months ended June 30, 2023. Based on the results of the of the impairment evaluation, the Company recorded an impairment charge of $7.2 million in Heidrick Consulting to write-off all of the goodwill associated with that reporting unit. The impairment charge is recorded within *Impairment charges* in the Consolidated Statement of Comprehensive Income and the Consolidated Statements of Cash Flows in 2023. The impairment was non-cash in nature and did not affect our current liquidity, cash flows, borrowing capability or operations, nor did it impact the debt covenants under our credit agreement. There were no impairment charges recorded in 2022.

Adjusted EBITDA. Consolidated Adjusted EBITDA was $125.6 million in 2023, an increase of $4.7 million compared to $120.9 million in 2022. Adjusted EBITDA margin was 12.2% in 2023, compared to 11.3% in 2022.

Net non-operating income. Net non-operating income was $13.3 million in 2023, compared to $3.0 million in 2022.

Interest, net was $11.6 million of income in 2023, compared to $5.3 million in 2022, with the increase primarily due to higher interest rates on a higher volume of short-term investments.

Other, net was $1.7 million of income in 2023, compared to $2.4 million of expense in 2022. The income in the current year is primarily due to unrealized gains on the deferred compensation plan. The expense in the prior year is primarily due to a $6.6 million unrealized loss on the Company's deferred compensation plan, partially offset by foreign exchange gains. The Company's investments, including those held in the Company’s deferred compensation plan, are recorded at fair value.

Income taxes. See Note 16*, Income Taxes*.

Executive Search

Americas

The Americas reported net revenue of $523.0 million in 2023, a decrease of 14.7% from $612.9 million in 2022. The decrease in net revenue was due to a 15.8% decrease in the number of executive search confirmations, partially offset by an increase in average revenue per executive search. The Social Impact and Industrial practice groups exhibited growth in revenue over the prior period. Foreign exchange fluctuations positively impacted net revenue by $0.1 million in 2023. There were 213 Executive Search consultants as of December 31, 2023, compared to 203 as of December 31, 2022.

Salaries and benefits expense decreased $89.4 million, or 22.2%, compared to 2022. Fixed compensation increased $6.7 million due to increases in deferred compensation plan expenses, retirement and benefits, and stock compensation, partially offset by decreases in talent acquisition and retention costs, base salaries and payroll taxes, and separation costs. Variable compensation decreased $96.1 million due to lower bonus accruals related to decreased consultant productivity.

General and administrative expenses increased $1.9 million, or 4.0% in 2023, compared to 2022, due to increases in bad debt, resource library, and office occupancy costs, partially offset by decreases in professional fees, business development travel, hiring fees, marketing costs, and communication services.

The Americas reported Adjusted EBITDA of $173.4 million in 2023, an increase of $9.2 million compared to $164.2 million in 2022. Adjusted EBITDA margin was 33.1% in 2023, compared to 26.8% in 2022.

Europe

Europe reported net revenue of $166.4 million in 2023, a decrease of 5.6% from $176.3 million in 2022. The decrease in net revenue was due to a 2.6% decrease in the number of executive search confirmations, as well as a decrease in average revenue per executive search. The Consumer, Social Impact, and Industrial practice groups exhibited growth in revenue over the prior period. Foreign exchange rate fluctuations positively impacted net revenue in 2023 by $2.6 million, or 1.5%. There were 124 Executive Search consultants as of December 31, 2023, compared to 113 as of December 31, 2022.

Salaries and benefits expense decreased $10.1 million, or 7.8%, compared to 2022. Fixed compensation increased $13.6 million due to increases in base salaries and payroll taxes, talent acquisition and retention costs, retirement and benefits, and separation costs. Variable compensation decreased $23.7 million due to lower bonus accruals related to decreased consultant productivity.

General and administrative expenses increased $1.4 million, or 5.1%, compared to 2022, due to increases in office occupancy, marketing, taxes and licenses, and professional fees, partially offset by decreases in bad debt and hiring fees.

Europe reported Adjusted EBITDA of $22.2 million in both 2023 and 2022. Adjusted EBITDA margin was 13.4% in 2023, compared to 12.6% in 2022.

Asia Pacific

Asia Pacific reported net revenue of $90.7 million in 2023, a decrease of 19.6% compared to $112.8 million in 2022. The decrease in net revenue was due to a 7.2% decrease in the number of executive search confirmations, as well as a decrease in average revenue per executive search. All practice groups contributed to the decline in revenue. Foreign exchange rate fluctuations negatively impacted net revenue in 2023 by $3.0 million, or 2.6%. There were 77 Executive Search consultants as of December 31, 2023, compared to 74 as of December 31, 2022.

Salaries and benefits expense decreased $12.7 million, or 16.5%, compared to 2022. Fixed compensation increased $1.9 million due to increases in base salaries and payroll taxes, and talent acquisition and retention costs, partially offset by a decrease in retirement and benefits. Variable compensation decreased $14.7 million due to lower bonus accruals related to decreased consultant productivity.

General and administrative expenses decreased $0.8 million, or 4.6%, compared to 2022, due to decreases in professional fees, office occupancy costs, business development travel, bad debt, and taxes and licenses, partially offset by increases in marketing costs.

Asia Pacific reported Adjusted EBITDA of $11.1 million in 2023, a decrease of $8.7 million compared to $19.8 million in 2022. Adjusted EBITDA margin was 12.2% in 2023, compared to 17.6% in 2022.

On-Demand Talent

On-Demand Talent reported net revenue of $152.5 million in 2023, an increase of 66.9% compared to $91.3 million in 2022. The increase in On-Demand Talent revenue was primarily due to the acquisition of Atreus, partially offset by a decrease in the volume of legacy on-demand projects. Foreign exchange rate fluctuations positively impacted net revenue in 2023 by $2.6 million, or 2.8%.

Salaries and benefits expense increased $25.1 million, or 111.3%, compared to 2022. Fixed compensation increased $15.6 million due to increases in base salaries and payroll taxes, including the acquisition of Atreus, retirement and benefits, and separation costs. Variable compensation increased $9.5 million due to higher bonus accruals related to increased productivity.

General and administrative expenses increased $12.9 million, or 148.7%, due to increases in intangible amortization, professional fees, office occupancy, marketing, resource library, business development travel and, hiring fees.

Cost of services increased $36.2 million, or 57.1%, compared to 2022, primarily due to an increase in the volume of on-demand talent projects driven by the acquisition of Atreus.

On-Demand Talent reported Adjusted EBITDA of $1.4 million in 2023, an improvement of $1.8 million compared to an Adjusted EBITDA loss of $0.3 million in 2022. Adjusted EBITDA margin was 0.9% in 2023, compared to (0.4)% in 2022.

Heidrick Consulting

Heidrick Consulting reported net revenue of $94.3 million in 2023, an increase of 17.6% compared to $80.2 million in 2022. The increase in net revenue was primarily due to the acquisition of businessfourzero, and an increase in leadership assessment and development consulting engagements compared to the prior year period. Foreign exchange rate fluctuations positively impacted results by in 2023 $0.5 million, or 0.7%. There were 89 Heidrick Consulting consultants as of December 31, 2023, compared to 70 as of December 31, 2022.

Salaries and benefits expense increased $10.1 million, or 15.2%, compared to 2022. Fixed compensation increased $11.2 million due to increases in base salaries and payroll costs, retirement and benefits, and deferred compensation plan expenses, partially offset by decreases in talent acquisition and retention costs, and stock compensation. Variable compensation decreased $1.1 million due to lower bonus accruals related to decreased consultant productivity.

General and administrative expenses increased $6.3 million, or 44.6%, compared to 2022, due to increases in office occupancy costs, intangible amortization, professional fees, business development travel, bad debt, and marketing costs.

Cost of services increased $2.1 million, or 29.6%, compared to 2022, due to an increase in the volume of consulting engagements requiring third-party consultants.

Impairment charges for 2023 were $7.2 million as a result of an interim impairment evaluation on the goodwill of the Heidrick Consulting reporting unit. The impairment charge is recorded within *Impairment charges* in the Consolidated Statements of Comprehensive Income and the Consolidated Statements of Cash Flows for 2023.

Heidrick Consulting reported an Adjusted EBITDA loss of $5.8 million in 2023, an improvement of $0.6 million compared to an Adjusted EBITDA loss of $6.4 million in 2022. Adjusted EBITDA margin was (6.2)% in 2023, compared to (8.0)% in 2022.

Global Operations Support

Salaries and benefits expenses decreased $4.4 million, or 11.0%, compared to 2022, due to decreases in variable compensation and stock compensation, partially offset by increases in base salaries and payroll taxes, retirement and benefits, separation costs, and talent acquisition and retention costs.

General and administrative expenses increased $2.2 million, or 11.5%, compared to 2022, due to increases in information technology, taxes and licenses, office occupancy costs, and insurance and bank fees, partially offset by decreases in professional fees and hiring fees.

Global Operations Support reported Adjusted EBITDA loss of $56.1 million in 2023, an improvement of $2.4 million compared to an Adjusted EBITDA loss of $58.5 million in 2022. Adjusted EBITDA margin was (5.5)% in both 2023 and 2022.

Year ended December 31, 2022, compared to year ended December 31, 2021

Total revenue. Consolidated total revenue increased $75.1 million, or 7.4%, to $1.1 billion in 2022 from $1.0 billion in 2021. The increase in total revenue was primarily due to the increase in revenue before reimbursements (net revenue).

Revenue before reimbursements (net revenue). Consolidated net revenue increased $70.5 million, or 7.0%, to $1.1 billion in 2022 from $1.0 billion in 2021. Foreign exchange rates negatively impacted results by $31.1 million, or 3.1%. Executive Search net revenue was $901.9 million in 2022, an increase of $33.2 million, or 3.8%, compared to 2021. The increase in Executive Search net revenue was primarily due to an increase in the average revenue per executive search compared to the prior year. On-Demand Talent net revenue was $91.3 million in 2022, an increase of $24.7 million, or 37.1%, compared to 2021. The increase in On-Demand Talent revenue was primarily due to an increase in the volume of on-demand projects and the timing of the Business Talent Group ("BTG") acquisition in the prior year. Heidrick Consulting net revenue was $80.2 million in 2022, an increase of $12.6 million, or 18.6%, compared to 2021. The increase in Heidrick Consulting revenue was primarily due to a 20.9% increase in the number of consulting engagements compared to the prior year.

The number of Executive Search and Heidrick Consulting consultants was 390 and 70, respectively, as of December 31, 2022, compared to 365 and 69, respectively, as of December 31, 2021. Executive Search productivity, as measured by annualized net Executive Search revenue per consultant, was $2.3 million and $2.4 million for the years ended December 31, 2022 and 2021, respectively. Executive search confirmations decreased 5.3% compared to 2021. The average revenue per executive search increased to $143,600 in 2022 compared to $131,000 in the prior year.

Salaries and benefits. Consolidated salaries and benefits expense increased $20.0 million, or 2.8%, to $737.4 million in 2022 from $717.4 million in 2021. Fixed compensation increased $10.7 million due to increases in base salaries and payroll taxes, retirement and benefits, and separation costs, partially offset by decreases in the deferred compensation plan and stock compensation. Variable compensation increased $9.3 million due to higher bonus accruals related to increased consultant productivity. Foreign exchange rate fluctuations positively impacted salaries and benefits expense by $22.4 million, or 3.1%.

In 2022, we had an average of 1,994 employees, compared to an average of 1,714 employees in 2021.

As a percentage of net revenue, salaries and benefits expense was 68.7% in 2022, compared to 71.5% in 2021.

General and administrative expenses. Consolidated general and administrative expenses increased $1.9 million, or 1.5%, to $132.7 million in 2022 from $130.7 million in 2021. The increase in general and administrative expenses was primarily due to increases in business development travel, including the global consultants' conference, information technology, hiring fees, marketing, and bad debt, partially offset by a one-time earnout obligation adjustment for On-Demand Talent of $11.4 million in 2021, and decreases in taxes and licenses, and the use of external third-party consultants. Foreign exchange rate fluctuations positively impacted general and administrative expenses by $3.6 million, or 2.8%.

As a percentage of net revenue, general and administrative expenses were 12.4% in 2022, compared to 13.0% in 2021.

Cost of services. Consolidated cost of services increased $17.9 million, or 33.9%, to $70.7 million in 2022, from $52.8 million in 2021. The increase is primarily due to the timing of the On-Demand Talent acquisition of BTG in the prior year and an increase in the volume of on-demand projects and consulting engagements. Foreign exchange rate fluctuations positively impacted cost of services by $0.7 million, or 1.3%.

Research and Development. The Company incurred $20.4 million in R&D costs in 2022, which consisted of payroll, employee benefits, stock-based compensation, other employee expenses and third-party professional fees. Prior to formalizing our product development initiative in 2022, we tracked employee time on efforts to enhance existing products and to develop new services and products across our current offerings only to the extent it was required under the Company's long-lived asset capitalization policy. As such, we cannot definitively determine the actual hours and expense incurred on these efforts in 2021. Based on management estimates, these expenses were less than 1% of net revenue in 2021 and are recorded within *Salaries and benefits* and *General and administrative expenses* in the Consolidated Statements of Comprehensive Income.

Restructuring charges. The Company incurred $3.8 million in restructuring charges in 2021. In 2020, the Company announced a restructuring plan (the "2020 Plan") to optimize future growth and profitability. The primary components of the 2020 Plan included a workforce reduction, a reduction of the Company's real estate expenses and professional fees, and the elimination of certain deferred compensation programs. The charges incurred in 2021 primarily relate to a reduction in the Company's real estate footprint. The charges are recorded within *Restructuring charges* in the Consolidated Statements of Comprehensive Income for the year ended December 31, 2021. There were no restructuring charges or reversals in 2022.

Adjusted EBITDA. Consolidated Adjusted EBITDA was $120.9 million in 2022, a decrease of $8.1 million compared to $120.9 million in 2021. Adjusted EBITDA margin was 11.3% in 2022, compared to 12.9% in 2021.

Net non-operating income. Net non-operating income was $3.0 million in 2022, compared to $7.8 million in 2021.

Interest, net was $5.3 million of income in 2022, compared to $0.3 million of income in 2021. The increase was primarily the result of interest earned on marketable securities investments.

Other, net was $2.4 million of expense in 2022, compared to income of $7.5 million in 2021. The expense in 2022 is primarily due to a $6.6 million unrealized loss on the Company's deferred compensation plan, partially offset by foreign exchange gains. The income in 2021 is due to a $4.2 million gain on equity received in exchange for executive search services performed in prior periods and a $3.1 million gain on the Company's deferred compensation plan. The Company's investments, including those held in the Company's deferred compensation plan, are recorded at fair value.

Income taxes. See Note 16, *Income Taxes.*

Executive Search

Americas

The Americas reported net revenue of $612.9 million in 2022, an increase of 5.4% from $581.4 million in 2021. The increase in net revenue was due to an increase in average revenue per executive search. All industry practice groups contributed to the growth in revenue with the exception of the Healthcare and Life Sciences practice group. Foreign exchange fluctuations negatively impacted net revenue by less than $0.1 million. There were 203 Executive Search consultants as of December 31, 2022, compared to 193 as of December 31, 2021.

Salaries and benefits expense increased $6.3 million, or 1.6%, compared to 2021. Fixed compensation decreased $0.8 million due to decreases deferred compensation plan expenses and stock compensation, partially offset by increases in base salaries and payroll taxes, separation costs, and retirement and benefits. Variable compensation increased $7.1 million due to higher bonus accruals related to increased consultant productivity.

General and administrative expenses increased $6.8 million, or 17.3%, compared to 2021 due to increases in business development travel, including the global consultants' conference, bad debt, marketing, information technology, and office occupancy, partially offset by a decrease in the use of third-party consultants.

Restructuring charges were $3.9 million in 2021. The charges are primarily related to a reduction in the Company's real estate footprint. There were no restructuring charges in 2022.

The Americas reported Adjusted EBITDA of $164.2 million in 2022, an increase of $10.1 million compared to $154.1 million in 2021. Adjusted EBITDA margin was 26.8% in 2022, compared to 26.5% in 2021.

Europe

Europe reported net revenue of $176.3 million in 2022, an increase of 3.5% from $170.3 million in 2021. The increase in net revenue was due to a 5.1% increase in the number of executive search confirmations. All industry practice groups contributed to the growth in revenue with the exception of the Healthcare and Life Sciences and Financial Services practice groups. Foreign exchange rate fluctuations negatively impacted net revenue by $20.4 million, or 12.0%. There were 113 Executive Search consultants as of December 31, 2022, compared to 103 as of December 31, 2021.

Salaries and benefits expense increased $1.3 million, or 1.0%, compared to 2021. Fixed compensation increased $0.6 million due to increases in talent acquisition and retention costs, and retirement and benefits, partially offset by decreases in base salaries and payroll taxes, and stock compensation. Variable compensation increased $0.7 million due to higher bonus accruals related to increased consultant productivity.

General and administrative expenses increased $3.7 million, or 15.8%, compared to 2021, due to increases in business development travel, including the global consultants' conference, professional fees, and office occupancy, partially offset by a decrease in bad debt.

Restructuring reversals for 2021 were $0.1 million due to the settlement of estimated employee severance accruals. There were no restructuring charges or reversals in 2022.

Europe reported Adjusted EBITDA of $22.2 million in 2022, an increase of $2.0 million compared to $20.2 million in 2021. Adjusted EBITDA margin was 12.6% in 2022, compared to 11.9% in 2021.

Asia Pacific

Asia Pacific reported net revenue of $112.8 million in 2022, a decrease of 3.6% compared to $117.0 million in 2021. The decrease in net revenue was due to a 9.0% decrease in the number of executive search confirmations, partially offset by an increase in average revenue per executive search. The Consumer, Global Technology and Services, and Social Impact practice groups experienced revenue growth in 2022. Foreign exchange rate fluctuations negatively impacted net revenue by $6.5 million, or 5.6%. There were 74 Executive Search consultants as of December 31, 2022, compared to 69 as of December 31, 2021.

Salaries and benefits expense decreased $5.3 million, or 6.4%, compared to 2021. Fixed compensation decreased $2.1 million due to decreases in base salaries and payroll taxes, stock compensation, and talent acquisition and retention costs, partially offset by an increase in retirement and benefits. Variable compensation decreased $3.1 million due to lower bonus accruals related to decreased consultant productivity.

General and administrative expenses increased $0.4 million, or 2.2%, compared to 2021 primarily due to increases in business development travel, including the global consultants' conference, and professional fees, partially offset by decreases in office occupancy and bad debt.

Restructuring reversals for 2021 were $0.1 million due to the settlement of estimated employee severance accruals. There were no restructuring charges or reversals in 2022.

Asia Pacific reported Adjusted EBITDA of $19.8 million in 2022, a decrease of $0.4 million compared to $19.4 million in 2021. Adjusted EBITDA margin was 17.6% in 2022, compared to 16.6% in 2021.

On-Demand Talent

On-Demand Talent reported net revenue of $91.3 million in 2022, an increase of 37.1% compared to $66.6 million in 2021. The increase in revenue was primarily due to an increase in the volume of on-demand projects and the timing of the On-Demand Talent acquisition of BTG in the prior year. Foreign exchange rate fluctuations negatively impacted net revenue by $0.2 million, or 0.4%.

Salaries and benefits expense increased $8.7 million, or 63.0%, compared to 2021. Fixed compensation increased $7.9 million due to increases base salaries and payroll taxes, separation costs, and retirement and benefits. Variable compensation increased $0.8 million due to higher bonus accruals related to increased productivity.

General and administrative expenses decreased $7.6 million, or 46.7%, due to a one-time earnout obligation adjustment in the prior year, partially offset by increases in intangible amortization, business development travel, professional fees, and information technology.

Cost of services increased $17.7 million, or 38.5%, compared to 2021, primarily due to an increase in the volume of on-demand projects and the timing of the On-Demand Talent acquisition in the prior year.

On-Demand Talent reported an Adjusted EBITDA loss of $0.3 million in 2022, a decrease of $4.9 million compared to $4.6 million in 2021. Adjusted EBITDA margin was (0.4)% in 2022, compared to 6.9% in 2021.

Heidrick Consulting

Heidrick Consulting reported net revenue of $80.2 million in 2022, an increase of 18.6% compared to $67.6 million in 2021. The increase in net revenue was due to a 20.9% increase in the number of consulting confirmations. Foreign exchange rate fluctuations negatively impacted results by $3.8 million, or 5.7%. There were 70 Heidrick Consulting consultants as of December 31, 2022, compared to 69 as of December 31, 2021.

Salaries and benefits expense increased $4.5 million, or 7.3%, compared to 2021. Fixed compensation decreased $0.7 million due to decreases talent acquisition and retention costs, retirement and benefits, and the deferred compensation plan, partially offset by increases in base salaries and payroll taxes, and stock compensation. Variable compensation increased $5.2 million due to higher bonus accruals related to increased consultant productivity.

General and administrative expenses decreased $0.8 million, or 5.2%, compared to 2021, due to decreases in professional fees, partially offset by increased business development travel, including the global consultants' conference.

Cost of services increased $0.2 million, or 3.3%, compared to 2021, due to an increase in the volume of consulting engagements.

Restructuring charges were $0.4 million in 2021, primarily related to a reduction in the Company's real estate footprint. There were no restructuring charges in 2022.

Heidrick Consulting reported an Adjusted EBITDA loss of $6.4 million in 2022, an improvement of $8.3 million compared to a loss of $14.7 million in 2021. Adjusted EBITDA margin was (8.0)% in 2022, compared to (6.9)% in 2021.

Global Operations Support

Global Operations Support expenses increased $4.1 million, or 7.4%, to $59.0 million from $54.9 million in 2021.

Salaries and benefits expenses increased $4.5 million, or 12.7%, compared to 2021 due to increases in base salaries and payroll taxes, and stock compensation, partially offset by decreases in variable compensation, and retirement and benefits.

General and administrative expenses decreased $0.7 million, or 3.4%, compared to 2021 due to decreases in taxes and licenses, and professional fees, partially offset by increases in business development travel and hiring fees.

Restructuring reversals in 2021 were $0.2 million due to the settlement of estimated employee severance accruals. There were no restructuring charges or reversals in 2022.

Global Operations Support reported an Adjusted EBITDA loss of $58.5 million in 2022, an increase of $3.8 million compared to a loss of $54.7 million in 2021. Adjusted EBITDA margin was (5.5)% in both 2022 and 2021.

Liquidity and Capital Resources

General. We continually evaluate our liquidity requirements, capital needs and availability of capital resources based on our operating needs. We believe that our available cash balances, funds expected to be generated from operations and funds available under our committed revolving credit facility will be sufficient to finance our operations for at least the next 12 months and the foreseeable future, as well as to finance the cash payments associated with our cash dividends and stock repurchase program.

We pay the non-deferred portion of annual bonuses in the first half of the year following the year in which they are earned. Employee bonuses are accrued throughout the year and are based on our performance and the performance of the individual employee.

Lines of credit. On February 24, 2023, the Company entered into the Second Amendment (the “Second Amendment”) to the Credit Agreement, dated as of October 26, 2018 (the “Credit Agreement” and, as amended by the First Amendment to Credit Agreement, dated as of July 13, 2021, and the Second Amendment, the "Amended Credit Agreement") by and among the Company, Bank of America, N.A., as administrative agent, and the lenders party thereto. The Second Amendment changed the interest rate benchmark, from the London Interbank Offered Rate to the Secured Overnight Financing Rate (“SOFR”). At the Company's option, borrowings under the Amended Credit Agreement will bear interest at one-, three- or six-month term SOFR, or an alternate base rate as set forth in the Amended Credit Agreement, in each case plus an applicable margin. Additionally, the Second Amendment provided the Company with a committed unsecured revolving credit facility in an aggregate amount of $200 million, increased from $175 million as set forth in the Credit Agreement, which includes a sublimit of $25 million for letters of credit and a sublimit of $10 million for swingline loans, with a $75 million expansion feature. Other than the foregoing, the material terms of the Amended Credit Agreement remain unchanged. The Amended Credit Agreement matures on July 13, 2026.

Borrowings under the Amended Credit Agreement may be used for working capital, capital expenditures, permitted acquisitions, restricted payments and for other general corporate purposes of the Company and its subsidiaries. The obligations under the Amended Credit Agreement are guaranteed by certain of the Company’s subsidiaries.

As of December 31, 2023, and 2022, the Company had no outstanding borrowings. The Company was in compliance with the financial and other covenants under the Amended Credit Agreement and no event of default existed.

Cash, cash equivalents, and marketable securities. Cash, cash equivalents and marketable securities at December 31, 2023 were $478.2 million, a decrease of $143.4 million compared to $621.6 million at December 31, 2022. The $478.2 million of cash, cash equivalents, and marketable securities at December 31, 2023 includes $200.3 million held by our foreign subsidiaries. A portion of the $200.3 million is considered permanently reinvested in these foreign subsidiaries. If these funds were required to satisfy obligations in the United States, the repatriation of these funds could cause us to incur additional foreign withholding taxes. We expect to pay approximately $289.8 million in bonuses related to 2023 performance in March and April 2024.

Cash flows provided by operating activities. For the year ended December 31, 2023, cash used in operating activities was $26.8 million, primarily reflecting a decrease in accrued expenses of $145.1 million, partially offset by net income net of non-cash charges of $101.7 million. The decrease in accrued expenses is primarily due to cash bonus payments related to 2022 and prior year cash bonus deferrals of $422.0 million, partially offset by 2023 bonus accruals of $289.8 million.

For the year ended December 31, 2022, cash provided by operating activities was $119.3 million, primarily reflecting net income net of non-cash charges of $112.7 million, an increase in accrued expenses of $32.9 million and a decrease in accounts receivable of $4.5 million, partially offset by a decrease in income taxes payable of $13.6 million, a decrease in deferred revenue of $7.2 million and a decrease in accounts payable of $5.7 million. The increase in accrued expenses primarily reflects approximately $368.2 million of 2021 bonuses paid in March and April 2022, offset by 2022 bonus accruals of $414.4 million.

For the year ended December 31, 2021, cash provided by operating activities was $271.4 million, primarily reflecting net income net of non-cash charges of $98.0 million, an increase in accrued expenses of $230.2 million, a decrease in deferred revenue of $12.8 million and a decrease in income taxes payable of $11.4 million, partially offset by a decrease in other liabilities of $37.1 million and an increase in accounts receivable of $36.8 million. The increase in accrued expenses primarily reflects approximately $180.4 million of 2020 bonuses paid in March 2021, offset by 2021 bonus accruals of $368.2 million. The decrease in other liabilities primarily relates to a reduction in the Company's lease liabilities due to office closures.

Cash flows provided by (used in) investing activities. For the year ended December 31, 2023, cash provided by investing activities was $133.6 million, primarily due to proceeds from the maturity and sale of available for sale investments of $337.9 million, partially offset by purchases of available for sale investments of $141.0 million, acquisition of business, net of cash acquired, of $49.9 million, and capital expenditures of $13.4 million. The cash outflow for capital expenditures is primarily the result of office build-outs and software capitalization related to new product development.

For the year ended December 31, 2022, cash used in investing activities was $279.6 million, primarily due to purchases of available for sale investments of $269.8 million and capital expenditures of $11.1 million, partially offset by proceeds from the maturity and sale of available for sale investments of $1.4 million. The cash outflow for capital expenditures is primarily the result of office build-outs and software capitalization related to new product development.

For the year ended December 31, 2021, cash used in investing activities was $21.3 million, primarily due to cash used in acquisitions net of cash acquired of $33.5 million, capital expenditures of $6.2 million, and purchases of available for sale investments of $2.3 million, partially offset by proceeds from the maturity and sale of available for sale investments of $20.8 million. The cash outflow for capital expenditures is primarily the result of office build-outs.

Cash flows used in financing activities. For the year ended December 31, 2023, cash used in financing activities was $53.5 million, primarily due to acquisition earnout payments of $35.9 million, cash dividend payments of $12.5 million, payment of employee tax withholdings on equity transactions of $4.1 million, and common stock repurchases of $0.9 million.

For the year ended December 31, 2022, cash used in financing activities was $15.7 million, primarily due to cash dividend payments of $12.5 million and payment of employee tax withholding on equity transactions of $3.2 million.

For the year ended December 31, 2021, cash used in financing activities was $15.5 million, primarily due to cash dividend payments of $12.4 million and payment of employee tax withholding on equity transactions of $3.1 million.

Stock repurchase program. On February 11, 2008, we announced that our Board of Directors authorized management to repurchase shares of our common stock with an aggregate purchase price of up to $50 million (the "Repurchase Authorization"). We may from time to time and as business conditions warrant purchase shares of our common stock on the open market or in negotiated or block trades. No time limit has been set for completion of this program. During the year ended December 31, 2023, the Company purchased 36,000 shares of common stock for $0.9 million. There were no purchases of shares of common stock in 2022, and prior to the 2023 purchase, the most recent purchase of the Company's shares of common stock occurred during the year ended December 31, 2012. As of December 31, 2023, we have purchased 1,074,670 shares of our common stock pursuant to the Repurchase Authorization for a total of $29.2 million and $20.8 million remains available for future purchases under the Repurchase Authorization.

Contractual obligations. Our lease portfolio is comprised of operating leases for office space and equipment. As of December 31, 2023, we had lease payment obligations of $99.7 million, with $21.5 million payable within 12 months. Associated with our lease portfolio, we have asset retirement obligations for the retirement of tangible long-lived assets related to our obligation at the end of the lease term to return office space to the landlord in its original condition. As of December 31, 2023, we had asset retirement obligations of $3.3 million, with $0.9 million payable within 12 months.

In addition to lease related contractual obligations, we also have liabilities related to certain employee benefit plans. These liabilities are recorded in our Consolidated Balance Sheet at December 31, 2023. The obligations related to these employee benefit plans are described in Note 12, *Employee Benefit Plans*, and Note 13, *Pension Plan and Life Insurance Contract,* in the Notes to Consolidated Financial Statements. As of December 31, 2023, we did not have a liability for uncertain tax positions.

Application of Critical Accounting Policies and Estimates

General. Management's Discussion and Analysis of Financial Condition and Results of Operations is based upon our Consolidated Financial Statements, which have been prepared using accounting principles generally accepted in the United States of America. Our significant accounting policies are discussed in Note 2, *Summary of Significant Accounting Policies* and Note 3, *Revenue*, in the Notes to Consolidated Financial Statements. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. Management bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Historically, we have not made significant changes to the methods for determining these estimates as our actual results have not differed materially from our estimates. We do not believe it is reasonably likely that the estimates and related assumptions will change materially in the foreseeable future; however, actual results could differ from those estimates under different assumptions, judgments or conditions. If actual amounts are ultimately different from previous estimates, the revisions are included in our results of operations for the period in which the actual amounts become known.

An accounting policy is deemed to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made, there are different estimates that reasonably could have been used, or if changes in the accounting estimates are reasonably likely to occur periodically, that could materially impact the financial statements. Management believes the following critical accounting policies reflect its more significant estimates and assumptions used in the preparation of the Consolidated Financial Statements.

Revenue recognition. In our Executive Search segment, revenue is recognized as we satisfy our performance obligations by transferring a good or service to a client. Generally, each of our executive search contracts contains one performance obligation which is the process of identifying potentially qualified candidates for a specific client position. In most contracts, the transaction price includes both fixed and variable consideration. Fixed compensation is comprised of a retainer, equal to approximately one-third of the estimated first year compensation for the position to be filled, and indirect expenses, equal to a specified percentage of the retainer, as defined in the contract. We generally bill our clients for the retainer and indirect expenses in one-third increments over a three-month period commencing in the month of a client's acceptance of the contract. If actual compensation of a placed candidate exceeds the original compensation estimate, we are often authorized to bill the client for one-third of the excess compensation. We refer to this additional billing as uptick revenue. In most contracts, variable consideration is comprised of uptick revenue and direct expenses. We bill our clients for uptick revenue upon completion of the executive search, and direct expenses are billed as incurred.

As required under Accounting Standards Update ("ASU") No. 2014-09, we now estimate uptick revenue at contract inception, based on a portfolio approach, utilizing the expected value method based on a historical analysis of uptick revenue realized in the Company's geographic regions and industry practices, and initially record a contract's uptick revenue in an amount that is probable not to result in a significant reversal of cumulative revenue recognized when the actual amount of uptick revenue for that contract is known. Differences between the estimated and actual amounts of variable consideration are recorded when known. We do not estimate revenue for direct expenses as it is not materially different than recognizing revenue as direct expenses are incurred.

Revenue from our executive search engagement performance obligation is recognized over time as our clients simultaneously receive and consume the benefits provided by our performance. Revenue from executive search engagements is recognized over the expected average period of performance, in proportion to the estimated personnel time incurred to fulfill our obligations under the executive search contract. Revenue is generally recognized over a period of approximately six months.

Our executive search contracts contain a replacement guarantee which provides for an additional search to be completed, free of charge except for expense reimbursements, should the candidate presented by us be hired by the client and subsequently terminated by the client for performance reasons within a specified period of time. The replacement guarantee is an assurance warranty, which is not a performance obligation under the terms of the executive search contract, as we do not provide any services under the terms of the guarantee that transfer benefits to the client in excess of assuring that the identified candidate complies with the agreed-upon specifications. We account for the replacement guarantee under the relevant warranty guidance in ASC 460 - Guarantees.

In our On-Demand Talent segment, we enter into contracts with clients that outline the general terms and conditions of the assignment to provide on-demand consultants for various types of consulting projects, which consultants may be independent contractors or temporary employees. The consideration we expect to receive under each contract is dependent on the time-based fees specified in the contract. Revenue from on-demand engagement performance obligations is recognized over time as clients simultaneously receive and consume the benefits provided by our performance. We have applied the practical expedient to recognize revenue for these services in the amount to which we have a right to invoice the client, as this amount corresponds directly with the value provided to the client for the performance completed to date. For transactions where a third-party contractor is involved in providing the services to the client, we report the revenue and the related direct costs on a gross basis as we have determined that we are the principal in the transaction. We are primarily responsible for fulfilling the promise to provide consulting services to our clients and we have discretion in establishing the prices charged to clients for the consulting services and are able to contractually obligate the independent service provider to deliver services and deliverables that we have agreed to provide to our clients.

In our Heidrick Consulting segment, revenue is recognized as performance obligations are satisfied by transferring a good or service to a client. Heidrick Consulting enters into contracts with clients that outline the general terms and conditions of the assignment to provide succession planning, executive assessment, top team and board effectiveness and culture shaping programs. The consideration the Company expects to receive under each contract is generally fixed. Most of the Company's consulting contracts contain one performance obligation, which is the overall process of providing the consulting service requested by the client. The majority of our consulting revenue is recognized over time utilizing input methods. Revenue recognition over time for the majority of our consulting engagements is measured by total cost or time incurred as a percentage of the total estimated cost or time on the consulting engagement.

Each of our contracts with clients has an expected duration of one year or less. Accordingly, we have elected to utilize the available practical expedient related to the disclosure of the transaction price allocated to the remaining performance obligations under our contracts. We have also elected the available practical expedients related to adjusting for the effects of a significant financing component and the capitalization of contract acquisition costs. We charge and collect from our clients, sales tax and value added taxes as required by certain jurisdictions. We have made an accounting policy election to exclude these items from the transaction price in our contracts.

Income taxes. Determining the consolidated provision for income tax expense, income tax liabilities and deferred tax assets and liabilities involves judgment. As a global company, we calculate and provide for income taxes in each of the tax jurisdictions in which we operate. This involves estimating current tax exposures in each jurisdiction as well as making judgments regarding the recoverability of deferred tax assets. Tax exposures can involve complex issues and may require an extended period to resolve. Changes in the geographic mix or estimated level of annual income before taxes can affect the overall effective tax rate.

The recognition of deferred tax assets is based on management’s belief that it is more likely than not that the tax benefits associated with temporary differences, net operating loss carryforwards and tax credits will be utilized. We assess the recoverability of the deferred tax assets on an ongoing basis. In making this assessment, we consider all positive and negative evidence, and all potential sources of taxable income including scheduled reversals of deferred tax liabilities, tax-planning strategies, projected future taxable income and recent financial performance.

Deferred taxes have been recorded for U.S. income taxes and foreign withholding taxes related to undistributed foreign earnings that are not permanently reinvested. Annually, we assess material changes in estimates of cash, working capital and long-term investment requirements in order to determine whether these earnings should be distributed. If so, an additional provision for taxes may apply, which could materially affect our future effective tax rate.

Goodwill. We perform assessments of the carrying value of goodwill at least annually and whenever events occur or circumstances indicate that a carrying amount of goodwill may not be recoverable. These circumstances may include a significant change in business climate, attrition of key personnel, changes in financial condition or results of operations, a prolonged decline in our stock price and market capitalization, competition, and other factors.

We operate five reporting units: the Americas, Europe (which includes Africa), Asia Pacific (which includes the Middle East), On-Demand Talent, and Heidrick Consulting. The goodwill impairment test is completed by comparing the fair value of a reporting unit with its carrying amount, including goodwill. The fair value of each of our reporting units is determined using a discounted cash flow methodology. The discounted cash flow approach is dependent on a number of factors including estimates of future market growth and trends, forecasted revenue and costs, capital investments, appropriate discount rates, certain assumptions to allocate shared costs, assets and liabilities, historical and projected performance of our reporting units, the outlook for the executive search industry and the macroeconomic conditions affecting each of our reporting units. The assumptions used in the determination of fair value were (1) a forecast of growth in the near and long term; (2) the discount rate; (3) working capital investments; (4) macroeconomic conditions; and (5) other factors. We base our fair value estimates on assumptions we believe to be reasonable, but which are unpredictable and inherently uncertain. The fair value of our reporting units is also impacted by our overall market capitalization and may be impacted by volatility in our stock price and assumed control premium, among other factors. As a result, actual future results may differ from those estimates and may result in a future impairment charge. These assumptions are updated annually, at a minimum, to reflect information concerning our reportable segments. We continue to monitor potential triggering events including changes in the business climate in which we operate, our market capitalization compared to our book value, and our recent operating performance. Any changes in these factors could result in an impairment charge. An impairment charge is recognized for the amount by which the carrying value of a reporting unit exceeds its fair value; however, the loss recognized is not to exceed the total amount of goodwill allocated to that reporting unit.

We believe that the accounting estimate related to goodwill impairment is a critical accounting estimate because the assumptions used are highly susceptible to changes in the operating results and cash flows of our reportable segments.

Other intangible assets and long-lived assets. We review our other intangible assets and long-lived assets, including property and equipment and right-of-use assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable. Recoverability of asset groups to be held and used is measured by a comparison of the carrying amount of an asset group to estimated undiscounted future cash flows expected to be generated by the asset group. If the carrying amount of an asset group exceeds its estimated future cash flows, an impairment charge, equal to the amount by which the carrying amount of the asset group exceeds the fair value of the asset group, is recognized.

We believe that the accounting estimate related to other intangible and long-lived asset impairment is a critical accounting estimate because the assumptions used are highly susceptible to changes in operating results and cash flows.

Contingent consideration. The former owners of certain of the Company's acquired businesses are generally eligible to receive additional cash consideration based on the attainment of certain operating metrics in the periods subsequent to acquisition. The fair value of these obligations is based on the present value of the expected future payments to be made to the former owners of the acquired entities in accordance with the provisions outlined in the respective purchase agreements, which is a Level 3 fair value measurement. We assess the fair value of these liabilities at each balance sheet date based on the expected performance of the associated business and any changes in fair value are recorded in *General and administrative expenses* in the Consolidated Statements of Comprehensive Income. In determining fair value, we use a variation of the income approach, known as the real options method. The significant unobservable inputs utilized in the real options method include (1) revenue forecasts; (2) operating expense forecasts; (3) the discount rate; and (4) volatility. Changes in revenue forecasts, operating expense forecasts, the discount rate, or volatility, would result in a change in the fair value of recorded earnout obligations. To the extent that our estimates change in the future regarding the likelihood of achieving these targets, we may need to record material adjustments to our accrued contingent consideration.

Recently Issued and Adopted Financial Accounting Standards

The information presented in Note 2, *Summary of Significant Accounting Policies*, to our Consolidated Financial Statements within this Annual Report on Form 10-K is incorporated herein by reference.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Currency market risk. With our operations in the Americas, Europe and Asia Pacific, we conduct business using various currencies. Revenue earned in each country is generally matched with the associated expenses incurred, thereby reducing currency risk to earnings. However, because certain assets and liabilities are denominated in currencies other than the U.S. dollar, changes in currency rates may cause fluctuations in the valuation of such assets and liabilities. As the local currency of our subsidiaries has generally been designated as the functional currency, we are affected by the translation of foreign currency financial statements into U.S. dollars. A 10% change in the average exchange rate for currencies of all foreign countries in which we operate would have increased or decreased our 2023 net income by approximately $1.5 million. For financial information by segment, see Note 18, *Segment Information*, in the Notes to Consolidated Financial Statements.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

HEIDRICK & STRUGGLES INTERNATIONAL, INC. AND SUBSIDIARIES

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Heidrick & Struggles International, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Heidrick & Struggles International, Inc. (the Company) as of December 31, 2023 and 2022, the related consolidated statements of comprehensive income, changes in stockholders' equity and cash flows for each of the three years in the period ended December 31, 2023, and the related notes to the consolidated financial statements (collectively, the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013, and our report dated March 4, 2024 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Revenue Recognition

As described in Note 3 of the consolidated financial statements, revenue before reimbursements from executive search and from consulting engagements of $780,045,000 and $94,313,000, respectively, is recognized over the expected average period of performance, in proportion to the estimated personnel time or cost incurred to fulfill the obligations under the executive search or consulting contract. This requires management to make significant estimates including the amount of effort extended over certain defined time periods of the executive search or consulting engagement. The transaction price for executive search engagements generally includes variable consideration, known as uptick revenue, in addition to fixed consideration. The Company estimates the amount of uptick revenue at contract inception based on a portfolio approach utilizing the expected value method based on a historical analysis. This requires management to make significant estimates including the average amount of uptick revenue earned on an executive search engagement. Changes in the assumptions used in these estimates could have a significant impact on the revenue recognized during the period.

We identified the Company's revenue recognition from executive search and consulting engagements as a critical audit matter because of certain significant assumptions management makes when estimating progress over time for executive search and consulting engagements and estimating the average uptick revenue earned on executive search engagements. Auditing these assumptions involved a high degree of judgment and subjectivity as changes in these assumptions could have a significant impact on the amount of revenue recognized.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the assumptions involved in estimating progress over time for executive search and consulting engagements, and estimating the average uptick revenue earned on executive search engagements included the following, among others:

- We obtained an understanding of the relevant controls related to management's estimates of progress over time and average uptick revenue, such as internal controls related to management's review of the completeness and accuracy of data compiled and used in the estimate vs. excluded from the estimate, and tested such controls for design and operating effectiveness.
- We evaluated whether the historical data utilized to estimate progress over time was complete and accurate based on historical time studies, on a sample basis.
- We evaluated the estimate of the average uptick revenue on executive search engagements by comparing the estimate to historical data of the total uptick revenue billed and total retainer fee for a sample of executive search engagements.
- We selected a sample of contracts and performed the following procedures:
  - Obtained and read contract source documents for each selection.
  - Tested management's identification of significant terms for completeness, including the identification of distinct performance obligations and variable consideration.
  - Assessed the terms in the customer agreement and evaluated the appropriateness of management's application of their accounting policies, along with their use of estimates, in the determination of revenue recognition conclusions.
  - Tested the mathematical accuracy of management's revenue calculations and recalculated deferred revenue at period end, if any.

Valuation of On-Demand Talent Reporting Unit for Goodwill Impairment Testing
As described in Notes 2 and 9 to the financial statements, as of December 31, 2023, the Company's goodwill balance assigned to the On-Demand Talent reporting unit was $109,018,000. The Company tests for impairment of goodwill at the reporting unit level at least annually and whenever events occur or circumstances indicate that a carrying amount of goodwill may not be recoverable. The Company determines the fair value of the On-Demand Talent reporting unit using a discounted cash flow methodology. An impairment charge is recognized for the amount by which the carrying value of the reporting unit exceeds its fair value; however, the loss recognized is not to exceed the total amount of goodwill allocated to that reporting unit. When determining the fair value of the On-Demand Talent reporting unit management makes significant estimates and assumptions, including revenue growth rates, projected operating costs, and discount rates.

We identified the valuation of the On-Demand Talent reporting unit for goodwill impairment testing as a critical audit matter given the significant estimates and assumptions management makes to determine the fair value of the On-Demand Talent reporting unit. We identified management's assumptions related to revenue growth rates, projected operating costs, and discount rates utilized in the valuation of the On-Demand Talent reporting unit's quantitative test for goodwill impairment as a critical audit matter. Auditing the reasonableness of management's estimates and assumptions required a high degree of auditor judgment and an increased extent of effort, including the involvement of our valuation specialists.

Our audit procedures related to revenue growth rates, projected operating costs, and discount rates utilized in the valuation of the Company's On-Demand Talent reporting unit included the following, among others:

- We obtained an understanding of the relevant controls related to the valuation of the Company's On-Demand Talent reporting unit and tested such controls for design and operating effectiveness, including management review controls.
- We evaluated the reasonableness of management's forecasts of revenue growth rates by comparing the forecasts to (1) the historical results, (2) historical forecasts, and (3) external market and industry data.
- We evaluated the reasonableness of management's forecasts of operating costs as a percentage of revenue by comparing the forecasts to the historical results, and comparison to guideline public companies.
- With the assistance of our valuation specialists, we evaluated the reasonableness of the Company's valuation methodology and significant assumptions by:
  - Evaluating the reasonableness of the discount rate by comparing the underlying source information to publicly available market data and verifying the accuracy of the calculations.
  - Evaluating the appropriateness of the valuation methods used by management and testing their mathematical accuracy.

Valuation of Atreus Group GmbH earnout and contingent compensation liabilities

As described in Note 8 to the financial statements, the Company acquired Atreus Group GmbH (“Atreus”) in February 2023. The total consideration on acquisition date for Atreus amounted to approximately $77.5 million, which included an estimated acquisition-date fair value earnout of approximately $32.0 million. The respective earnout may be paid based on achievement of certain revenue and operating income milestones for the period from the acquisition date through 2025. The acquisition-date fair value of the earnout liability was estimated using a valuation model that reflects the use of multiple probabilities. A portion of the future cash consideration that the former owners of Atreus are eligible to receive is dependent on future employment and accounted for as contingent compensation liability.

In estimating the acquisition-date fair value of the earnout liability and the contingent compensation, management was required to make significant judgments in formulating the significant estimates and assumptions about future revenue and operating expenses, volatility and discount rates when utilizing the aforementioned valuation method.

We identified the Company’s valuation of the earnout liability and the contingent compensation related to the acquisition of Atreus as a critical audit matter due to the high degree of auditor judgment and audit effort, including the use of our valuation specialists, involved in performing procedures and evaluating audit evidence related to significant estimates and assumptions utilized by management, including revenue, operating expenses, volatility, and discount rates, when calculating the fair value of the earnout liability and the contingent compensation.

Our audit procedures related to the Company’s valuation of the earnout liability and the contingent compensation in connection with the aforementioned acquisition included the following, among others:

- We obtained an understanding of the relevant controls related to the valuation of the earnout liability and the contingent compensation and tested such controls for design and operating effectiveness, including management review controls.
- We evaluated the reasonableness of management’s forecasts of revenue and operating expenses by comparing the forecasts to (1) the historical results, and (2) external market and industry data.
- We evaluated the reasonableness of management’s determination of the bifurcation between earnout liability and the contingent compensation.
- With the assistance of our valuation specialists, we evaluated the reasonableness of the Company’s valuation methodology and significant assumptions by:
    - Evaluating the reasonableness of the volatility and discount rate by comparing the underlying source information to publicly available market data and verifying the accuracy of the calculations.
    - Evaluating the appropriateness of the valuation methods used by management and testing their mathematical accuracy.

/s/ RSM US LLP

We have served as the Company's auditor since 2018.

Chicago, Illinois
March 4, 2024

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Heidrick & Struggles International, Inc.

Opinion on the Internal Control Over Financial Reporting

We have audited Heidrick & Struggles International, Inc.'s (the Company) internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, changes to stockholders' equity and cash flows of the Company for each of the three years in the period ended December 31, 2023 of the Company and our report dated March 4, 2024 expressed an unqualified opinion.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ RSM US LLP

Chicago, Illinois
March 4, 2024

HEIDRICK & STRUGGLES INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands, except par value and share amounts)

	December 31, 2023	December 31, 2022
Current assets		
Cash and cash equivalents	$ 412,618	$ 355,447
Marketable securities	65,538	266,169
Accounts receivable, net of allowances of $6,954 and $6,643, respectively	133,128	126,437
Prepaid expenses	23,597	24,098
Other current assets	47,923	40,722
Income taxes recoverable	10,410	10,946
Total current assets	693,214	823,819
Non-current assets		
Property and equipment, net	35,752	30,207
Operating lease right-of-use assets	86,063	71,457
Assets designated for retirement and pension plans	11,105	11,332
Investments	47,287	34,354
Other non-current assets	17,071	25,788
Goodwill	202,252	138,361
Other intangible assets, net	20,842	6,333
Deferred income taxes, net	28,005	33,987
Total non-current assets	448,377	351,819
Total assets	$ 1,141,591	$ 1,175,638
Current liabilities		
Accounts payable	$ 20,837	$ 14,613
Accrued salaries and benefits	322,744	451,161
Deferred revenue	45,732	43,057
Operating lease liabilities	21,498	19,554
Other current liabilities	21,823	56,016
Income taxes payable	6,057	4,076
Total current liabilities	438,691	588,477
Non-current liabilities		
Accrued salaries and benefits	52,108	59,467
Retirement and pension plans	62,100	48,456
Operating lease liabilities	78,204	63,299
Deferred income tax liability - non-current	6,402	—
Other non-current liabilities	41,808	5,293
Total non-current liabilities	240,622	176,515
Total liabilities	679,313	764,992
Commitments and contingencies (Note 20)		
Stockholders' equity		
Preferred stock, $0.01 par value, 10,000,000 shares authorized, no shares issued at December 31, 2023 and 2022.	—	—
Common stock, $0.01 par value, 100,000,000 shares authorized, 20,127,872 and 19,866,287 shares issued, 20,122,792 and 19,861,207 shares outstanding at December 31, 2023 and 2022, respectively	201	199
Treasury stock at cost, 5,080 shares at December 31, 2023 and 2022, respectively	(110)	(191)
Additional paid in capital	251,988	246,630
Retained earnings	210,070	168,197
Accumulated other comprehensive income (loss)	129	(4,189)
Total stockholders' equity	462,278	410,646
Total liabilities and stockholders' equity	$ 1,141,591	$ 1,175,638

The accompanying notes to Consolidated Financial Statements are an integral part of these statements.

HEIDRICK & STRUGGLES INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands, except per share amounts)

	December 31,		
	2023	2022	2021
Revenue			
Revenue before reimbursements (net revenue)	$ 1,026,864	$ 1,073,464	$ 1,003,001
Reimbursements	14,318	10,122	5,473
Total revenue	1,041,182	1,083,586	1,008,474
Operating expenses			
Salaries and benefits	656,030	737,430	717,411
General and administrative expenses	156,494	132,678	130,749
Cost of services	109,039	70,676	52,785
Research and development	22,698	20,414	—
Impairment charges	7,246	—	—
Restructuring charges	—	—	3,792
Reimbursed expenses	14,318	10,122	5,473
Total operating expenses	965,825	971,320	910,210
Operating income	75,357	112,266	98,264
Non-operating income (expense)			
Interest, net	11,617	5,337	302
Other, net	1,697	(2,367)	7,463
Net non-operating income	13,314	2,970	7,765
Income before income taxes	88,671	115,236	106,029
Provision for income taxes	34,261	35,750	33,457
Net income	54,410	79,486	72,572
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustment	4,810	(8,457)	(1,890)
Net unrealized gain (loss) on available-for-sale investments	83	(41)	—
Pension gain (loss) adjustment	(575)	2,634	148
Other comprehensive income (loss), net of tax	4,318	(5,864)	(1,742)
Comprehensive income	$ 58,728	$ 73,622	$ 70,830
Weighted-average common shares outstanding			
Basic	20,029	19,758	19,515
Diluted	20,766	20,618	20,296
Earnings per common share			
Basic	$ 2.72	$ 4.02	$ 3.72
Diluted	$ 2.62	$ 3.86	$ 3.58
Cash dividends paid per share	$ 0.60	$ 0.60	$ 0.60

The accompanying notes to Consolidated Financial Statements are an integral part of these statements.

HEIDRICK & STRUGGLES INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended December 31,		
	2023	2022	2021
Cash flows - operating activities			
Net income	$ 54,410	$ 79,486	$ 72,572
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation and amortization	18,508	10,603	19,560
Deferred income taxes	11,900	7,088	(7,481)
Stock-based compensation expense	10,830	16,689	12,760
Accretion expense related to earnout payments	1,554	820	486
Impairment charges	7,246	—	—
Loss (gain) on marketable securities	(2,918)	(2,406)	(1)
Loss on disposal of property and equipment	209	392	135
Changes in assets and liabilities, net of effects of acquisitions:			
Accounts receivable	6,913	4,522	(36,819)
Accounts payable	(131)	(5,731)	(332)
Accrued expenses	(145,118)	32,892	230,177
Restructuring accrual	—	—	(5,061)
Deferred revenue	2,035	(7,237)	12,783
Income taxes recoverable (payable), net	(6,692)	(13,606)	11,377
Retirement and pension plan assets and liabilities	7,493	(479)	1,145
Prepaid expenses	1,233	(2,850)	(2,776)
Other assets and liabilities, net	5,736	(895)	(37,124)
Net cash provided by (used in) operating activities	(26,792)	119,288	271,401
Cash flows - investing activities			
Acquisition of businesses, net of cash acquired	(49,858)	—	(33,518)
Capital expenditures	(13,433)	(11,134)	(6,240)
Purchases of available for sale investments	(140,982)	(269,824)	(2,323)
Proceeds from sale of available for sale investments	337,872	1,359	20,822
Net cash provided by (used in) investing activities	133,599	(279,599)	(21,259)
Cash flows - financing activities			
Cash dividends paid	(12,537)	(12,466)	(12,377)
Payment of employee tax withholding on equity transactions	(4,141)	(3,219)	(3,140)
Repurchases of common stock	(904)	—	—
Acquisition earnout payments	(35,946)	—	—
Net cash used in financing activities	(53,528)	(15,685)	(15,517)
Effect of exchange rates fluctuations on cash, cash equivalents and restricted cash	3,850	(13,774)	(5,855)
Net increase (decrease) in cash, cash equivalents and restricted cash	57,129	(189,770)	228,770
Cash, cash equivalents and restricted cash at beginning of period	355,489	545,259	316,489
Cash, cash equivalents and restricted cash at end of period	$ 412,618	$ 355,489	$ 545,259
Supplemental disclosures of cash flow information			
Cash paid for			
Income taxes	$ 22,137	$ 41,910	$ 28,623

The accompanying notes to Consolidated Financial Statements are an integral part of these statements.

HEIDRICK & STRUGGLES INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(In thousands, except per share amounts)

	Common Stock		Treasury Stock		Additional Paid in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
	Shares	Amount	Shares	Amount				
Balance at December 31, 2020	**19,586**	**$ 196**	**226**	**$ (8,041)**	**$ 231,048**	**$ 40,982**	**$ 3,417**	**$ 267,602**
Net income	—	—	—	—	—	72,572	—	72,572
Other comprehensive loss, net of tax	—	—	—	—	—	—	(1,742)	(1,742)
Common and treasury stock transactions:								
Stock-based compensation	—	—	—	—	12,760	—	—	12,760
Vesting of equity, net of tax withholdings	11	—	(213)	7,570	(10,710)	—	—	(3,140)
Re-issuance of treasury stock	—	—	(8)	280	65	—	—	345
Cash dividends declared ($0.60 per share)	—	—	—	—	—	(11,708)	—	(11,708)
Dividend equivalents on restricted stock units	—	—	—	—	—	(669)	—	(669)
Balance at December 31, 2021	**19,597**	**196**	**5**	**(191)**	**233,163**	**101,177**	**1,675**	**336,020**
Net income	—	—	—	—	—	79,486	—	79,486
Other comprehensive loss, net of tax	—	—	—	—	—	—	(5,864)	(5,864)
Common and treasury stock transactions:								
Stock-based compensation	—	—	—	—	16,689	—	—	16,689
Vesting of equity, net of tax withholdings	269	3	—	—	(3,222)	—	—	(3,219)
Re-issuance of treasury stock	—	—				—	—	—
Cash dividends declared ($0.60 per share)	—	—	—	—	—	(11,857)	—	(11,857)
Dividend equivalents on restricted stock units	—	—	—	—	—	(609)	—	(609)
Balance at December 31, 2022	**19,866**	199	**5**	(191)	246,630	168,197	(4,189)	410,646
Net income	—	—	—	—	—	54,410	—	54,410
Other comprehensive loss, net of tax	—	—	—	—	—	—	4,318	4,318
Common and treasury stock transactions:								
Stock-based compensation	—	—	—	—	10,830	—	—	10,830
Vesting of equity, net of tax withholdings	261	2	—	—	(4,143)	—	—	(4,141)
Repurchase of common stock	—	—	36	(904)	—	—	—	(904)
Clawback of equity awards	—	—	10	(307)	(37)	—	—	(344)
Re-issuance of treasury stock	—	—	(46)	1,292	(1,292)	—	—	—
Cash dividends declared ($0.60 per share)	—	—	—	—	—	(12,043)	—	(12,043)
Dividend equivalents on restricted stock units	—	—	—	—	—	(494)	—	(494)
Balance at December 31, 2023	**20,127**	**$ 201**	**5**	**$ (110)**	**$ 251,988**	**$ 210,070**	**$ 129**	**$ 462,278**

The accompanying notes to Consolidated Financial Statements are an integral part of these statements.

1. Basis of Presentation

Heidrick & Struggles International, Inc. and subsidiaries (the "Company) is a human capital leadership advisory firm providing executive search, consulting and on-demand talent services to businesses and business leaders worldwide to help them to improve the effectiveness of their leadership teams. We help our clients build leadership teams by facilitating the recruitment, management and development of senior executives. The Company operates globally, including Executive Search operating segments in the Americas, Europe and Asia Pacific.

The consolidated financial statements include Heidrick & Struggles International, Inc. and its wholly owned subsidiaries and have been prepared using accounting principles generally accepted in the United States of America ("GAAP"). The preparation of these financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Significant items subject to estimates and assumptions include revenue recognition, allowances for deferred tax assets and liabilities, and the assessment of goodwill, other intangible assets and long-lived assets for impairment. Estimates are subject to a degree of uncertainty and actual results could differ from these estimates.

2. Summary of Significant Accounting Policies

Cash and Cash Equivalents

The Company considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents.

Marketable Securities

The Company's marketable securities consist of available-for-sale debt securities with original maturities exceeding three months.

Concentration of Risk

The Company is potentially exposed to concentrations of risk associated with its accounts receivable. However, this risk is limited due to the Company's large number of clients and their dispersion across many different industries and geographies. At December 31, 2023 and 2022, the Company had no significant concentrations of risk.

Accounts Receivable

The Company's accounts receivable consists of trade receivables. The Company's expected credit loss allowance methodology for accounts receivable is developed using historical collection experience, current and future economic and market conditions, and a review of the current status of customers' trade accounts receivables. These factors may change over time, impacting the allowance level. See Note 4, *Credit Losses*.

Fair Value of Financial Instruments

Cash equivalents are stated at cost, which approximates fair value. The carrying value for receivables from clients, accounts payable, deferred revenue and other accrued liabilities reasonably approximates fair value due to the nature of the financial instruments and the short-term nature of the items.

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful life of the asset or, for leasehold improvements, the shorter of the lease term or the estimated useful life of the asset, as follows:

Office furniture, fixtures and equipment	5–10 years
Computer equipment and software	3–7 years

Leasehold improvements are depreciated over the lesser of the lease term or life of the asset improvement, which typically range from three to ten years.

Depreciation is calculated for tax purposes using accelerated methods, where applicable.

Other Intangible Assets and Long Lived Assets

The Company reviews its other intangible assets and long-lived assets, including property and equipment and right-of-use assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset group may not be recoverable. Recoverability of asset groups to be held and used is measured by a comparison of the carrying amount of an asset group to estimated undiscounted future cash flows expected to be generated by the asset group. If the carrying amount of an asset group exceeds its estimated future cash flows, an impairment charge, equal to the amount by which the carrying amount of the asset group exceeds the fair value of the asset group, is recognized.

Leases

The Company determines if an arrangement is a lease at inception. Operating leases are included in *Operating lease right-of-use assets*, *Current liabilities - Operating lease liabilities* and *Non-current liabilities - Operating lease liabilities* in our Consolidated Balance Sheets. The Company does not have any leases that meet the finance lease criteria.

Right-of-use assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Operating lease right-of-use assets and liabilities are recognized on the commencement date based on the present value of lease payments over the lease term. As most of the Company's leases do not provide an implicit rate, an incremental borrowing rate based on the information available at the commencement date is used in determining the present value of lease payments. The operating lease right-of-use asset also includes any lease payments made in advance and any accrued rent expense balances. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Company has lease agreements with lease and non-lease components. For office leases, the Company accounts for the lease and non-lease components as a single lease component. For equipment leases, such as vehicles and office equipment, the Company accounts for the lease and non-lease components separately.

Investments

The Company’s investments consist primarily of available-for-sale investments within the U.S. non-qualified deferred compensation plan (the “Plan”).

Available-for-sale investments are reported at fair value with changes in unrealized gains (losses) and realized gains (losses) recorded as a non-operating expense in *Other, net* in the Consolidated Statements of Comprehensive Income.

Goodwill

Goodwill represents the difference between the purchase price of acquired companies and the related fair value of the net assets acquired, which is accounted for by the acquisition method of accounting. The Company performs assessments of the carrying value of goodwill at least annually and whenever events occur or circumstances indicate that a carrying amount of goodwill may not be recoverable. These circumstances include a significant change in business climate, attrition of key personnel, changes in financial condition or results of operations, a prolonged decline in the Company’s stock price and market capitalization, competition, and other factors.

The goodwill impairment test compares the fair value of a reporting unit to its carrying amount, including goodwill. The Company operates five reporting units: Americas, Europe (which includes Africa), Asia Pacific (which includes the Middle East), On-Demand Talent and Heidrick Consulting. The goodwill impairment test is completed by comparing the fair value of a reporting unit with its carrying amount. The fair value of each of the Company’s reporting units is determined using a discounted cash flow methodology. An impairment charge is recognized for the amount by which the carrying value of the reporting unit exceeds its fair value; however, the loss recognized is not to exceed the total amount of goodwill allocated to that reporting unit.

On October 31, 2022, the Company conducted its annual goodwill impairment evaluation, which indicated that the carrying value of the Heidrick Consulting reporting unit was less than its fair value. During the three months ended June 30, 2023, the Company acquired businessfourzero and recorded approximately $7.1 million of goodwill in the Heidrick Consulting reporting unit. Due to the inclusion of goodwill in a reporting unit with a pre-existing fair value shortfall, the Company evaluated the recent and anticipated future financial performance of the Heidrick Consulting reporting unit and determined that it was more likely than not that the fair value of the reporting unit was less than its carrying value. As a result, the Company identified a triggering event and performed an interim goodwill impairment evaluation during the three months ended June 30, 2023.

During the impairment evaluation process, the Company used a discounted cash flow methodology to estimate the fair value of each of its reporting units. The discounted cash flow approach is dependent on a number of factors, including estimates of future market growth and trends, forecasted revenue and costs, capital investments, appropriate discount rates, certain assumptions to allocate shared costs, assets and liabilities, historical and projected performance of the reporting unit, and the macroeconomic conditions affecting each of the Company's reporting units. The assumptions used in the determination of fair value were (1) a forecast of growth in the near and long term; (2) the discount rate; (3) working capital investments; (4) macroeconomic conditions; and (5) other factors.

Based on the results of the impairment evaluation, the Company determined that the goodwill within the Heidrick Consulting reporting unit was impaired, which resulted in an impairment charge of $7.2 million to write-off all of the associated goodwill. The impairment charge is recorded within *Impairment charges* in the Consolidated Statements of Comprehensive Income for the year ended December 31, 2023, and the Consolidated Statements of Cash Flows for the year ended December 31, 2023. The impairment was non-cash in nature and did not affect the Company's current liquidity, cash flows, borrowing capability or operations; nor did it impact the debt covenants under the Company's credit agreement.

Restructuring Charges

The Company accounts for restructuring charges by recognizing a liability at fair value when the costs are incurred.

Revenue Recognition

See Note 3, *Revenue*.

Cost of Services

Cost of services consists of third-party contractor costs related to the delivery of various services in the Company's On-Demand Talent and Heidrick Consulting operating segments.

Research and Development

Research and development consists of payroll, employee benefits, stock-based compensation, other employee expenses and third-party professional fees associated with new product development.

Reimbursements

The Company incurs certain out-of-pocket expenses that are reimbursed by its clients, which are accounted for as revenue and expense in its Consolidated Statements of Comprehensive Income.

Salaries and Benefits

Salaries and benefits consist of compensation and benefits paid to consultants, executive officers, and administrative and support personnel, of which the most significant elements are salaries and annual performance-related bonuses. Other items in this category are expenses related to sign-on bonuses, forgivable employee loans and minimum guaranteed bonuses (often incurred in connection with the hiring of new consultants), restricted stock unit, phantom stock unit and performance share unit amortization, payroll taxes, profit sharing and retirement benefits, and employee insurance benefits.

Salaries and benefits are recognized on an accrual basis. Certain sign-on bonuses, retention awards, and minimum guaranteed compensation are capitalized and amortized in accordance with the terms of the respective agreements.

Historically, a portion of the Company's consultants' and management cash bonuses were deferred and paid over a three-year vesting period. The portion of the bonus was approximately 15% depending on the employee's level or position. The compensation expense related to the amounts being deferred was recognized on a graded vesting attribution method over the requisite service period. This service period began on January 1 of the respective fiscal year and continued through the deferral date, which coincided with the Company's bonus payments in the first half of the following year and for an additional three-year vesting period. The deferrals are recorded in *Accrued salaries and benefits* within both *Current liabilities* and *Non-current liabilities* in the Consolidated Balance Sheets.

In 2020, the Company terminated the cash bonus deferral for consultants and, in 2021, terminated the cash bonus deferral for management. The Company now pays 100% of the cash bonuses earned by consultants and management in the first half of the following year. Consultant and management cash bonuses earned prior to 2020 and 2021, respectively, were paid under the terms of the cash bonus deferral program. The deferrals are recorded in *Accrued salaries and benefits* within both C*urrent liabilities and Non-current liabilities* in the Consolidated Balance Sheets. The final cash bonus deferrals were paid during the year ended December 31, 2023.

Income Taxes

Deferred tax assets and liabilities are determined based on the differences between the financial statement and tax basis of assets and liabilities, applying enacted statutory tax rates in effect for the year in which the tax differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Earnings per Common Share

Basic earnings per common share is computed by dividing net income by weighted average common shares outstanding for the year. Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted. Common equivalent shares are excluded from the determination of diluted earnings per share in periods in which they have an anti-dilutive effect.

The following table sets forth the computation of basic and diluted earnings per share:

	December 31,		
	2023	**2022**	**2021**
Net income	$ 54,410	$ 79,486	$ 72,572
Weighted average shares outstanding:			
Basic	20,029	19,758	19,515
Effect of dilutive securities:			
Restricted stock units	580	644	587
Performance stock units	157	216	194
Diluted	20,766	20,618	20,296
Basic earnings per share	$ 2.72	$ 4.02	$ 3.72
Diluted earnings per share	$ 2.62	$ 3.86	$ 3.58

Translation of Foreign Currencies

The Company generally designates the local currency for all its subsidiaries as the functional currency. The Company translates the assets and liabilities of its subsidiaries into U.S. dollars at the current rate of exchange prevailing at the balance sheet date. Revenue and expenses are translated at a monthly average exchange rate for the period. Translation adjustments are reported as a component of *Accumulated other comprehensive income (loss)*.

Restricted Cash

Periodically, the Company is party to agreements with terms that require the Company to restrict cash through the termination dates of the agreements. Current and non-current restricted cash is included in *Other current assets* and *Other non-current assets*, respectively, in the Consolidated Balance Sheets.

The following table provides a reconciliation of the cash and cash equivalents between the Consolidated Balance Sheets and the Consolidated Statement of Cash Flows as of December 31, 2023, 2022 and 2021:

	December 31,		
	2023	2022	2021
Cash and cash equivalents	$ 412,618	$ 355,447	$ 545,225
Restricted cash included within other non-current assets	—	42	34
Total cash, cash equivalents and restricted cash	$ 412,618	$ 355,489	$ 545,259

Recently Issued Financial Accounting Standards

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU) No. 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures." The standard is intended to expand the disclosure requirements for income taxes, specifically related to the rate reconciliation and income taxes paid. The guidance is effective for annual periods beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impact of this guidance on its financial statement disclosures.

In November 2023, the FASB issued ASU No. 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures." The standard is intended to improve reportable segment disclosure requirements for public business entities primarily through enhanced disclosures about significant segment expenses that are regularly provided to the chief operating decision maker ("CODM") and included within each reported measure of segment profit (referred to as the "significant expense principle"). This guidance is effective for annual periods beginning after December 15, 2023, and for interim periods beginning after December 15, 2024. The Company is currently evaluating the impact of this guidance on its financial statement disclosures.

In March 2020, the FASB issued ASU No. 2020-04, "Reference Rate Reform (Topic 280): Facilitation of the Effects of Reference Rate Reform on Financial Reporting. The guidance was intended to provide temporary optional expedients and exceptions to the guidance on contract modifications and hedge accounting to ease the financial reporting burdens related to the expected market transition from the London Interbank Offered Rate ("LIBOR") and other interbank offered rates to alternative reference rates. This guidance is effective March 12, 2020, and the Company may elect to apply the amendments prospectively through December 31, 2024. The new guidance is not expected to have a material effect on the Company's financial statements.

3. Revenue

Executive Search

Revenue is recognized as performance obligations are satisfied by transferring a good or service to a client. Generally, each executive search contract contains one performance obligation which is the process of identifying potentially qualified candidates for a specific client position. In most contracts, the transaction price includes both fixed and variable consideration. Fixed compensation is comprised of a retainer, equal to approximately one-third of the estimated first year compensation for the position to be filled, and indirect expenses, equal to a specified percentage of the retainer, as defined in the contract. The Company generally bills clients for the retainer and indirect expenses in one-third increments over a three-month period commencing in the month of a client's acceptance of the contract. If actual compensation of a placed candidate exceeds the original compensation estimate, the Company is often authorized to bill the client for one-third of the excess compensation. The Company refers to this additional billing as uptick revenue. In most contracts, variable consideration is comprised of uptick revenue and direct expenses. The Company bills its clients for uptick revenue upon completion of the executive search, and direct expenses are billed as incurred.

The Company estimates uptick revenue at contract inception, based on a portfolio approach, utilizing the expected value method based on a historical analysis of uptick revenue realized in the Company's geographic regions and industry practices, and initially records a contract's uptick revenue in an amount that is probable not to result in a significant reversal of cumulative revenue recognized when the actual amount of uptick revenue for the contract is known. Differences between the estimated and actual amounts of variable consideration are recorded when known. The Company does not estimate revenue for direct expenses as it is not materially different than recognizing revenue as direct expenses are incurred.

Revenue from executive search engagement performance obligations is recognized over time as clients simultaneously receive and consume the benefits provided by the Company's performance. Revenue from executive search engagements is recognized over the expected average period of performance, in proportion to the estimated personnel time incurred to fulfill the obligations under the executive search contract. Revenue is generally recognized over a period of approximately six months.

The Company's executive search contracts contain a replacement guarantee which provides for an additional search to be completed, free of charge except for expense reimbursements, should the candidate presented by the Company be hired by the client and subsequently terminated by the client for performance reasons within a specified period of time. The replacement guarantee is an assurance warranty, which is not a performance obligation under the terms of the executive search contract, as the Company does not provide any services under the terms of the guarantee that transfer benefits to the client in excess of assuring that the identified candidate complies with the agreed-upon specifications. The Company accounts for the replacement guarantee under the relevant warranty guidance in ASC 460 - Guarantees.

On-Demand Talent

The Company enters into contracts with clients that outline the general terms and conditions of the assignment to provide on-demand consultants for various types of consulting projects, which consultants may be independent contractors or temporary employees. The consideration the Company expects to receive under each contract is dependent on the time-based fees specified in the contract. Revenue from on-demand engagement performance obligations is recognized over time as clients simultaneously receive and consume the benefits provided by the Company's performance. The Company has applied the practical expedient to recognize revenue for these services in the amount to which the Company has a right to invoice the client, as this amount corresponds directly with the value provided to the client for the performance completed to date. For transactions where a third-party contractor is involved in providing the services to the client, the Company reports the revenue and the related direct costs on a gross basis as it has determined that it is the principal in the transaction. The Company is primarily responsible for fulfilling the promise to provide consulting services to its clients and the Company has discretion in establishing the prices charged to clients for the consulting services and is able to contractually obligate the independent service provider to deliver services and deliverables that the Company has agreed to provide to its clients.

Heidrick Consulting

Revenue is recognized as performance obligations are satisfied by transferring a good or service to a client. Heidrick Consulting enters into contracts with clients that outline the general terms and conditions of the assignment to provide succession planning, executive assessment, top team and board effectiveness and culture shaping programs. The consideration the Company expects to receive under each contract is generally fixed. Most of the Company's consulting contracts contain one performance obligation, which is the overall process of providing the consulting service requested by the client. The majority of our consulting revenue is recognized over time utilizing input methods. Revenue recognition over time for the majority of our consulting engagements is measured by total cost or time incurred as a percentage of the total estimated cost or time on the consulting engagement.

Contract Balances

Contract assets and liabilities are reported in a net position on a contract-by-contract basis at the end of each reporting period. Contract assets and liabilities are classified as current due to the nature of the Company's contracts, which are completed within one year. Contract assets are included within *Other current assets* on the Consolidated Balance Sheets.

Unbilled receivables: Unbilled receivables represents contract assets from revenue recognized over time in excess of the amount billed to the client and the amount billed to the client is solely dependent upon the passage of time. This amount includes revenue recognized in excess of billed executive search retainers and Heidrick Consulting fees.

Contract assets: Contract assets represent revenue recognized over time in excess of the amount billed to the client and the amount billed to the client is not solely subject to the passage of time. This amount primarily includes revenue recognized for upticks and contingent placement fees in executive search contracts.

Deferred revenue: Contract liabilities consist of deferred revenue, which is equal to billings in excess of revenue recognized.

The following table outlines the changes in our contract asset and liability balances for the years ended:

	December 31, 2023	December 31, 2022	Change
Contract assets			
Unbilled receivables, net	$ 15,318	$ 13,940	$ 1,378
Contract assets	16,774	21,348	(4,574)
Total contract assets	32,092	35,288	(3,196)
Contract liabilities			
Deferred revenue	$ 45,732	$ 43,057	$ 2,675

During the year ended December 31, 2023, we recognized revenue of $39.4 million that was included in the contract liabilities balance at the beginning of the period. The amount of revenue recognized during the year ended December 31, 2023, from performance obligations partially satisfied in previous periods as a result of changes in the estimates of variable consideration was $19.9 million.

Each of the Company's contracts with clients has an expected duration of one year or less. Accordingly, the Company has elected to utilize the available practical expedient related to the disclosure of the transaction price allocated to the remaining performance obligations under its contracts. The Company has also elected the available practical expedients related to adjusting for the effects of a significant financing component and the capitalization of contract acquisition costs. The Company charges and collects from its clients, sales tax and value added taxes as required by certain jurisdictions. The Company has made an accounting policy election to exclude these items from the transaction price in its contracts.

4. Credit Losses

The Company is exposed to credit losses primarily through the provision of its executive search, consulting, and on-demand talent services. The Company’s expected credit loss allowance methodology for accounts receivable is developed using historical collection experience, current and future economic and market conditions and a review of the current status of customers' trade accounts receivables. Due to the short-term nature of such receivables, the estimate of amount of accounts receivable that may not be collected is primarily based on historical loss-rate experience. When required, the Company adjusts the loss-rate methodology to account for current conditions and reasonable and supportable expectations of future economic and market conditions. The Company generally assesses future economic conditions for a period of sixty to ninety days, which corresponds with the contractual life of its accounts receivables. Additionally, specific allowance amounts are established to record the appropriate provision for customers that have a higher probability of default. The Company’s monitoring activities include timely account reconciliation, dispute resolution, payment confirmation, consideration of customers' financial condition and macroeconomic conditions. Balances are written off when determined to be uncollectible.

The activity in the allowance for credit losses on the Company's trade receivables is as follows:

	December 31, 2023	December 31, 2022	December 31, 2021
Balance at January 1,	$ 6,643	$ 5,666	$ 6,557
Provision for credit losses	9,574	7,938	4,991
Write-offs	(9,275)	(6,830)	(5,730)
Foreign currency translation	12	(131)	(152)
Balance at December 31,	$ 6,954	$ 6,643	$ 5,666

There were no investments with unrealized losses at December 31, 2023. At December 31, 2022, the fair value and unrealized losses on available for sale debt securities, aggregated by investment category and the length of time the security has been in an unrealized loss position, were as follows:

Balance at December 31, 2022	Less Than 12 Months		Balance Sheet Classification	
	Fair Value	Unrealized Loss	Cash and Cash Equivalents	Marketable Securities
U.S. Treasury securities	$ 194,056	$ 56	$ 11,918	$ 182,138

The unrealized loss on one investment in U.S. Treasury securities at December 31, 2022, was caused by fluctuations in market interest rates. The contractual cash flows of these investments are guaranteed by an agency of the U.S. government. Accordingly, it is expected that the investments would not be settled at a price less than the amortized cost basis. The Company does not intend to sell the investments and it is not more likely than not that the Company will be required to sell the investments before the recovery of the amortized cost basis.

5. Property and Equipment, net

The components of the Company's property and equipment are as follows:

	December 31,	
	2023	2022
Leasehold improvements	$ 45,050	$ 40,829
Office furniture, fixtures and equipment	14,775	14,322
Computer equipment and software	38,798	30,085
Property and equipment, gross	98,623	85,236
Accumulated depreciation	(62,871)	(55,029)
Property and equipment, net	$ 35,752	$ 30,207

Depreciation expense for the years ended December 31, 2023, 2022, and 2021, was $9.1 million, $7.4 million and $7.1 million, respectively.

As part of the Company's 2020 Plan (as defined below), property and equipment located at certain of the Company's offices was abandoned and the useful life of the assets were shortened to correspond with the cease-use date. As a result of the change in the useful life, approximately $0.9 million of depreciation expense was accelerated and recorded in *Restructuring charges* in the Consolidated Statement of Comprehensive Income and *Depreciation and amortization* in the Consolidated Statement of Cash Flows for the year ended December 31, 2021.

6. Leases

The Company's lease portfolio is comprised primarily of operating leases for office space and equipment. The majority of the Company's leases include both lease and non-lease components, which the Company accounts for differently depending on the underlying class of asset. Certain of the Company's leases include one or more options to renew or terminate the lease at the Company's discretion. Generally, the renewal and termination options are not included in the right-of-use assets and lease liabilities as they are not reasonably certain of exercise. The Company regularly evaluates the renewal and termination options and when they are reasonably certain of exercise, includes the renewal or termination option in the lease term.

As most of the Company's leases do not provide an implicit interest rate, the Company utilizes an incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. The Company has a centrally managed treasury function and therefore, a portfolio approach is applied in determining the incremental borrowing rate. The incremental borrowing rate is the rate of interest that the Company would have to pay to borrow on a fully collateralized basis over a similar term in an amount equal to the total lease payments in a similar economic environment.

Office leases have remaining lease terms that range from less than one year to 11.8 years, some of which also include options to extend or terminate the lease. Most office leases contain both fixed and variable lease payments. Variable lease costs consist primarily of rent escalations based on an established index or rate and taxes, insurance, and common area or other maintenance costs, which are paid based on actual costs incurred by the lessor. The Company has elected to utilize the available practical expedient to not separate lease and non-lease components for office leases.

As part of the Company's 2020 Plan (as defined below), a lease component related to one of the Company's offices was abandoned and the useful life of the associated right-of-use asset was shortened to correspond with the cease-use date. As a result of the change in useful life, approximately $8.7 million of right-of-use asset amortization was accelerated and recorded in *Restructuring charges* in the Consolidated Statements of Comprehensive Income and *Depreciation and amortization* in the Consolidated Statements of Cash Flows during the year ended December 31, 2021. In September 2021, the Company entered into a termination and surrender agreement for this lease component. Under the terms of the agreement, the Company made a one-time payment of $11.7 million to release the Company from all remaining obligations under the lease. At the time of payment, the Company had accrued approximately $17.4 million of lease liabilities related to future payments under the remaining lease term. Upon making the one-time payment, the lease liabilities were relieved, resulting in a gain on termination of approximately $5.7 million, which is recorded in *Restructuring charges* in the Consolidated Statements of Comprehensive Income for the year ended December 31, 2021.

Equipment leases, which are comprised of vehicle and office equipment leases, have remaining terms that range from less than one year to 4.9 years, some of which also include options to extend or terminate the lease. The Company's equipment leases do not contain variable lease payments. The Company separates the lease and non-lease components for its equipment leases. Equipment leases do not comprise a significant portion of the Company's lease portfolio.

Lease cost components included within *General and Administrative Expenses* in our Consolidated Statements of Comprehensive Income for the year ended December 31, were as follows:

	December 31,	
	2023	**2022**
Operating lease cost	$ 19,587	$ 17,408
Variable lease cost	9,225	6,116
Total lease cost	$ 28,812	$ 23,524

Supplemental cash flow information related to the Company's operating leases for the year ended December 31, is as follows:

	December 31,	
	2023	**2022**
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 20,856	$ 18,865
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	$ 34,982	$ 18,055

The weighted average remaining lease term and weighted average discount rate for our operating leases as of December 31, is as follows:

	December 31,	
	2023	**2022**
Weighted Average Remaining Lease Term		
Operating leases	7.3 years	6.3 ye
Weighted Average Discount Rate		
Operating leases	4.82 %	3.48

The future maturities of the Company's operating lease liabilities for the years ended December 31, is as follows:

	Operating Lease Maturity
2024	$ 21,095
2025	16,384
2026	14,997
2027	14,698
2028	11,225
Thereafter	43,008
Total lease payments	121,407
Less: Interest	21,705
Present value of lease liabilities	$ 99,702

The Company has an obligation at the end of the lease term to return certain offices to the landlord in its original condition, which is recorded at fair value at the time the liability is incurred. The Company had $3.3 million and $2.8 million of asset retirement obligations as of December 31, 2023, and 2022, respectively, which are recorded within *Other current liabilities* and *Other non-current liabilities* in the Consolidated Balance Sheets.

7. Financial Instruments and Fair Value

Cash, Cash Equivalents and Marketable Securities

The Company's investments in marketable debt securities, which consist of U.S. Treasury bills, are classified and accounted for as available-for-sale. The Company classifies its marketable debt securities as either short-term or long-term based on each instrument's underlying contractual maturity date. Unrealized gains and losses on marketable debt securities classified as available-for-sale are recognized in *Accumulated other comprehensive income* in the Consolidated Balance Sheets until realized.

The Company's cash, cash equivalents, and marketable securities by significant investment category are as follows:

	Amortized Cost	Unrealized Gains	Fair Value	Cash and Cash Equivalents	Marketable Securities
Balance at December 31, 2023					
Cash				$ 221,980	$ —
Level 1[(1)]:					
Money market funds				13,906	
U.S. Treasury securities	242,228	42	242,270	176,732	65,538
Total Level 1	242,228	42	242,270	190,638	65,538
Total	$ 242,228	$ 42	$ 242,270	$ 412,618	$ 65,538

	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value	Cash and Cash Equivalents	Marketable Securities
Balance at December 31, 2022						
Cash					$ 247,198	$ —
Level 1[(1)]:						
Money market funds					62,338	
U.S. Treasury securities	312,121	15	(56)	312,080	45,911	266,169
Total Level 1	312,121	15	(56)	312,080	108,249	266,169
Total	$ 312,121	$ 15	$ (56)	$ 312,080	$ 355,447	$ 266,169

(1) Level 1 – Quoted prices in active markets for identical assets and liabilities.

Investments, Assets Designated for Retirement and Pension Plans and Associated Liabilities

The Company has a U.S. non-qualified deferred compensation plan that consists primarily of U.S. marketable securities and mutual funds. The aggregate cost basis for these investments was $37.2 million and $29.1 million as of December 31, 2023, and December 31, 2022, respectively.

The Company also maintains a pension plan for certain current and former employees in Germany. The pensions are individually fixed Euro amounts that vary depending on the function and the eligible years of service of the employee. The Company’s investment strategy is to support its pension obligations through reinsurance contracts. The BaFin—German Federal Financial Supervisory Authority—supervises the insurance companies and the reinsurance contracts. The BaFin requires each reinsurance contract to guarantee a fixed minimum return. The Company’s pension benefits are fully reinsured by group insurance contracts with ERGO Lebensversicherung AG, and the group insurance contracts are measured in accordance with BaFin guidelines (including mortality tables and discount rates) which are considered Level 2 inputs.

The following tables provide a summary of the fair value measurements for each major category of investments, assets designated for retirement and pension plans and associated liabilities measured at fair value on a recurring basis:

		Balance Sheet Classification				
	Fair Value	**Other Current Assets**	**Assets Designated for Retirement and Pension Plans**	**Investments**	**Other Current Liabilities**	**Retirement and Pension Plans**
Balance at December 31, 2023						
Measured on a recurring basis:						
Level 1[(1)]:						
U.S. non-qualified deferred compensation plan	$ 47,287	$ —	$ —	$ 47,287	$ —	$ —
Level 2[(2)]:						
Retirement and pension plan assets	12,394	1,289	11,105	—	—	—
Pension benefit obligation	(14,416)	—	—	—	(1,289)	(13,127)
Total Level 2	(2,022)	1,289	11,105	—	(1,289)	(13,127)
Total	$ 45,265	$ 1,289	$ 11,105	$ 47,287	$ (1,289)	$ (13,127)

		Balance Sheet Classification				
	Fair Value	**Other Current Assets**	**Assets Designated for Retirement and Pension Plans**	**Investments**	**Other Current Liabilities**	**Retirement and Pension Plans**
Balance at December 31, 2022						
Measured on a recurring basis:						
Level 1[(1)]:						
U.S. non-qualified deferred compensation plan	$ 34,354	$ —	$ —	$ 34,354	$ —	$ —
Level 2[(2)]:						
Retirement and pension plan assets	12,584	1,252	11,332	—	—	—
Pension benefit obligation	(13,951)	—	—	—	(1,252)	(12,699)
Total Level 2	(1,367)	1,252	11,332	—	(1,252)	(12,699)
Total	$ 32,987	$ 1,252	$ 11,332	$ 34,354	$ (1,252)	$ (12,699)

(1) Level 1 – Quoted prices in active markets for identical assets and liabilities.
(2) Level 2 – Quoted prices in active markets for similar assets and liabilities, or other inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Contingent Consideration

The former owners of certain of the Company's acquired businesses are eligible to receive additional cash consideration based on the attainment of certain operating metrics in the periods subsequent to acquisition. Contingent consideration and compensation are valued using significant inputs that are not observable in the market, which are defined as Level 3 inputs pursuant to fair value measurement accounting. The Company determines the fair value of contingent consideration and compensation using using a variation of the income approach, known as the real options method. The significant unobservable inputs utilized in the real options method include (1) revenue forecasts; (2) operating expense forecasts; (3) the discount rate; and (4) volatility.

The following table provides a reconciliation of the beginning and ending balance of Level 3 liabilities for the year ended December 31, 2023:

	Earnout	Contingent Compensation
Balance at December 31, 2022	$ (36,010)	$ (8,192)
Purchase accounting (see Note 8, *Acquisitions*)	(36,266)	—
Earnout accretion	(1,554)	—
Compensation expense	—	(11,934)
Payments	35,946	2,038
Foreign currency translation	(717)	(790)
Balance at December 31, 2023	$ (38,601)	$ (18,878)

Earnout accruals of zero and $36.0 million are recorded within *Current liabilities - Other current liabilities* as of December 31, 2023, and 2022, respectively, and earnout accruals of $38.6 million and zero are recorded within *Non-current liabilities - Other non-current liabilities* as of December 31, 2023, and 2022, respectively. Contingent compensation accruals of $6.0 million and $1.5 million are recorded within *Current liabilities - Accrued salaries and benefits* as of December 31, 2023, and 2022, respectively, and contingent compensation accruals of $12.9 million and $6.7 million are recorded within *Non-current liabilities - Accrued salaries and benefits* as of December 31, 2023, and 2022, respectively.

Goodwill

Goodwill represents the difference between the purchase price of acquired companies and the related fair value of the net assets acquired, which is accounted for by the acquisition method of accounting. The Company performs assessments of the carrying value of goodwill at least annually and whenever events occur or circumstances indicate that a carrying amount of goodwill may not be recoverable. During the three months ended June 30, 2023, an interim goodwill impairment evaluation was conducted to determine the fair value of the Company's reporting units. As a result of this evaluation, the Company recorded an impairment charge of $7.2 million in the Heidrick Consulting reporting unit. During the 2023 fourth quarter, the Company conducted its annual goodwill impairment evaluation as of October 31, 2023, to determine the fair value of the Company's reporting units. As of October 31, 2023, the fair value of each reporting unit exceeded its carrying value. Goodwill is valued using significant inputs that are not observable in the market which are defined as Level 3 inputs pursuant to fair value measurement accounting. The Company determines the fair value of its reporting units using discounted cash flow models.

The following table provides a reconciliation of the beginning and ending balance of Level 3 assets for the year ended December 31, 2023:

	Goodwill
Balance at December 31, 2022	$ 138,361
Acquired goodwill	69,444
Impairment	(7,246)
Foreign currency translation	1,693
Balance at December 31, 2023	$ 202,252

8. Acquisitions

On February 1, 2023, the Company acquired Atreus Group GmbH ("Atreus"), a leading provider of executive interim management in Germany. The Company paid $33.4 million in the first quarter of 2023, with a subsequent purchase price adjustment payment of $12.1 million in the fourth quarter of 2023. The former owners of Atreus are eligible to receive additional cash consideration, which the Company estimated on the acquisition date to be between $30.0 million and $40.0 million, to be paid in 2026 based on the achievement of certain revenue and operating income milestones for the period from the acquisition date through 2025. When estimating the present value of future cash consideration, the Company accrued an estimated $32.0 million as of the acquisition date for the earnout liability. The Company recorded $11.3 million for customer relationships, $5.4 million for software, $2.5 million for a trade name and $62.4 million of goodwill. Goodwill is primarily related to the acquired workforce and strategic fit and is not deductible for tax purposes. Included in the Company's results of operations for the year ended December 31, 2023, are $70.4 million of revenue, and $7.9 million of operating loss, from the acquired entity.

On April 1, 2023, the Company acquired businessfourzero, a next generation consultancy specializing in developing and implementing purpose-driven change. In connection with the acquisition, the Company paid $9.5 million in the second quarter of 2023 with a subsequent purchase price adjustment payment of $2.2 million paid in the third quarter of 2023. The former owners of businessfourzero are eligible to receive additional cash consideration, which the Company estimated on the acquisition date to be between $4.0 million and $8.0 million, to be paid in 2026 based on the achievement of certain revenue and operating income metrics for the period from the acquisition date through 2025. When estimating the present value of future cash consideration, the Company accrued an estimated $4.3 million as of the acquisition date for the earnout liability. The Company recorded $3.5 million for customer relationships, $0.5 million for a trade name, and $7.1 million of goodwill. The goodwill is primarily related to the acquired workforce and strategic fit. Included in the Company's results of operations for the year ended December 31, 2023, are $11.2 million of revenue, and $11.0 million of operating loss, primarily reflecting goodwill impairment of $7.2 million in the Heidrick Consulting reporting unit, from the acquired entity.

9. Goodwill and Other Intangible Assets

Goodwill

The Company's goodwill by segment (for the segments that had recorded goodwill) is as follows:

	December 31, 2023	December 31, 2022
Executive Search		
Americas	$ 91,740	$ 91,383
Europe	1,494	1,449
Total Executive Search	93,234	92,832
On-Demand Talent	109,018	45,529
Total goodwill	$ 202,252	$ 138,361

Changes in the carrying amount of goodwill by segment for the years ended December 31, 2023, 2022, and 2021 were as follows:

	Executive Search					
	Americas	Europe	Asia Pacific	On-Demand Talent	Heidrick Consulting	Total
Goodwill	$ 91,643	$ 24,475	$ 8,495	$ —	$ —	$ 124,613
Accumulated impairment losses	—	(24,475)	(8,495)	—	—	(32,970)
Balance at December 31, 2020	91,643	—	—	—	—	91,643
BTG acquisition	—	—	—	45,529	—	45,529
Finland acquisition	—	1,532	—	—	—	1,532
Foreign currency translation	(180)	—	—	—	—	(180)
Balance at December 31, 2021	91,463	1,532	—	45,529	—	138,524
Foreign currency translation	(80)	(83)	—	—	—	(163)
Balance at December 31, 2022	91,383	1,449	—	45,529	—	138,361
Atreus acquisition	—	—	—	62,371	—	62,371
businessfourzero acquisition	—	—	—	—	7,073	7,073
Impairment	—	—	—	—	(7,246)	(7,246)
Foreign currency translation	357	45	—	1,118	173	1,693
Goodwill	91,740	25,969	8,495	109,018	7,246	242,468
Accumulated impairment losses	—	(24,475)	(8,495)	—	(7,246)	(40,216)
Balance at December 31, 2023	$ 91,740	$ 1,494	$ —	$ 109,018	$ —	$ 202,252

In February 2023, the Company acquired Atreus and recorded $62.4 million of goodwill related to the acquisition in the On-Demand Talent operating segment. In April 2023, the Company acquired businessfourzero and recorded $7.1 million of goodwill related to the acquisition in the Heidrick Consulting operating segment. In April 2021, the Company acquired Business Talent Group ("BTG") and recorded $45.5 million of goodwill related to the acquisition in the On-Demand Talent operating segment. In October 2021, the Company acquired H&S Finland, and recorded $1.5 million of goodwill related to the acquisition in the Europe operating segment.

During the three months ended December 31, 2023, the Company conducted its annual goodwill impairment evaluation as of October 31, 2023, in accordance with ASU No. 2017-04, Intangibles - Goodwill and Other. The goodwill impairment test is completed by comparing the fair value of a reporting unit with its carrying amount. An impairment charge is recognized for the amount by which the carrying value of the reporting unit exceeds its fair value; however, the loss recognized is not to exceed the total amount of goodwill allocated to that reporting unit.

The impairment test is considered for each of the Company's reporting units that has goodwill as defined in the accounting standard for goodwill and intangible assets. The Company operates five reporting units: Americas, Europe (which includes Africa), Asia Pacific (which includes the Middle East), On-Demand Talent, and Heidrick Consulting. As of October 31, 2023, only the Americas, Europe, and On-Demand Talent reporting units had recorded goodwill.

During the impairment evaluation process, the Company used a discounted cash flow methodology to estimate the fair value of each of its reporting units with goodwill. The discounted cash flow approach is dependent on a number of factors, including estimates of future market growth and trends, forecasted revenue and costs, capital investments, appropriate discount rates, certain assumptions to allocate shared costs, assets and liabilities, historical and projected performance of the reporting unit and the macroeconomic conditions affecting each of the Company's reporting units. The assumptions used in the determination of fair value were (1) a forecast of growth in the near and long term; (2) the discount rate; (3) working capital investments; and (4) other factors.

Based on the results of the impairment analysis, the fair values of the Americas, Europe, and On-Demand Talent reporting units exceeded their carrying values by 258%, 3% and 6%, respectively. The results of the impairment test are sensitive to the assumptions used in the determination of fair value of the reporting units and the fair value of a reporting unit may deteriorate and could result in the need to record an impairment charge in future periods. The Company continually monitors for potential triggering events including changes in the business climate in which it operates, the Company's market capitalization compared to is book value, and the Company's recent operating performance. Any changes in these factors could result in an impairment charge.

During the three months ended June 30, 2023, the Company acquired businessfourzero and recorded approximately $7.1 million of goodwill in the Heidrick Consulting reporting unit. Due to the inclusion of goodwill in a reporting unit with a pre-existing fair value shortfall, the Company evaluated the recent and anticipated future financial performance of the Heidrick Consulting reporting unit and determined that it was more likely than not that the fair value of the reporting unit was less than its carrying value. As a result, the Company identified a triggering event and performed an interim goodwill impairment evaluation during the three months ended June 30, 2023.

Based on the results of the impairment evaluation, the Company determined that the goodwill within the Heidrick Consulting reporting unit was impaired, which resulted in an impairment charge of $7.2 million to write off all of the associated goodwill. The impairment charge is recorded within *Impairment charges* in the Consolidated Statements of Comprehensive Income for the year ended December 31, 2023, and the Consolidated Statements of Cash Flows for the year ended December 31, 2023. The impairment was non-cash in nature and did not affect the Company's current liquidity, cash flows, borrowing capability or operations, nor did it impact the debt covenants under the Company's credit agreement.

Other Intangible Assets, net

The Company’s other intangible assets, net by segment, are as follows:

	December 31, 2023	December 31, 2022
Executive Search		
Americas	$ 22	$ 51
Europe	95	216
Asia Pacific	—	15
Total Executive Search	117	282
On-Demand Talent	17,689	6,051
Heidrick Consulting	3,036	—
Total other intangible assets, net	$ 20,842	$ 6,333

In February 2023, the Company acquired Atreus and recorded customer relationships short-term, customer relationships long-term, software and trade name intangible assets in the On-Demand Talent operating segment of $6.0 million, $5.3 million, $5.4 million, and $2.5 million, respectively. The combined estimated weighted-average amortization period for the acquired intangible assets is 6.7 years with estimated amortization periods of 5.0, 14.0, 3.0 and 3.0 years for the customer relationships short-term, customer relationships long-term, software and trade name, respectively. In April 2023, the Company acquired businessfourzero and recorded customer relationships and trade name intangible assets in the Heidrick Consulting operating segment of $3.5 million and $0.5 million, respectively. The combined estimated weighted-average amortization period for the acquired intangible assets is 8.3 years with estimated amortization periods of 9.0 and 3.0 years for the customer relationships and trade name intangible assets, respectively.

The carrying amount of amortizable intangible assets and the related accumulated amortization were as follows:

		December 31, 2023			December 31, 2022		
	Weighted Average Life (in years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Client relationships	9.9	$ 26,195	$ (11,443)	$ 14,752	$ 10,720	$ (6,164)	$ 4,556
Trade name	3.0	5,067	(3,069)	$ 1,998	2,406	(1,925)	481
Software	3.0	8,629	(4,537)	4,092	3,110	(1,814)	1,296
Total intangible assets	7.9	$ 39,891	$ (19,049)	$ 20,842	$ 16,236	$ (9,903)	$ 6,333

Intangible asset amortization expense for the years ended December 31, 2023, 2022, and 2021, was $9.4 million, $3.2 million and $2.9 million, respectively.

The Company's estimated future amortization expense related to intangible assets as of December 31, 2023, for the years ended December 31, is as follows:

2024	$ 7,780
2025	5,971
2026	2,525
2027	1,534
2028	897
Thereafter	2,135
Total	$ 20,842

10. Other Current Liabilities

The components of other current liabilities are as follows:

	December 31, 2023	December 31, 2022
Earnout liability	$ —	$ 36,010
Other	21,823	20,006
Total other current liabilities	$ 21,823	$ 56,016

The components of other non-current liabilities are as follows:

	December 31, 2023	December 31, 2022
Earnout liability	$ 38,601	$ —
Other	3,207	5,293
Total other non-current liabilities	$ 41,808	$ 5,293

11. Line of Credit

On February 24, 2023, the Company entered into the Second Amendment (the "Second Amendment") to the Credit Agreement, dated as of October 26, 2018 (the "Credit Agreement" and, as amended by the First Amendment to Credit Agreement, dated as of July 13, 2021, and the Second Amendment, the "Amended Credit Agreement") by and among the Company, Bank of America, N.A., as administrative agent, and the lenders party thereto. The Second Amendment changed the interest rate benchmark, from LIBOR to the Secured Overnight Financing Rate ("SOFR"). At the Company's option, borrowings under the Amended Credit Agreement will bear interest at one-, three- or six-month term SOFR, or an alternate base rate as set forth in the Amended Credit Agreement, in each case plus an applicable margin. Additionally, the Second Amendment provided the Company with a committed unsecured revolving credit facility in an aggregate amount of $200 million, increased from $175 million as set forth in the Credit Agreement, which includes a sublimit of $25 million for letters of credit and a sublimit of $10 million for swingline loans, with a $75 million expansion feature. Other than the foregoing, the material terms of the Amended Credit Agreement remain unchanged. The Amended Credit Agreement matures on July 13, 2026.

Borrowings under the Credit Agreement may be used for working capital, capital expenditures, permitted acquisitions, restricted payments and for other general corporate purposes of the Company and its subsidiaries. The obligations under the Credit Agreement are guaranteed by certain of the Company's subsidiaries.

As of December 31, 2023, and 2022, the Company had no outstanding borrowings. The Company was in compliance with the financial and other covenants under the Amended Credit Agreement and no event of default existed.

12. Employee Benefit Plans

Qualified Retirement Plan

The Company has a defined contribution retirement plan (the "Plan") for all eligible employees in the United States. Eligible employees may begin participating in the Plan upon their hire date. The Plan contains a 401(k) provision, which provides for employee pre-tax and/or Roth contributions, from 1% to 50% of their eligible compensation up to a combined maximum permitted by law. The Company matched employee contributions on a dollar-for-dollar basis per participant up to the greater of $6,000, or 6.0%, of eligible compensation for the years ended December 31, 2023, 2022, and 2021. Employees are eligible for the Company match immediately upon entry into the Plan. Those contributions vest annually, provided the employee is employed by the Company on the last day of the Plan year in which the match is made. The Plan also provides for employees who retire, die or become disabled during the Plan year to receive the Company match for that Plan year. The Plan provides that forfeitures will be used to reduce the Company's contributions. Forfeitures are created by participants who terminate employment before becoming entitled to the Company's matching contribution under the Plan. The Company also has the option of making discretionary contributions. There were no discretionary contributions made for the years ended December 31, 2023, 2022, and 2021. The expense that the Company incurred for matching employee contributions for the years ended December 31, 2023, 2022, and 2021, was $8.8 million, $7.8 million and $6.8 million, respectively.

The Company maintains additional retirement plans in the Americas, Europe and Asia Pacific regions which the Company does not consider as material and, therefore, additional disclosure has not been presented.

Deferred Compensation Plans

The Company also has a deferred compensation plan for certain U.S. employees (the "U.S. Plan") that became effective on January 1, 2006. The U.S. Plan allows participants to defer up to 25% of their base compensation and up to the lesser of $500,000 or 25% of their eligible bonus compensation into several different investment vehicles. These deferrals are immediately vested and are not subject to a risk of forfeiture. In 2023 and 2022, all deferrals in the U.S. Plan were funded. The compensation deferred in the U.S. Plan was $46.1 million and $33.4 million at December 31, 2023, and 2022, respectively. The assets of the U.S. Plan are included in *Investments* and the liabilities of the U.S. Plan are included in *Retirement and pension plans* in the Consolidated Balance Sheets as of December 31, 2023, and 2022.

The Company also has a Non-Employee Directors Voluntary Deferred Compensation Plan whereby non-employee members of the Company's Board of Directors may elect to defer up to 100% of the cash component of their directors' fees into several different investment vehicles. As of December 31, 2023, and 2022, the total amounts deferred under the plan were $1.2 million and $1.0 million, respectively, all of which were funded. The assets of the plan are included in *Investments* and the liabilities of the plan are included in *Retirement and pension plans* in the Consolidated Balance Sheets at December 31, 2023, and 2022.

The U.S. Plan and Non-Employee Directors Voluntary Deferred Compensation Plan consist primarily of marketable securities and mutual funds, all of which are valued using Level 1 inputs (See Note 7, *Financial Instruments and Fair Value*).

13. Pension Plan and Life Insurance Contract

The Company maintains a pension plan for certain current and former employees in Germany. The pensions are individually fixed Euro amounts that vary depending on the function and the eligible years of service of the employee.

	2023	2022
Benefit obligation at January 1,	$ 13,951	$ 19,594
Interest cost	555	181
Actuarial gain (loss)	769	(3,361)
Benefits paid	(1,296)	(1,257)
Cumulative translation adjustment	437	(1,206)
Benefit obligation at December 31,	$ 14,416	$ 13,951

The benefit obligation amounts recognized in the Consolidated Balance Sheets are as follows:

	December 31,	
	2023	2022
Current liabilities	$ 1,289	$ 1,252
Non-current liabilities	13,127	12,699
Total	$ 14,416	$ 13,951

The components of and assumptions used to determine the net periodic benefit cost are as follows:

	December 31,		
	2023	2022	2021
Net period benefit cost:			
Interest cost	$ 555	$ 181	$ 150
Amortization of net loss	—	195	211
Net periodic benefit cost	$ 555	$ 376	$ 361
Weighted average assumptions			
Discount rate (1)	4.09 %	1.03 %	0.72 %
Rate of compensation increase	— %	— %	— %

Assumptions to determine the Company's benefit obligation are as follows:

	December 31,		
	2023	2022	2021
Discount rate (1)	3.45 %	4.09 %	1.03 %
Rate of compensation increase	— %	— %	— %
Measurement date	12/31/2023	12/31/2022	12/31/2021

(1) The discount rates are based on long-term bond indices adjusted to reflect the longer duration of the benefit obligation.

The amounts in *Accumulated other comprehensive income* as of December 31, 2023, and 2022, that had not yet been recognized as components of net periodic benefit cost were $1.4 million and $0.7 million, respectively. As of December 31, 2023, an insignificant amount of the accumulated other comprehensive income is expected to be recognized as a component of net periodic benefit cost in 2024.

The Company's investment strategy is to support its pension obligations through reinsurance contracts. The BaFin—German Federal Financial Supervisory Authority—supervises the insurance companies and the reinsurance contracts. The BaFin requires each reinsurance contract to guarantee a fixed minimum return. The Company's pension benefits are fully reinsured by group insurance contracts with ERGO Lebensversicherung AG, and the group insurance contracts are measured in accordance with BaFin guidelines (including mortality tables and discount rates) which are considered Level 2 inputs (See Note 7, *Financial Instruments and Fair Value*). The fair value at December 31, 2023, and 2022, was $12.4 million and $12.6 million, respectively.

Since the pension assets are not segregated in trust from the Company's other assets, the pension assets are not shown as an offset against the pension liabilities in the Consolidated Balance Sheets. These assets are included in the Consolidated Balance Sheets at December 31, 2023, and 2022, as a component of *Other current assets* and *Assets designated for retirement and pension plans*.

The benefits expected to be paid in each of the next five years, and in the aggregate for the five years thereafter are as follows:

2024	$ 1,289
2025	1,267
2026	1,239
2027	1,206
2028	1,168
2029 through 2033	$ 5,103

14. Stock-Based Compensation

On May 25, 2023, the stockholders of the Company approved an amendment and restatement of the Company's Third Amended and Restated 2012 Heidrick & Struggles GlobalShare Program (as so amended and restated, the "Fourth A&R Program") to increase the number of shares of common stock reserved for issuance under the 2012 program by 1,060,000 shares. The Fourth A&R Program provides for grants of stock options, stock appreciation rights, restricted stock units, performance stock units, and other stock-based compensation awards that are valued based upon the grant date fair value of the awards. These awards may be granted to directors, selected employees and independent contractors.

As of December 31, 2023, 4,166,113 awards had been issued under the Fourth A&R Program, including 784,325 forfeited awards, and 1,028,212 shares remained available for future awards. The Fourth A&R Program provides that no awards can be granted after May 25, 2033.

The Company measures its stock-based compensation costs based on the grant date fair value of the awards and recognizes these costs in the financial statements over the requisite service period. The Company analyzes historical data of forfeited awards to develop an estimated forfeiture rate that is applied to the Company's stock-based compensation expense; however, all stock-based compensation expense is adjusted to reflect actual vestings and forfeitures.

A summary of information with respect to stock-based compensation is as follows:

	December 31,		
	2023	2022	2021
Salaries and employee benefits (1)	$ 10,633	$ 14,651	$ 20,081
General and administrative expenses	1,013	810	345
Income tax benefit related to stock-based compensation included in net income	3,220	4,263	5,539

(1) Includes $0.8 million of expense, $1.2 million of income, and $7.8 million of expense related to cash settled restricted stock units for the years ended December 31, 2023, 2022, and 2021, respectively.

Restricted Stock Units

Restricted stock units granted to employees are subject to ratable vesting over a three-year or four-year period dependent upon the terms of the individual grant. Compensation expense related to service-based restricted stock units is recognized on a straight-line basis over the vesting period.

Non-employee members of the Board of Directors may elect to receive restricted stock units or shares of common stock annually pursuant to the Fourth A&R Program as part of their annual compensation. Based on their respective elections, the Company issued 23,620 and 11,850 restricted stock units for services provided by the non-employee directors during the years ended December 31, 2023, and 2022, respectively. Restricted stock units issued to non-employee directors remain unvested until the respective non-employee directors retire from the Board of Directors.

Restricted stock unit activity for the years ended December 31, 2023, and 2022 is as follows:

	Number of Restricted Stock Units	Weighted-Average Grant-date Fair Value
Outstanding on December 31, 2021	727,651	$ 31.32
Granted	287,954	34.05
Vested and converted to common stock	(273,565)	32.29
Forfeited	(13,755)	34.63
Outstanding on December 31, 2022	728,285	31.97
Granted	276,227	26.91
Vested and converted to common stock	(292,078)	31.08
Forfeited	(25,693)	31.54
Outstanding on December 31, 2023	686,741	$ 30.33

As of December 31, 2023, there was $5.9 million of pre-tax unrecognized compensation expense related to unvested restricted stock units, which is expected to be recognized over a weighted average of 2.1 years.

Performance Stock Units

The Company grants performance stock units to certain of its senior executives. The performance stock units are generally subject to a cliff vesting at the end of a three-year period. The vesting will vary between 0% - 200% based on the attainment of certain performance metrics and market conditions over the three-year vesting period. Half of the award is based on the achievement of adjusted operating margin thresholds and half of the award is based on the Company's total shareholder return, relative to a peer group. The fair value of the awards subject to total shareholder return metrics is determined using the Monte Carlo simulation model. A Monte Carlo simulation model uses stock price volatility and other variables to estimate the probability of satisfying the performance conditions and the resulting fair value of the award. The performance stock units are expensed on a straight-line basis over the three-year vesting period.

Performance share unit activity for the years ended December 31, 2023, and 2022 is as follows:

	Number of Performance Stock Units	Weighted-Average Grant-date Fair Value
Outstanding on December 31, 2021	232,857	$ 39.88
Granted	97,379	49.59
Vested and converted to common stock	(69,784)	52.91
Forfeited	—	—
Outstanding on December 31, 2022	260,452	40.02
Granted	103,916	34.14
Vested and converted to common stock	(124,743)	31.51
Forfeited	—	—
Outstanding on December 31, 2023	239,625	$ 41.91

As of December 31, 2023, there was $4.6 million of pre-tax unrecognized compensation expense related to unvested performance stock units, which is expected to be recognized over a weighted average of 1.8 years.

Phantom Stock Units

Phantom stock units are grants of phantom stock with respect to shares of the Company's common stock that are settled in cash and are subject to various restrictions, including restrictions on transferability, vesting and forfeiture provisions. Shares of phantom stock that do not vest for any reason will be forfeited by the recipient and will revert to the Company.

Phantom stock units are subject to vesting over a period of four years and certain other conditions, including continued service to the Company. As a result of the cash-settlement feature of the awards, the Company classifies the awards as liability awards, which are measured at fair value at each reporting date and the vested portion of the award is recognized as a liability to the extent that the service condition is deemed probable. The fair value of the phantom stock awards on the balance sheet date was determined using the closing share price of the Company's common stock on that date.

The Company recorded phantom stock-based compensation expense of $0.8 million, $1.2 million of income, and $7.8 million of expense for the years ended December 31, 2023, 2022 and 2021, respectively.

Phantom stock unit activity for the years ended December 31, 2023, and 2022 is as follows:

	Number of Phantom Stock Units
Outstanding on December 31, 2021	348,863
Granted	95,675
Vested	(119,333)
Forfeited	(4,050)
Outstanding on December 31, 2022	321,155
Granted	—
Vested	(115,180)
Forfeited	(18,674)
Outstanding on December 31, 2023	187,301

As of December 31, 2023, there was $1.0 million of pre-tax unrecognized compensation expense related to unvested phantom stock units, which is expected to be recognized over a weighted average of 2.3 years.

Common Stock

Non-employee members of the Board of Directors may elect to receive restricted stock units or shares of common stock annually pursuant to the Fourth A&R Program as part of their annual compensation. Based on their respective elections, the Company issued 16,134 and 11,850 shares of common stock for services provided by the non-employee directors during the years ended December 31, 2023, and 2022, respectively.

On February 11, 2008, the Company's Board of Directors authorized management to repurchase shares of the Company's common stock with an aggregate purchase price of up to $50 million (the "Repurchase Authorization"). From time to time and as business conditions warrant, the Company may purchase shares of its common stock on the open market or in negotiated or block trades. No time limit has been set for completion of this program. During the year ended December 31, 2023, the Company purchased 36,000 shares of common stock for $0.9 million. There were no purchases of shares of common stock in 2022, and prior to the 2023 purchase, the most recent purchase of the Company's shares of common stock occurred during the year ended December 31, 2012. As of December 31, 2023, the Company has purchased 1,074,670 shares of its common stock pursuant to the Repurchase Authorization for a total of $29.2 million and $20.8 million remains available for future purchases under the Repurchase Authorization.

15. Restructuring

During the year ended December 31, 2020, the Company implemented a restructuring plan (the "2020 Plan") to optimize future growth and profitability. The primary components of the 2020 Plan included a workforce reduction, a reduction of the Company's real estate expenses and professional fees, and the elimination of certain deferred compensation programs. The Company continued to incur charges related to the 2020 Plan during the year ended December 31, 2021, which primarily related to finalizing a reduction of the Company's real estate footprint.

The Company did not incur any charges under the 2020 Plan during the years ended December 31, 2022, and 2023, and does not anticipate incurring any future charges under the 2020 Plan.

Restructuring charges (reversals) for the year ended December 31, 2021, by type of charge (reversal) and operating segment are as follows:

	Executive Search					
	Americas	Europe	Asia Pacific	Heidrick Consulting	Global Operations Support	Total
Employee related	$ 20	$ (97)	$ (124)	$ (44)	$ 62	$ (183)
Office related	3,859	—	—	399	(296)	3,962
Other	3	—	—	—	10	13
Total	$ 3,882	$ (97)	$ (124)	$ 355	$ (224)	$ 3,792

Restructuring charges incurred to date under the 2020 Plan, which are solely comprised of prior period charges, by type of charge and reportable segment are as follows:

	Executive Search					
	Americas	Europe	Asia Pacific	Heidrick Consulting	Global Operations Support	Total
Employee related	$ 16,226	$ 8,256	$ 4,110	$ 2,589	$ 1,416	$ 32,597
Office related	18,101	226	374	2,352	1,819	22,872
Other	34	24	6	71	560	695
Total	$ 34,361	$ 8,506	$ 4,490	$ 5,012	$ 3,795	$ 56,164

As part of the Company's reduction in real estate expenses under the 2020 Plan, a lease component related to one of the Company's offices was abandoned. In September 2021, the Company entered into a termination and surrender agreement for this lease component. Under the terms of the agreement, the Company made a one-time payment of $11.7 million to release the Company from all remaining obligations under the lease. At the time of payment, the Company had accrued approximately $17.4 million of lease liabilities related to future payments under the remaining lease term. Upon making the one-time payment, the lease liabilities were relieved, resulting in a gain on termination of approximately $5.7 million, which is recorded in *Restructuring charges* in the Consolidated Statements of Comprehensive Income (Loss) for the year ended December 31, 2021.

Changes in the restructuring accrual for the years ended December 31, 2023, 2022, and 2021 were as follows:

	Employee Related	Office Related	Other	Total
Accrual balance at December 31, 2020	22,312	953	—	23,265
Restructuring charges	(183)	3,962	13	3,792
Cash payments	(13,702)	(738)	(13)	(14,453)
Non-cash write-offs	44	(4,190)	—	(4,146)
Exchange rate fluctuations	(77)	13	—	(64)
Accrual balance at December 31, 2021	8,394	—	—	8,394
Cash payments	(4,853)	—	—	(4,853)
Non-cash write-offs	(34)	—	—	(34)
Exchange rate fluctuations	(85)	—	—	(85)
Accrual balance at December 31, 2022	$ 3,422	$ —	$ —	$ 3,422
Cash payments	(3,516)	—	—	(3,516)
Exchange rate fluctuations	94	—	—	94
Accrual balance at December 31, 2023	$ —	$ —	$ —	$ —

Restructuring accruals associated with the elimination of certain deferred compensation programs of $3.4 million were recorded within *Current liabilities - Accrued salaries and benefits* in the Consolidated Balance Sheets as of December 31, 2022.

16. Income Taxes

The sources of income before income taxes are as follows:

	December 31, 2023	December 31, 2022	December 31, 2021
United States	$ 52,572	$ 57,274	$ 68,122
Foreign	36,099	57,962	37,907
Income before income taxes	$ 88,671	$ 115,236	$ 106,029

The provision for income taxes are as follows:

	December 31, 2023	December 31, 2022	December 31, 2021
Current			
Federal	$ 12,009	$ 13,405	$ 21,200
State and local	4,644	6,748	9,341
Foreign	12,721	8,813	9,802
Current provision for income taxes	29,374	28,966	40,343
Deferred			
Federal	2,996	3,702	(3,373)
State and local	1,334	1,113	(1,825)
Foreign	557	1,969	(1,688)
Deferred provision (benefit) for income taxes	4,887	6,784	(6,886)
Total provision for income taxes	$ 34,261	$ 35,750	$ 33,457

A reconciliation of the provision for income taxes to income taxes at the statutory U.S. federal income tax rate of 21% is as follows:

	December 31, 2023	December 31, 2022	December 31, 2021
Income tax provision at the statutory U.S. federal rate	$ 18,621	$ 24,199	$ 22,266
State income tax provision, net of federal tax benefit	4,974	5,475	4,994
Nondeductible expenses, net	8,437	4,036	2,833
Foreign taxes (includes rate differential and changes in foreign valuation allowance)	4,158	1,647	1,910
Release of valuation allowance	(185)	—	(157)
Additional U.S. tax on foreign operations	(300)	436	242
Other, net	(1,444)	(43)	1,369
Total provision for income taxes	$ 34,261	$ 35,750	$ 33,457

The deferred tax assets and liabilities are attributable to the following components:

	December 31, 2023	December 31, 2022
Deferred tax assets attributable to:		
Operating lease liability and accrued rent	$ 15,490	$ 16,693
Foreign net operating loss carryforwards	11,658	14,528
Accrued compensation and employee benefits	12,678	20,776
Deferred compensation	19,245	17,994
Foreign tax credit carryforwards	7,820	5,522
Other accrued expenses	10,515	6,257
Deferred tax assets, before valuation allowance	77,406	81,770
Valuation allowance	(22,233)	(20,724)
Deferred tax assets, after valuation allowance	55,173	61,046
Deferred tax liabilities attributable to:		
Operating lease, right-of-use, assets	11,715	13,020
Goodwill	17,731	9,493
Depreciation on property and equipment	2,731	3,449
Other	1,393	1,592
Deferred tax liabilities	33,570	27,554
Net deferred tax assets	$ 21,603	$ 33,492

The recognition of deferred tax assets is based on management's belief that it is more likely than not that the tax benefits associated with temporary differences, net operating loss carryforwards and tax credits will be utilized. The Company assesses the recoverability of the deferred tax assets on an ongoing basis. In making this assessment, the Company considers all positive and negative evidence, and all potential sources of taxable income including scheduled reversals of deferred tax liabilities, tax-planning strategies, projected future taxable income and recent financial performance.

The valuation allowance increased from $20.7 million at December 31, 2022, to $22.2 million at December 31, 2023. The valuation allowance at December 31, 2023 was related to foreign net operating loss carryforwards, foreign tax credit carryforwards, and certain foreign deferred tax assets. The Company intends to maintain these valuation allowances until sufficient evidence exists to support their reversal.

At December 31, 2023, the Company had a net operating loss carryforward of $93.3 million related to its foreign filings. Of the $93.3 million net operating loss carryforward, $58.3 million is subject to a valuation allowance. Depending on the tax rules of the tax jurisdictions, the losses can be carried forward for periods ranging from five years to indefinitely. The Company also had a foreign tax credit carryforward of $7.8 million subject to a valuation allowance of $7.8 million.

At December 31, 2022, the Company had a net operating loss carryforward of $103.4 million related to its foreign tax filings. Of the $103.4 million net operating loss carryforward, $64.0 million is subject to a valuation allowance. Depending on the tax rules of the tax jurisdictions, the losses can be carried forward for periods ranging from five years to indefinitely. The Company also had a foreign tax credit carryforward of $5.5 million subject to a valuation allowance of $5.5 million.

As of December 31, 2023, and 2022, the Company does not have any unrecognized tax benefits, due to the settlement of all previous unrecognized tax benefits.

A reconciliation of the beginning and ending balances of the total amounts of gross unrecognized tax benefits is as follows:

	December 31,		
	2023	2022	2021
Gross unrecognized tax benefits at January 1,	$ —	$ —	$ 416
Gross increases for tax positions of prior years	—	—	6
Gross decreases for tax positions of prior years	—	—	(14)
Settlements	—	—	(408)
Gross unrecognized tax benefits at December 31,	$ —	$ —	$ —

In many cases, the Company’s uncertain tax positions are related to tax years that remain subject to examination by the relevant tax authorities. The statute of limitations varies by jurisdiction in which the Company operates. Years 2020 through 2022 are subject to examination by federal and state taxing authorities. The years 2019 and prior are subject to examination in certain foreign and state jurisdictions.

The Company is currently under audit by some jurisdictions. It is likely that the examination phase of several of these audits will conclude in the next twelve months. No significant increases or decreases in unrecognized tax benefits are expected to occur by December 31, 2024.

Estimated interest and penalties related to the underpayment of income taxes are classified as a component of the provision for income taxes in the Consolidated Statements of Comprehensive Income.

The Company has elected to account for Global Intangible Low-Taxed Income ("GILTI") tax in the period in which it is incurred, and therefore has not provided any deferred tax impacts of GILTI in its consolidated financial statements for the year ended December 31, 2023.

17. Changes in Accumulated Other Comprehensive Income

The changes in *Accumulated other comprehensive income* (“AOCI”) by component for the year ended December 31, 2023, are summarized below:

	Available-for-Sale Securities	Foreign Currency Translation	Pension	AOCI
Balance at December 31, 2022	$ (41)	$ (4,163)	$ 15	$ (4,189)
Other comprehensive income (loss) before classification, net of tax	83	4,810	(575)	4,318
Balance at December 31, 2023	$ 42	$ 647	$ (560)	$ 129

18. Segment Information

The Company has five operating segments. The executive search business operates in the Americas, Europe (which includes Africa) and Asia Pacific (which includes the Middle East), and the Heidrick Consulting and On-Demand Talent businesses operate globally.

In 2023, the Company changes its measure of segment profitability from operating income to Adjusted EBITDA. The following tables include Adjusted EBITDA, which is the measure of segment profitability reported to the chief operating decision maker for purposes of allocating resources to the segments and assessing their performance. For segment purposes, reimbursements of out-of-pocket expenses classified as revenue and other operating income are reported separately and, therefore, are not included in the results of each segment. The Company believes that analyzing trends in revenue before reimbursements (net revenue), analyzing operating expenses as a percentage of net revenue, and analyzing Adjusted EBITDA, and Adjusted EBITDA margin more appropriately reflect its core operations.

The Company evaluates performance and allocates resources based on the chief operating decision maker’s review of (1) net revenue and (2) net income before interest, taxes, depreciation and amortization, as adjusted, to the extent they occur, for earnout accretion, earnout fair value adjustments, contingent compensation, deferred compensation plan income or expense, certain reorganization costs, impairment charges and restructuring charges ("Adjusted EBITDA"). Adjusted EBITDA margin is defined as Adjusted EBITDA as a percentage of revenue in the same period.

	December 31,		
	2023	2022	2021
Revenue before reimbursements (net revenue)	$ 1,026,864	$ 1,073,464	$ 1,003,001
Net income	54,410	79,486	72,572
Interest, net	(11,617)	(5,337)	(302)
Other, net	(1,697)	2,367	(7,463)
Provision for income taxes	34,261	35,750	33,457
Operating income	75,357	112,266	98,264
Adjustments			
Depreciation	9,113	7,394	7,150
Intangible amortization	9,395	3,209	2,898
Earnout accretion	1,554	820	486
Earnout fair value adjustments	—	(464)	11,368
Acquisition contingent consideration	11,934	3,885	1,973
Deferred compensation plan	6,132	(6,232)	3,057
Reorganization costs	4,886	—	—
Impairment charges	7,246	—	—
Restructuring charges	—	—	3,792
Total adjustments	50,260	8,612	30,724
Adjusted EBITDA	$ 125,617	$ 120,878	$ 128,988
Adjusted EBITDA margin	12.2 %	11.3 %	12.9 %

The revenue, adjusted EBITDA, depreciation and amortization, and capital expenditures, by segment, are as follows:

	December 31,		
	2023	2022	2021
Revenue			
Executive Search			
Americas	$ 522,988	$ 612,881	$ 581,440
Europe	166,379	176,275	170,312
Asia Pacific	90,678	112,766	117,008
Total Executive Search	780,045	901,922	868,760
On-Demand Talent	152,506	91,349	66,636
Heidrick Consulting	94,313	80,193	67,605
Revenue before reimbursements	1,026,864	1,073,464	1,003,001
Reimbursements	14,318	10,122	5,473
Total revenue	$ 1,041,182	$ 1,083,586	$ 1,008,474
Adjusted EBITDA			
Executive Search			
Americas	$ 173,358	$ 164,193	$ 154,087
Europe	22,246	22,150	20,219
Asia Pacific	11,070	19,813	19,442
Total Executive Search	206,674	206,156	193,748
On-Demand Talent	1,434	(336)	4,592
Heidrick Consulting	(5,823)	(6,444)	(14,685)
Total segments	202,285	199,376	183,655
Research and development	(20,535)	(19,965)	—
Global Operations Support	(56,133)	(58,533)	(54,667)
Total adjusted EBITDA	$ 125,617	$ 120,878	$ 128,988
Depreciation and amortization			
Executive Search			
Americas	$ 3,092	$ 3,498	$ 12,843
Europe	1,343	1,451	1,802
Asia Pacific	976	1,126	1,399
Total Executive Search	5,411	6,075	16,044
On-Demand Talent	8,197	2,669	2,010
Heidrick Consulting	2,179	878	1,045
Total segments	15,787	9,622	19,099
Research and development	2,073	524	—
Global Operations Support	648	457	461
Total depreciation and amortization	$ 18,508	$ 10,603	$ 19,560
Capital expenditures			
Executive Search			
Americas	$ 2,351	$ 1,890	$ 4,487
Europe	1,827	683	372
Asia Pacific	618	1,497	209
Total Executive Search	4,796	4,070	5,068
On-Demand Talent	398	732	—
Heidrick Consulting	559	128	174
Total segments	5,753	4,930	5,242
Research and development	7,170	4,878	—
Global Operations Support	510	1,326	998
Total capital expenditures	$ 13,433	$ 11,134	$ 6,240

Identifiable assets, and goodwill and other intangible assets, net, by segment, are as follows:

	December 31, 2023	December 31, 2022
Current assets		
Executive Search		
Americas	$ 360,111	$ 566,015
Europe	139,803	82,935
Asia Pacific	92,071	104,445
Total Executive Search	591,985	753,395
On-Demand Talent	37,224	20,237
Heidrick Consulting	53,334	47,154
Total segments	682,543	820,786
Global Operations Support	10,671	3,033
Total allocated current assets	693,214	823,819
Unallocated non-current assets	225,283	207,125
Goodwill and other intangible assets, net		
Executive Search		
Americas	91,762	91,434
Europe	1,589	1,665
Asia Pacific	—	15
Total Executive Search	93,351	93,114
On-Demand Talent	126,707	51,580
Heidrick Consulting	3,036	—
Total goodwill and other intangible assets, net	223,094	144,694
Total assets	$ 1,141,591	$ 1,175,638

The only country to account for more than 10% of the Company's net revenue and total long-lived assets is the United States. Net revenue in the United States for the years ended December 31, 2023, 2022, and 2021 was $602.6 million, $703.7 million, and $650.9 million, respectively. Total long-lived assets in the United States as of December 31, 2023, and 2022 were $250.6 million and $260.6 million, respectively.

19. Guarantees

The Company has utilized letters of credit to support certain obligations, primarily for office lease agreements and business license requirements for certain of its subsidiaries in Europe and Asia Pacific. The letters of credit were made to secure the respective agreements and are for the terms of the agreements, which extend through 2033. For each letter of credit issued, the Company would have use cash to fulfill the obligation if the subsidiary defaults on a lease payment. The maximum amount of undiscounted payments the Company would be required to make in the event of default on all outstanding letters of credit is approximately $4.5 million as of December 31, 2023. The Company has not accrued for these arrangements as no event of default exists or is expected to exist.

20. Commitments and Contingencies

Litigation

The Company has contingent liabilities from various pending claims and litigation matters arising in the ordinary course of the Company’s business, some of which involve claims for damages that are substantial in amount. Some of these matters are covered by insurance. Based upon information currently available, the Company believes the ultimate resolution of such claims and litigation will not have a material adverse effect on its financial condition, results of operations or liquidity.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures as defined in Securities Exchange Act of 1934, as amended, (the “Exchange Act”) Rules 13a-15(e) and 15d-15(e), that are designed to ensure that information required to be disclosed in the Company’s reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms, and that such information is accumulated and communicated to the Company’s management, including its principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure. Any system of controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

Management of the Company, with the participation of the principal executive officer and the principal financial officer, evaluated the effectiveness of the design and operation of the Company’s disclosure controls and procedures as of December 31, 2023. Based on the evaluation, the Company’s principal executive officer and principal financial officer concluded that the Company’s disclosure controls and procedures were effective as of December 31, 2023.

(b) Management’s report on internal control over financial reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Exchange Act Rules 13a-15(f) and 15d-15(f). The Company’s internal control over financial reporting is a process designed by, or under the supervision of, the Company’s principal executive and principal financial officers, or persons performing similar functions, and effected by the Company’s board of directors, management, and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles (U.S. GAAP) and includes those policies and procedures that:

(1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

(2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

Management conducted an evaluation of the effectiveness of the system of internal control over financial reporting based on the framework in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission 2013. Based on this evaluation, management concluded that the Company’s system of internal control over financial reporting was effective as of December 31, 2023.

The Company’s independent registered public accounting firm, RSM US LLP, has issued a report on the Company’s internal control over financial reporting. The report on the audit of internal control over financial reporting appears in Part II, Item 8 of this Form 10-K.

(c) Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting that occurred during the Company's fiscal quarter ended December 31, 2023, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

ITEM 9C. DISCLOSURES REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information required by this Item relating to our directors, executive officers and corporate governance will be included in the Company's definitive Proxy Statement for its Annual Meeting of Stockholders to be held on May 23, 2024 (the "2024 Proxy Statement") under the captions "Governance," "Election of Directors," "Director Biographies," and "Executive Officers," and is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

Information required by this Item relating to our executive officer and director compensation and the compensation committee of the Board of Directors will be included in the 2024 Proxy Statement under the captions "Non-Employee Director Compensation," "Compensation Discussion and Analysis" and "Compensation Tables and Narrative Disclosures" and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information required by this Item relating to security ownership of certain beneficial owners of our common stock and information relating to the security ownership of our management will be included in the 2024 Proxy Statement under the caption "Stock Ownership Information" and is incorporated herein by reference.

Equity Compensation Plan Information

The following table sets forth additional information as of December 31, 2023, about shares of our common stock that may be issued upon the vesting of restricted stock units and performance stock units and the exercise of options under our existing equity compensation plans and arrangements, divided between plans approved by our stockholders and plans or arrangements not submitted to the stockholders for approval. For a description of the types of securities that may be issued under our Fourth A&R Program. See Note 14, *Stock-Based Compensation*.

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and right	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by stockholders	926,366 (1)	$ —	1,028,212
Equity compensation plans not approved stockholders	—	—	—
Total equity compensation plans	926,366	—	1,028,212

(1) Includes 686,741 restricted stock units and 239,625 performance stock units at their target levels and no options. The performance stock units represent the maximum amount of shares to be awarded at maximum levels, and accordingly, may overstate expected dilution.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information required by this Item regarding certain relationships and related transactions and director independence will be included in the 2024 Proxy Statement under the captions "Certain Relationships and Related Party Transactions" and "Director Independence" and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this Item is incorporated by reference to the discussion under the captions “Fees Paid to Auditor” and "Audit & Finance Committee Policy and Procedures" in our 2024 Proxy Statement.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) THE FOLLOWING DOCUMENTS ARE FILED AS PART OF THIS REPORT:

1. Index to Consolidated Financial Statements:

See Consolidated Financial Statements included as part of this Form 10-K beginning on page 35.

2. Exhibits:

		Incorporated by Reference		
Exhibit No.	Exhibit Description	Form	Exhibit	Filing Date/Period End Date
3.01	Amended and Restated Certificate of Incorporation of the Registrant	10-Q	3.01	4/27/2020
3.02	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of the Registrant	10-Q	3.02	4/27/2020
3.03	Amended and Restated By-laws of the Registrant	8-K	3.1	12/19/2022
4.01	Specimen Stock Certificate	S-4	4.01	2/12/1999
4.02	Description of Securities	10-K	4.02	2/24/2020
10.01	Employment Agreement of Krishnan Rajagopalan dated April 9, 2015**	8-K	99.1	4/20/2015
10.02	Heidrick & Struggles International, Inc. Management Severance Pay Plan and Summary Plan Description as Amended and Restated Effective December 31, 2010**	8-K	10.1	10/25/2011
10.03	2007 Heidrick & Struggles GlobalShare Program**	DEF 14A	App. A	4/25/2011
10.04	Heidrick & Struggles Incentive Plan, as Amended and Restated Effective January 1, 2008**	10-K	10.20	2/27/2009
10.05	Form of Non-Qualified Stock Option Grant Agreement**	8-K	10.5	2/5/2012
10.06	Form of Restricted Stock Unit Participation Agreement **	8-K	10.3	2/5/2012
10.07	Form of Performance Stock Unit Participation Agreement **	8-K	10.4	2/5/2012
10.08	Form of Non-Employee Director Restricted Stock Unit Participation Agreement **	10-K	10.19	3/14/2012
10.09	Heidrick & Struggles International, Inc. U.S. Employees Deferred Compensation Plan**	10-K	10.10	3/10/2006
10.10	Heidrick & Struggles International, Inc. Deferred Compensation Plan **	S-8	4.1	2/8/2002
10.11	First Amendment to the Heidrick & Struggles International, Inc. U.S. Employees Deferred Compensation Plan **	10-K	10.25	2/27/2009
10.12	Heidrick & Struggles Non-Employee Directors' Voluntary Deferred Compensation Plan - Amended and Restated as of September 30, 2016 **	8-K	2.1	10/5/2016
10.13	Heidrick & Struggles International, Inc. Change in Control Severance Plan, as amended and restated effective December 29, 2011 **	8-K	10.2	1/5/2012
10.14	Amended and Restated 2012 Heidrick & Struggles GlobalShare Plan**	DEF 14A	App. A	4/18/2014
10.15	Employment Agreement of Krishnan Rajagopalan dated September 21, 2017**	8-K	99.1	9/21/2017
10.16	Employment Agreement between Heidrick & Struggles International, Inc. Andrew LeSueur dated January 9, 2018 **	8-K	10.2	1/10/2018

Exhibit No.	Exhibit Description	Incorporated by Reference Form	Exhibit	Filing Date/Period End Date
10.17	Heidrick & Struggles International, Inc. Management Severance Pay Plan as amended and restated effective December 31, 2017	8-K	10.3	1/10/2018
10.18	Employment Agreement between Heidrick & Struggles International, Inc. and Mark Harris dated March 19, 2018 **	8-K	99.1	3/21/2018
10.19	Second Amended and Restated 2012 Heidrick & Struggles GlobalShare Program**	DEF 14A	App. A	5/11/2018
10.20	Form of Phantom Stock Unit Participation Agreement **	10-Q	10.1	10/29/2018
10.21	Form of Restricted Stock Unit Participation Agreement **	10-Q	10.1	10/29/2018
10.22	Employment Agreement between Heidrick & Struggles International, Inc. and Sarah Payne dated December 5, 2018 **	8-K	10.1	12/6/2018
10.23	Employment Agreement between Heidrick & Struggles International, Inc. and Michael Cullen dated February 6, 2019 **	8-K	10.1	2/8/2019
10.24	Form of Performance Stock Unit Participation Agreement **	10-Q	10.1	7/29/2019
10.25	Form of Performance Stock Unit Participation Agreement **	10-K	10.53	7/24/2020
10.26	Form of Restricted Stock Unit Participation Agreement **	10-Q	10.1	7/27/2020
10.27	Form of Performance Stock Unit Participation Agreement **	10-Q	10.2	7/27/2020
10.28	Form of Non-Employee Director Restricted Stock Unit Participation Agreement **	10-Q	10.3	7/27/2020
10.29	Third Amended and Restated 2012 Heidrick & Struggles GlobalShare Program **	S-8		6/22/2020
10.30	Heidrick & Struggles International, Inc. Management Severance Pay Plan and Summary Plan Description As Amended and Restated effective December 31, 2020**	10-K	10.58	2/24/2021
10.31	First Amendment to Credit Agreement, dated July 13, 2021, by and among Heidrick & Struggles International, Inc., the Foreign Subsidiary Borrowers Party Thereto, the Lenders Party Thereto and Bank of America, N.A.	8-K	10.1	7/19/2021
10.32	Director and Officer Indemnification Agreement	10-Q	10.1	10/25/2021
10.33	Heidrick & Struggles International, Inc. Management Severance Pay Plan and Summary Plan Description as amended and restated effective April 12, 2022**	8-K	10.1	4/15/2022
10.34	Employment Agreement between Heidrick & Struggles International, Inc. and Tracey Heaton dated October 31, 2021**	10-Q	10.1	4/25/2022
10.35	Employment Agreement between Heidrick & Struggles International, Inc. and Michael Cullen dated April 25, 2022**	10-Q	10.1	7/25/2022
10.36	Second Amendment to Credit Agreement, dated February 24, 2023, by and among Heidrick & Struggles International, Inc, the Foreign Subsidiary Borrowers party thereto, the other Subsidiary Guarantors party thereto, the Lenders party thereto and Bank of America, N.A., as administrative agent	10-K	10.40	2/27/2023
10.37	Form of Restricted Stock Unit Participation Agreement pursuant to the Fourth Amended and Restated Heidrick & Struggles 2012 GlobalShare Program **	10-Q	10.1	7/31/2023

Exhibit No.	Exhibit Description	Incorporated by Reference Form	Exhibit	Filing Date/Period End Date
10.38	Form of Performance Stock Unit Participation Agreement pursuant to the Fourth Amended and Restated Heidrick & Struggles 2012 GlobalShare Program **	10-Q	10.2	7/31/2023
10.39	Form of Non-Employee Director Restricted Stock Unit Participation Agreement pursuant to the Fourth Amended and Restated Heidrick & Struggles 2012 GlobalShare Program **	10-Q	10.3	7/31/2023
10.40	Fourth Amended and Restated 2012 Heidrick & Struggles GlobalShare Program **	S-8		6/14/2023
*10.41	Employment Agreement between Heidrick & Struggles International, Inc. and Tom Monahan dated January 23, 2024**			
*10.42	Employment Agreement between Heidrick & Struggles International, Inc. and Tom Murray dated January 23, 2024**			
*10.43	Advisory Agreement between Heidrick & Struggles International, Inc. and Krishnan Rajagopalan dated January 23, 2024**			
*21.01	Subsidiaries of the Registrant			
*23.01	Consent of Independent Registered Public Accounting Firm - RSM US LLP			
*31.1	Certification of the Company's Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002			
*31.2	Certification of the Company's Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002			
†*32.1	Certification of the Company's Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002			
†*32.2	Certification of the Company's Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002			
*97.1	Heidrick & Struggles International, Inc. Policy on Recoupment of Incentive Compensation			
*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	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)			

* Filed herewith.
** Denotes a management contract or compensatory plan or arrangement.
† Furnished herewith.

(b) SEE EXHIBIT INDEX ABOVE

(c) FINANCIAL STATEMENTS NOT PART OF ANNUAL REPORT

None.

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

HEIDRICK & STRUGGLES INTERNATIONAL, INC.

By:		/s/ Stephen A. Bondi Stephen A. Bondi
Title:		Vice President, Controller
Date:	March 4, 2024	(Duly authorized on behalf of the registrant and in his capacity as Principal Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on March 4 , 2024.

Signature	Title
/s/ Krishnan Rajagopalan Krishnan Rajagopalan (Principal Executive Officer)	President, Chief Executive Officer & Director
/s/ Mark R. Harris Mark R. Harris (Principal Financial Officer)	Executive Vice President, Chief Financial Officer
/s/ Stephen A. Bondi Stephen A. Bondi (Principal Accounting Officer)	Vice President, Controller
/s/ Elizabeth L. Axelrod Elizabeth L. Axelrod	Director
/s/ Mary E. G. Bear Mary E. G. Bear	Director
/s/ John Berisford John Berisford	Director
/s/ Lyle Logan Lyle Logan	Director
/s/ T. Willem Mesdag T. Willem Mesdag	Director
/s/ Stacey Rauch Stacey Rauch	Director
/s/ Adam Warby Adam Warby	Director

233 S. Wacker Drive
Suite 4900
Chicago, Illinois 60610
telephone +1(312) 496-1200
facsimile +1(312) 496-1048
www.heidrick.com

January 23, 2024

Thomas L. Monahan III

Dear Tom:

On behalf of Heidrick & Struggles, Inc. ("**HSII**" or the "**Company**"), I am pleased to confirm the terms of your employment arrangement in this letter agreement (the "**Agreement**"). All amounts in this Agreement are denominated in U.S. dollars.

1. Employment Effective Date: The terms of your employment are effective as of February 1, 2024 (the "**Employment Effective Date**"). The term of this Agreement shall continue from the Employment Effective Date through the date of a termination of your employment pursuant to Section 13 below.

2. Interim Advisory Role: From the Employment Effective Date until March 4, 2024 (the "**CEO Effective Date**"), you will serve as senior advisor to the Company in a part time capacity, coordinating directly with the Company's Chief Executive Officer and Chair of the Board. You will receive a one-time payment of $75,000 for serving in this role during this interim period, subject to relevant payroll tax withholding, on or before March 1, 2024.

3. Title: Commencing on the CEO Effective Date, you will serve as Chief Executive Officer of HSII and you will report to the Company's Board of Directors (the "**Board**"). For the full term of your employment as Chief Executive Officer, the Company shall cause you to be nominated for election as a member of the Board. You agree that you will devote your full time, energy, and skill to the business of the Company and to the promotion of the Company's best interest, and shall not work or perform services for any other employer as an employee, consultant or otherwise during the term of your employment; provided that you shall be entitled to serve as a member of the board of directors of a reasonable number of other companies, to serve on civic, charitable, educational, religious, public interest or public service boards, and to manage your personal and family investments, in each case, to the extent such activities do not violate any applicable policies of the Company and do not interfere with the performance of your duties and responsibilities hereunder; provided, however, that (1) your participation as a director of other boards is subject to the limitations found within the Company's Corporate Governance Guidelines, and (2) you shall not become a director of any for profit entity without first receiving the approval of the Nominating and Board Governance Committee of the Board; provided, further, that the Company acknowledges that you currently serve as a member of the board of directors of TransUnion and the board of directors of DeVry University and will not require any approval for you to continue in such roles.

4. Location: You will be primarily based in the Company's Washington, D.C. office, traveling between such office and the Company's other offices and elsewhere as reasonably necessary for the performance of your duties under this Agreement.

5. Base Salary: Commencing on the CEO Effective Date, you will receive a monthly salary of $75,000, (which is equivalent to $900,000 annually) ("**Base Salary**"), payable in accordance with the Company's payroll practices for its senior executives.

6. Management Incentive Plan (MIP) Participation: Commencing on the CEO Effective Date, you will be eligible to participate in the MIP (the Company's annual bonus program). You will be eligible for a target annual incentive award under the MIP equal to 150% of your Base Salary (the "**Target Bonus Amount**"), subject to your continued employment with the Company and pursuant to the terms of the MIP, as amended from time to time; provided, that your annual incentive award for 2024 shall be prorated based on the number of days that you are employed with the Company as the Company's Chief Executive Officer during 2024. Performance goals under the MIP will be established annually by the Human Resources and Compensation Committee of the Board (the "**HRCC**"). The bonus is discretionary and is not earned until approved by HRCC and the independent members of the Board. Bonuses are only payable if you are

employed by the Company on the date such bonus is paid (which shall be no later than March 15 in the calendar year following the year to which such bonus relates), except at the sole discretion of the HRCC (and subject to the approval of the independent members of the Board) or as otherwise set forth in the Severance Plans (as defined below).

7. Annual Long-Term Incentive Awards: Subject to approval by the HRCC and the independent members of the Board, you will be eligible to receive consideration for annual long-term incentive grants under the Company's 2012 GlobalShare Program, as amended from time to time (the "**GlobalShare Program**"), as part of your performance and compensation review under the Company's long-term incentive plan for senior executives of the Company. Your first regular annual long-term incentive grant under this Agreement will be made to you in March 2024 with respect to fiscal 2024 and will have a grant date target value equal to $2,000,000. Based on the Company's current program design, annual grants are made 50% in the form of restricted stock units (time vesting only) and 50% in the form of performance stock units, but the actual composition of your long-term incentive grant will be determined by the HRCC at the time of grant. Performance conditions for the performance stock units under the annual long-term incentive program will be established annually by the HRCC. For the avoidance of doubt, you shall not be entitled to an annual long-term incentive award with respect to fiscal 2023 and, except as provided in Section 9 below, any long-term incentive grants shall be made in the sole discretion of the HRCC subject to approval by the independent members of the Board and nothing in this Agreement shall entitle you to long-term incentive grants under the GlobalShare Program or any similar Company plans, programs or arrangements.

8. Severance Plans: Commencing on the CEO Effective Date, you will be eligible to participate in the Company's Change in Control Severance Plan and Management Severance Pay Plan, as such plans may be amended from time to time (the "**CIC Severance Plan**" and the "**Base Severance Plan**", respectively, and together the "**Severance Plans**"); provided, that severance payments and benefits provided under the Base Severance Plan applicable to a termination of employment without Cause shall be deemed to also apply in the event of your resignation of employment for Good Reason; provided, further, that the terms "Cause" and "Good Reason" as used in the Severance Plans shall have the respective meanings set forth in this Agreement.

9. Initial Equity Award: Subject to approval by the HRCC and the independent members of the Board, you will be eligible for an initial long-term incentive award to be granted under the GlobalShare Program in the form of performance stock units, with a grant date fair value of $3,000,000 (the "**Initial Equity Award**"), separately and in addition to the annual long-term incentive awards described in Section 7 above. The value of the Initial Equity Award will be converted into a number of shares as of the grant date using the average closing price of the Company's common stock for the thirty consecutive trading days including and immediately preceding the grant date (the "**Base Price**"). The Initial Equity Award shall be earned in equal 25% increments upon the attainment of the applicable Stock Price Hurdle (as defined below) and which shall vest in four equal annual installments beginning on the one-year anniversary of the grant date, subject to the achievement of the applicable Stock Price Hurdle as of each vesting date and your continuous employment with the Company or an affiliate through such vesting date and the terms and conditions of the GlobalShare Program and the applicable award agreement. If a Stock Price Hurdle is not achieved by the applicable vesting date, then the shares subject to the portion of the Initial Equity Award that are subject to such hurdle shall remain outstanding and be eligible to vest on the next scheduled vesting date. Any shares subject to a portion of the Initial Equity Award that is subject to a Stock Price Hurdle that is not achieved by the four-year anniversary of the grant date shall be forfeited. For purposes of the Initial Equity Award, a "Stock Price Hurdle" shall be attained upon the closing price of the Company's common stock equaling or exceeding each of 125% (1^{st} year), 150% (2^{nd} year), 175% (3^{rd} year) and 200% (4^{th} year) of the Base Price, in each case, for at least thirty consecutive trading days. In the event of a termination of your employment due to your death or Disability (defined below), the Initial Equity Award, to the extent unvested, will vest in full for time vesting purposes, with the earned portion of the award to be determined based on the highest Stock Price Hurdle achieved as of the date of such termination of employment. The Initial Equity Award is subject to the Change in Control (as defined under the GlobalShare Program) provisions as set forth in detail in the GlobalShare Program, provided that, and notwithstanding anything in the GlobalShare Program to the contrary, performance for purposes of determining the vesting of the Initial Equity Award shall be determined based on the highest Stock Price Hurdle achieved on or prior to the Change in Control, with the per share Change in Control consideration to be used to determine whether the Stock Price Hurdle was achieved as of the date of the Change in Control and the Initial Equity Award shall continue to vest in installments on the applicable vesting dates commensurate with the attained Stock Price Hurdle(s), subject to any accelerated vesting for a termination by the Company without Cause or your voluntary termination due to the existence of Good Reason (each as defined in this Agreement), in either case, during the two-year period beginning on the date of a Change in Control, as provided in the GlobalShare Program. For the avoidance of doubt, if your employment is terminated other than (i) due to your death or Disability, or (ii) by the Company without Cause or by you for Good Reason within two years following a Change in

Control, you shall forfeit the unvested portion of the Initial Equity Award as of such termination of employment for no consideration.

10. Benefits: Commencing on the Employment Effective Date, you will be eligible to participate in the Company's benefits program to the same extent as the Chief Executive Officer and other executives at such level. The Company's benefits program includes group health, dental, vision, life/AD&D, long-term disability, short-term disability salary continuation, flexible spending accounts, the Heidrick & Struggles, Inc. 401(k) Profit Sharing and Retirement Plan, and the Heidrick & Struggles International, Inc. U.S. Employees Deferred Compensation Plan. You will also be eligible to participate in the Company's Physical Examination and Financial Planning Program. Your eligibility for all such programs and plans is determined under the terms of those programs/plans. Any discrepancy between this summary and the Company's plan documents will be resolved in favor of the plan documents. The Company's benefits programs, compensation programs and policies are reviewed from time to time by the Company and may be modified, amended, or terminated at any time.

11. Business Expenses: The Company will reimburse you for your reasonable business expenses incurred in the performance of your duties on behalf of the Company in a manner consistent with the Company's policies regarding such reimbursements, as may be in effect from time to time.

12. Compliance with Policies and Other Obligations: Subject to the terms of this Agreement, you agree that you will comply in all material respects with all policies and procedures applicable to similarly situated employees of the Company, generally and specifically and as modified and amended from time to time following notice to you, including, but not limited to, the Heidrick & Struggles International, Inc. Policy on Recoupment of Incentive Compensation, the Heidrick & Struggles International, Inc. Misconduct Clawback Policy, the Company's Code of Ethics, the Global Company Handbook, the U.S. Company Handbook Schedule and the Company's insider trading policy and stock ownership guidelines. You also confirm and agree that (i) you shall not at any time disclose to the Company or any of its affiliates or representatives, or use for any purpose in the course of your employment, any confidential or proprietary information of any other person or entity, including without limitation any former employer; (ii) you have returned to all former employers any and all property belonging to any of them (including without limitation all electronically stored information), and will not at any time use any such property for any purpose in the course of your employment; and (iii) you are not a party to or bound by any employment or services agreement, confidentiality agreement, noncompetition agreement, other restrictive covenant, fiduciary obligation, order, judgment or other obligation or agreement that would or could prohibit or restrict you from executing this Agreement, being employed by the Company or from performing any of your duties under this Agreement.

13. Termination of Employment:

a. Employment at Will: You will be an "employee at will" of the Company, meaning that either party may terminate the employment relationship at any time for any reason (with or without Cause or reason) upon written notice to the other party. A period of notice shall only be required if it is expressly provided in writing under written Company employment policies in effect at the time of such termination, and the Company reserves the right to pay you severance in the form of salary continuation payments in lieu of any such required notice.

b. No Notice Period in Case of Termination for Cause: Notwithstanding any period of notice under written Company employment policies in effect at the time of termination, including, but not limited to, the CIC Severance Plan, the Company shall have the right to terminate your employment for Cause or due to your death or Disability (each as defined below) immediately upon written notice.

c. Compensation Upon Termination: Upon the termination of your employment, you will be paid your Base Salary up through your last day of work (the "**Termination Date**"), any amounts due under the Company's benefit plans and programs in accordance with their respective terms (including but not limited to the GlobalShare Program, the CIC Severance Plan, and Base Severance Plan, as applicable), reimbursement of all business expenses incurred in accordance with the Company's policies, and any other amounts required by law.

d. Definition of Cause: For purposes of this Agreement, as well as under the Severance Plans and the Initial Equity Award, "Cause" shall mean any of the following: (i) your engagement, during the performance of your duties hereunder, in acts or omissions constituting dishonesty, gross negligence, fraud, intentional breach of fiduciary obligation or intentional wrongdoing or malfeasance; (ii) your indictment of, or plea of nolo contendere to, a crime constituting a (x) a felony under the laws of the United States or any state thereof or (y) misdemeanor involving moral turpitude; (iii) your material violation or breach of the written policies of the Company or any of its affiliates (including without limitation the Company's Code of Ethics and the Company's policies relating to anti-harassment and hostile work environment, insider trading, and conflicts of interest, each as in effect from time to time), your material violation or breach of a material obligation that you owe to the Company pursuant to your duties and obligations under the Company's by-laws, or your material violation or breach of any provision of this Agreement or any award or other agreement between you and the Company or any of its affiliates, and, in any of the foregoing instances, failure to cure such breach or violation within thirty (30) days of receipt of notice of the violation or breach (where such cure is possible); (iv) your unauthorized use or disclosure of confidential information pertaining to the Company's business in violation of this Agreement or a written policy of the Company; (v) any knowing or negligent act or omission by you or at your direction which results in the restatement of the financial statements of HSII or a subsidiary of HSII; (vi) your willful engagement in conduct causing demonstrable injury to the Company or its reputation; (vii) your willful and unreasonable failure or refusal to perform your duties as the Company reasonably requires and the continuation thereof after the receipt by you of written notice from the Company and failure to cure within thirty (30) days of receipt of the notice (where such cure is possible); or (viii) your habitual or gross use of alcohol or controlled substances which interferes with the performance of your duties and obligations on behalf of the Company. For purposes of this definition, no act or failure to act on your part shall be considered "willful" unless it is done, or omitted to be done, by you in bad faith or without reasonable belief that your action or omission was in the best interests of the Company. The determination of whether you have been terminated for "Cause" will be made at the sole discretion of the Board.

e. Definition of Disability: For purposes of this Agreement, "Disability" shall mean that you have been unable, for one hundred twenty (120) consecutive days, to perform your duties under this Agreement even with accommodation, because of physical or mental illness or injury.

f. Definition of Good Reason: For purposes of this Agreement, as well as under the Severance Plans and the Initial Equity Award, "Good Reason" shall mean any of the following: (i) a diminution in your title from Chief Executive Officer or in your reporting relationship to the Board; (ii) the Company's requiring you to be primarily based at, or perform your principal functions at, any office or location other than a location within thirty-five (35) miles of the Company's Washington, D.C. office; (iii) a reduction in Base Salary; (iv) a reduction in your target incentive opportunity under the MIP below 150% of your Base Salary; or (v) a material breach by the Company of this Agreement. Prior to your right to terminate this Agreement for Good Reason, you shall give written notice to the Company of your intention to terminate your employment on account of a Good Reason. Such notice shall state in detail the particular act or acts or the failure or failures to act that constitute the grounds on which your Good Reason termination is based and such notice shall be given within ninety (90) days of the occurrence of the act or acts or the failure or failures to act which constitute the grounds for Good Reason. The Company shall have thirty (30) days upon receipt of the notice in which to cure such conduct, to the extent such cure is possible and, in the event the Company fails to cure the event giving rise to Good Reason, your termination of employment shall be effective as of the expiration of the cure period.

g. Return of Company Materials: Upon the termination of your employment by either party for any or no reason, or upon request of the Company, you agree to return to the Company, all Company property, including all materials furnished to you during your employment (including but not limited to keys, computers, automobiles, electronic communication devices, files, identification cards, and any documents or things containing any confidential or proprietary information of the Company) and all materials created by you during your employment; provided, however, that notwithstanding anything to the contrary in this Agreement, you may retain a copy of (i) this Agreement; and (ii) documents concerning your compensation and benefits, including but not limited to documents concerning any equity award(s), incentive award(s) or severance benefits. In addition, you agree that upon the termination of your employment, or upon request of the Company, you will provide the Company with all passwords and similar information for Company-provided systems and programs that will be necessary for the Company to access materials on which you worked or to continue in its business.

14. Confidentiality: In the course of your employment with the Company, you will be given access to and otherwise obtain knowledge of certain trade secrets and confidential and proprietary information pertaining to the business of the Company and its affiliates, and you acknowledge that your services have been and/or will be of special unique and extraordinary value to the Company and its affiliates. During the term of your

employment with the Company and thereafter, and subject to Section 18(i) of this Agreement and except as required by law or authorized in advance by the Company, you will not, directly or indirectly, without the prior written consent of the Company, disclose or use for the benefit of any person, corporation or other entity, or for yourself, any trade secrets or other confidential or proprietary information concerning the Company or its affiliates, including, but not limited to, information pertaining to their clients, services, products, earnings, finances, operations, marketing, methods or other activities; provided, however, that the foregoing shall not apply to information which is of public record or is generally known, disclosed or available to the general public or the industry generally (other than as a result of your breach of this covenant or the breach by another employee of his or her confidentiality obligations). Nothing herein prevents you from disclosing such information as is required by law pursuant to a validly issued subpoena or during any legal proceeding or to your personal representatives and professional advisers as is required for purposes of rendering tax or legal advice; provided that, subject to Section 18(i) below, (a) you shall first promptly notify the Company if you receive a subpoena, court order, or other order requiring disclosure of any confidential or proprietary information, to allow the Company to seek protection therefrom in advance of any such legally compelled disclosure; and (b) with respect to disclosure to any personal representatives and professional advisers, you shall inform them of your obligations hereunder and take all reasonable steps to ensure that such professional advisers do not disclose the existence or substance thereof. Further, upon termination of employment for any reason or upon request by the Company, you shall return, and you shall not, directly or indirectly, remove or retain, any records, computer disks or files, computer printouts, business plans or any copies or reproductions thereof, or any information or instruments derived therefrom, arising out of or relating to the business of the Company and its affiliates or obtained as a result of your employment by the Company.

15. Intellectual Property Rights:

a. Definitions: "**IP Rights**" means all rights in and to United States and foreign intellectual property and all similar or equivalent rights or forms of protection throughout the world, in each case whether registered or unregistered, including: (i) patents, patent applications, provisional patent applications, and similar instruments (including any and all substitutions, divisions, continuations, continuations-in-part, reissues, renewals, extensions, or the like) as well as any foreign equivalents thereof and all documentation associated therewith, (ii) trademarks, service marks, trade dress, trade names, logos, corporate names, and domain names, and other similar designations of source or origin, together with the goodwill symbolized by any of the foregoing, (iii) copyrights and copyrightable works (including computer programs), mask works, moral rights, and rights in data and databases, and (iv) trade secrets, know-how, and other confidential information. "**Develop**" means to create, prepare, produce, author, edit, amend, invent, conceive, develop, assemble, or reduce to practice or, in the case of works of authorship, to fix in a tangible medium of expression. "**Work Product**" means all writings, works of authorship, technology, inventions, discoveries, processes, techniques, methods, ideas, concepts, research, proposals, materials, and all other work product of any nature whatsoever that are Developed by you, individually or jointly with others, during the period of your employment by the Company and relate in any way to the business or contemplated business, products, activities, research, or development of the Company or result from any work performed by you for the Company (in each case, regardless of when or where the work product is prepared during the period of your employment with the Company or whose equipment or other resources is used in preparing the same), all rights and claims related to the foregoing, and all printed, physical, and electronic copies and other tangible embodiments thereof; provided, however, that, solely to the extent 765 I.L.C.S. 1060/2 is deemed to apply, Work Product shall not include any invention for which no equipment, supplies, facilities, or trade secret information of the Company was used, and which was developed entirely on your own time, unless the invention either relates to the Company's business or its actual or demonstrably anticipated research or development or the invention results from any work that you perform for the Company.

b. Work Made for Hire; Assignment: You acknowledge that, by reason of being employed by the Company at the relevant times, to the extent permitted by applicable law, all Work Product consisting of copyrightable subject matter is a "work made for hire" as defined in the Copyright Act of 1976 (17 U.S.C. § 101), and such copyrights are therefore owned by the Company. To the extent that the foregoing does not apply or all right, title and interest in and to the Work Product and all IP Rights therein and improvements thereto does not automatically vest as the exclusive property of the Company, you hereby irrevocably assign to the Company (for itself and for the benefit of its successors and assigns), for no additional consideration, all of my right, title, and interest throughout the world in and to any and all Work Product and all IP Rights therein and improvements thereto, including the right to sue, counterclaim, and recover for all past, present, and future infringement, misappropriation, or dilution thereof, and all rights corresponding thereto throughout the world.

c. Moral Rights: Any assignment of copyrights by you to the Company includes all rights of attribution, paternity, integrity, modification, disclosure, withdrawal, and any other rights throughout the world that may be known or referred to as “moral rights,” “artist’s rights,” “droit moral,” or the like (collectively, “**Moral Rights**”). To the extent that Moral Rights cannot be assigned under applicable law, you hereby irrevocably waive in favor of the Company and agree not to enforce any and all Moral Rights, including any right to identification of authorship or limitation on subsequent modification, that you may have in the assigned copyrights.

d. Further Assurances; Power of Attorney: During and after your employment with the Company, you will (i) assist and cooperate with the Company (or its designee), without charge by you to the Company (or its designee) but at no expense to you, in every proper way to secure the Company’s rights (including IP Rights) in the Work Product and maintain, protect, and enforce the same in any and all jurisdictions throughout the world and (ii) execute and deliver such additional documents, instruments, conveyances, and assurances, and take such further actions, as may reasonably be necessary or desirable to carry out the purposes and intent hereof. If, due to your mental or physical incapacity or unreasonable refusal to cooperate with the Company, the Company is unable to secure your signature with respect to any Work Product, then you hereby irrevocably designate and appoint the Company and its duly authorized officers and agents as your agent and attorney in fact, to act for and in your behalf and stead, to execute, file, and deliver any and all applications, oaths, declarations, affidavits, waivers, assignments, and other documents and instruments as may be requested by the Company and to do all other lawfully permitted acts with respect to such Work Product with the same legal force and effect as if executed by you. The foregoing power of attorney is coupled with an interest in and to the Work Product, shall be irrevocable, and shall not be affected by your subsequent incapacity or death.

16. Non-Competition/Non-Solicitation.

a. Without the prior written consent of the Company, during the term of your employment with the Company and for a period of twelve (12) months after the termination of your employment with the Company for any reason (the “**Restricted Period**”), you shall not:

i. become engaged in or otherwise obtain a financial interest in, directly or indirectly (whether as an owner, officer, employee, consultant, director, stockholder, or otherwise), any company, enterprise or entity that provides, or to your knowledge has made substantial preparation to provide, services or products that compete with any portion of the “Business” (as defined below in Section 16(b)), in each case anywhere in any geographic area where all or any portion of the Business is conducted or, to your knowledge, is in active planning to be conducted at any time during your employment or, at the time of your termination and with respect to which you, at any time during the last two years of employment, provided services or had material presence, responsibilities, or influence (the “**Territory**”); provided, that it shall not be a violation of this restriction to engage in the passive investment in securities of publicly traded companies that are not in excess of two percent (2%) of any such company’s outstanding securities;

ii. directly or indirectly solicit, or assist any other person in soliciting for a competitive Business, or to otherwise interfere with the Company’s relationship with, (x) any client of the Company or its affiliates which engaged the Company for services in the twelve (12) months prior to your employment termination date, or (y) any prospective client of the Company (I) with respect to whom you had direct professional contact during the twelve (12) months immediately prior to the termination of your employment with the Company, or (II) about whom you learned confidential information as a result of your employment; provided, that this subpart 16(a)(ii) shall not apply to any clients of the Company with respect to whom the Company received aggregate annual gross revenue (determined on a fiscal year basis) of less than $100,000;

iii. directly or indirectly solicit, or assist any other person in soliciting, any person who was an employee of the Company or its affiliates as of your termination of employment with the Company, or any person who, as of such date, was actually known by you to have been in the process of being recruited to become an employee by the Company or its affiliates, or induce any such employee or person to terminate his or her employment or prospective employment with the Company or its affiliates (in each case, other than a personal or executive assistant whose primary role and responsibilities were related to supporting your day-to-day activities); or

iv. hire, or assist another person in hiring, any employee of the Company or its affiliates who possesses or is reasonably likely to possess the Company's or any of its affiliates' confidential information for a position where the employee's knowledge of such information is reasonably likely to be relevant to the position or such information is reasonably likely to be disclosed.

b. As used in this Section 16:

i. the term "**Business**" shall mean the business of the Company and its direct and indirect parents and subsidiaries at the time of termination of your employment with the Company and shall include (I) executive search, which includes facilitating the recruitment, management and deployment of senior executives for executive management and board director positions; (II) consulting services, which includes succession planning, culture assessment and leadership assessment and development; (III) on-demand talent; (IV) talent and human capital digital offerings; and (V) during the term of this Agreement and as of the date of your termination of employment, any other service or product provided by the Company or for which the Company had made substantial preparation to enter into or offer that is a Material Business or was reasonably projected in writing by the Board to constitute a Material Business within 2 years following your termination of employment; and

ii. the term "**Material Business**" shall mean a service or product or other line of business which generates 10% or more of the Company's gross annual revenues.

c. Nothing in this Section 16 shall prohibit you from providing services or products (other than services or products similar to those provided by the Company in the conduct of the Business) to an entity that is not engaged in a business, or providing products or services, which compete with a Business (a "**Competitive Activity**") but which has one or more affiliates, divisions or business units that is engaged in a Competitive Activity; provided that (i) the entity does not derive more than 10% of its gross annual revenues from such Competitive Activity, and (ii) (x) your duties, responsibilities and authority with respect to such entity do not result in your being directly involved in the conduct or facilitation of such Competitive Activity, and (y) if your duties, responsibilities and authority with respect to such entity would otherwise result in your being indirectly (through supervision or otherwise) involved in the conduct or facilitation of such Competitive Activity ("**Indirect Activity**"), appropriate safeguards, reasonably acceptable to the Company, are implemented in order to prevent your engagement in such Indirect Activity.

d. Each of the foregoing restrictions contained in Section 16 constitutes an entirely separate and independent restriction on you and shall be read and construed independently of the other undertakings and agreements herein contained. You and the Company agree that the restrictions contained in Section 16 are reasonable in scope and duration and are necessary to protect the Company's confidential information and other business interests. If any provision of Section 16 as applied to any party or to any circumstance is adjudged by an arbitrator or court of competent jurisdiction to be invalid or unenforceable, the same will in no way affect any other circumstance or the validity or enforceability of this Agreement. If any such provision, or any part thereof, is held to be unenforceable because of the scope, duration or geographic area covered thereby, the parties agree that the court or arbitrator making such determination will have the power to reduce the scope and/or duration and/or geographic area of such provision, and/or to delete or revise specific words or phrases, and in its modified form, such provision will then be enforceable to the fullest extent possible and will be enforced.

17. Remedies; Acknowledgment Respecting Breach. You acknowledge and agree that the protections of the Company set forth in Sections 14 and 16 are fair and reasonable. The parties agree and acknowledge that the breach of any provision of Sections 14 or 16 will cause immediate and irreparable damage to the Company and its affiliates for which full damages cannot readily be calculated and for which damages are an inadequate remedy. Accordingly, you agree that, upon actual or threatened breach of any provision of either Section, the Company and its affiliates will be entitled to seek from a court of competent jurisdiction immediate injunctive relief, specific performance or other equitable relief without the necessity of posting a bond or other security and that this will in no way limit any other remedies which the Company and its

affiliates may have (including, without limitation, the right to seek monetary damages). The Company and you agree that in any action by the Company or any of its affiliates to enforce its or their rights under Sections 14 or 16 of this Agreement, the prevailing party in such action shall be awarded its reasonable attorneys' fees and court costs.

18. Other Legal Matters:

a. No Other Agreements/Obligations: You have advised the Company that your execution and performance of the terms of this Agreement do not and will not violate any other agreement binding on you or the rights of any third parties and you understand that in the event this advice is not accurate the Company will not have any obligation to you under this Agreement. You acknowledge and affirm that you will comply with any restrictive covenant and confidentiality obligations applicable to you from any prior employer during the period such restriction(s) is or are in effect. You further represent and warrant that you shall not disclose to the Company or any of its affiliates or induce the Company or any of its affiliates to use any confidential or proprietary information or material belonging to any previous employer or others.

b. Acknowledgment: By signing this Agreement, you acknowledge and agree that: (i) you have read and understand the terms and effects of this Agreement; (ii) you are hereby advised to consult with an attorney if you so choose (at your cost) before executing this Agreement; (iii) you negotiated the terms of this Agreement with the Company and that you enter into this Agreement knowingly and voluntarily; and (iv) you have had a sufficient period of time of at least 14 calendar days (the "**Review Period**") in which to consider and review this Agreement before the Employment Effective Date; provided that to the extent you review and sign this Agreement before the expiration of the Review Period, you acknowledge and agree that you have voluntarily and knowingly waived such additional time.

c. Applicable Legal Standards; Venue: You will be an employee of the Company's United States operations and agree that the laws of the United States of America and the State of Illinois shall govern your employment with the Company. The parties hereby irrevocably consent to, and agree not to object or assert any defense or challenge to, the jurisdiction and venue of the state and federal courts located in Chicago, Illinois, and agree that any claim which may be brought in a court of law or equity shall be brought in any such Chicago, Illinois court.

d. Notice: All notices and other communications under this Agreement shall be in writing to you at the above-referenced address or to the Company at its Chicago Headquarters, directed to the attention of the General Counsel.

e. Full and Complete Agreement: This Agreement (and the plans and other agreements referenced herein) contains our entire understanding with respect to your employment and can be amended only in writing and signed by you and either the Chief Legal Officer or other duly authorized officer. This Agreement supersedes any and all prior agreements, whether written or oral, between you and the Company that are not specifically incorporated by reference herein. In the event of any inconsistency between this Agreement and any other plan, program, practice or agreement in which you are a participant or a party, as in effect from time to time (collectively, "**Other Programs**"), this Agreement will control, unless any applicable such Other Program either is more favorable to you or you agree in writing that such Other Program controls. You and the Company specifically acknowledge that no promises or commitments have been made that are not set forth in this letter. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

f. Severability: If any provision of this Agreement or the application thereof is held invalid, such invalidity shall not affect other provisions or applications of this Agreement that can be given effect without the invalid provision or application and, to such end, the provisions of this Agreement are declared to be severable.

g. Survival of Provisions: The provisions of Sections 13(b) and (c) and 14 through 18 of this Agreement shall survive the termination of your employment with the Company and the expiration or termination of this Agreement.

h. Immigration Reform and Control Act: In compliance with the Immigration Reform and Control Act of 1986, on your first day of work we ask that you bring documents that will establish your identity and your eligibility to work in the United States. Some examples include your driver's license and social security card, your birth certificate, or a current passport. For a comprehensive list of acceptable documents, please visit the following link: http://www.uscis.gov/files/form/i-9.pdf.

i. Protected Rights: Notwithstanding any other provision of this Agreement, nothing contained in this Agreement prohibits you from reporting possible violations of federal law or regulation to or file a charge or complaint with any governmental agency or commission or regulatory authority, including but not limited to the Department of Justice, the Securities and Exchange Commission, the Congress, and any agency Inspector General, or making other disclosures that are protected under the whistleblower provisions of federal law or regulation, or providing truthful testimony in response to a lawfully-issued subpoena or court order. Further, this Agreement does not limit your ability to communicate with any governmental agency or commission or regulatory authority or otherwise participate in any investigation or proceeding that may be conducted by any governmental agency or commission or regulatory authority, including providing documents or other information, without notice to the Company. Furthermore (i) you shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (A) is made (x) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (y) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal, and (ii) if you file a lawsuit for retaliation by the Company for reporting a suspected violation of law, you may disclose a trade secret to your attorney and use the trade secret information in the court proceeding, if you file any document containing the trade secret under seal and do not disclose the trade secret except pursuant to court order. Nothing in this Agreement prohibits or creates liability for any such protected conduct.

j. Disclosures to Future Employers: You agree to promptly disclose your obligations to the Company under Sections 14 and 16 of this Agreement to any future employer or other person or entity with whom you may become, or may seek to become, employed or engaged to perform services of any kind following your employment with the Company. You further agree that the Company may in its discretion disclose this Agreement or any part thereof to any such actual or prospective employer or other person or entity, and that you shall not have or assert any claims of any kind against the Company for doing so.

k. Withholding: All payments and benefits under this Agreement are subject to withholding of all applicable taxes.

l. Code Section 409A: It is intended that any amounts payable under this Agreement shall be exempt from or shall comply with Section 409A of the Internal Revenue Code of 1986, as amended (including the Treasury regulations and other published guidance relating thereto) ("**Section 409A**"), and the Company's and your exercise of authority or discretion hereunder shall comply therewith so as not to subject you to the payment of any interest or additional tax imposed under Section 409A. To the extent any amount payable to you from the Company, per this Agreement or otherwise, would trigger the additional tax imposed by Section 409A, the payment arrangements shall be modified, in a manner intended to the maximum extent possible to preserve the business arrangements contemplated hereunder, to avoid such additional tax. This provision includes, but is not limited to, a six-month delay in payment of deferred compensation to a "specified employee" (as defined in the Treasury regulations under Section 409A) upon a separation from service, to the extent applicable. To the extent that reimbursements or other in-kind benefits under this Agreement constitute deferred compensation under Section 409A, (i) all expenses or other reimbursements hereunder shall be made on or prior to the last day of the taxable year following the taxable year in which such expenses were incurred by you, (ii) any right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit, and (iii) no such reimbursement, expenses eligible for reimbursement, or in-kind benefits provided in any taxable year shall in any way affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year. For purposes of Section 409A, your right to receive installment payments pursuant to this Agreement shall be treated as a right to receive a series of separate and distinct payments.

m. Reimbursement of Attorneys' Fees: The Company shall pay directly or reimburse you for all legal fees and related costs incurred or paid by you in connection with the preparation or negotiation of this Agreement in an amount not to exceed $25,000, provided that you submit documentation of such expenses within 60 days of the Employment Effective Date and the Company shall reimburse you within 90 of the Employment Effective Date. You shall solely bear any such fees and costs in excess of such amount.

Tom, the entire Board is very excited to have you as our Chief Executive Officer.

Sincerely,

/s/ Adam Warby
Adam Warby
Chairman of the Board of Directors

I hereby accept the terms and conditions of employment outlined in this Agreement.

/s/ Thomas L. Monahan III	
Thomas L. Monahan III	Date

Copy:

Sarah Payne, Chief Human Resources Officer
Tracey Heaton, Chief Legal Officer and Corporate Secretary

233 S. Wacker Drive
Suite 4900
Chicago, Illinois 60610
telephone +1(312) 496-1200
facsimile +1(312) 496-1048
www.heidrick.com

January 23, 2024

Tom Murray

Dear Tom:

On behalf of Heidrick & Struggles, Inc. ("**HSII**" or the "**Company**"), I am pleased to confirm the terms of your continued employment arrangement in this letter agreement (the "**Agreement**"). All amounts in this Agreement are denominated in U.S. dollars.

1. Effective Date: The new terms of your employment are effective as of March 4, 2024 (the "**Effective Date**"). The term of this Agreement shall continue from the Effective Date through the date of a termination of your employment pursuant to Section 14 below.

2. Title: Commencing on the Effective Date, you will serve as President for the Company and you will report to the Company's Chief Executive Officer. You agree that you will devote your full time, energy, and skill to the business of the Company and to the promotion of the Company's best interest, and shall not work or perform services for any other employer as an employee, consultant or otherwise during the term of your employment; provided that you shall be entitled to serve as a member of the board of directors of a reasonable number of other companies, to serve on civic, charitable, educational, religious, public interest or public service boards, and to manage your personal and family investments, in each case, to the extent such activities do not violate any applicable policies of the Company and do not interfere with the performance of your duties and responsibilities hereunder; provided, however, that (1) your participation as a director of other boards is subject to the limitations found within the Company's Corporate Governance Guidelines and (2) you shall not become a director of any for profit entity without first receiving the approval of the Nominating and Board Governance Committee of the Company's Board of Directors (the "**Board**").

3. Location: You will continue to adhere to your current working arrangement based in the Company's Boston office, provided that as President you will be required to travel between your designated office and the Company's other offices and elsewhere as reasonably necessary for the performance of your duties under this Agreement.

4. Base Salary: Commencing on the Effective Date, you will receive a monthly salary of $62,500 (which is equivalent to $750,000 annually) ("**Base Salary**"), payable in accordance with the Company's payroll practices for its senior executives.

5. Management Incentive Plan (MIP) Participation: Commencing on the Effective Date, you will be eligible to participate in the MIP (the Company's annual bonus program). You will be eligible for a target annual incentive award under the MIP equal to 125% of your Base Salary (the "**Target Bonus Amount**"), subject to your continued employment with the Company and pursuant to the terms of the MIP, as amended from time to time. Performance goals under the MIP will be established annually by the Human Resources and Compensation Committee of the Board (the "**HRCC**"). The bonus is discretionary and is not earned until approved by HRCC. Bonuses are only payable if you are employed by the Company on the date such bonus is paid (which shall be no later than March 15 in the calendar year following the year to which such bonus relates), except at the sole discretion of the HRCC or as otherwise set forth in the Severance Plans (as defined below).

6. Annual Long-Term Incentive Awards: Subject to approval by the HRCC, you will be eligible to receive consideration for annual long-term incentive grants under the Company's 2012 GlobalShare Program, as amended from time to time (the "**GlobalShare Program**"), as part of your performance and compensation review under the Company's long-term incentive plan for senior executives of the Company. Your first regular annual long-term incentive grant under this Agreement will be made to you in March 2024 with respect to fiscal 2024 and will have a grant date target value equal to $1,500,000. Based on the Company's

current program design, annual grants are made 50% in the form of restricted stock units (time vesting only) and 50% in the form of performance stock units, but the actual composition of your long-term incentive grant will be determined by the HRCC at the time of grant. Performance conditions for the performance stock units under the annual long-term incentive program will be established annually by the HRCC. For the avoidance of doubt, you shall not be entitled to an annual long-term incentive award with respect to fiscal 2023 under this Agreement and, except as provided in Section 8 below, any long-term incentive grants shall be made in the sole discretion of the HRCC and nothing in this Agreement shall entitle you to long-term incentive grants under the GlobalShare Program or any similar Company plans, programs or arrangements.

7. Severance Plans: You will be eligible to participate in the Company's Change in Control Severance Plan and Management Severance Pay Plan, as such plans may be amended from time to time (the "**CIC Severance Plan**" and the "**Base Severance Plan**", respectively, and together the "**Severance Plans**"), in each case, at the Tier I participant level; provided, that severance payments and benefits provided under the Base Severance Plan applicable to a termination of employment without Cause shall be deemed to also apply in the event of your resignation of employment for Good Reason; provided, further, that the terms "Cause" and "Good Reason" as used in the Severance Plans shall have the respective meanings set forth in this Agreement.

8. Promotion Equity Award: Subject to approval by the HRCC on or about January 22, 2024, you will be granted a promotional long-term incentive award, effective as of March 8, 2024 under the GlobalShare Program in the form of performance stock units, with a grant date fair value of $1,000,000 (the "**Promotion Equity Award**"). The value of the Promotion Equity Award will be converted into number of shares as of the grant date using the average closing price of the Company's common stock for the thirty consecutive trading days including and immediately preceding the grant date (the "**Base Price**"). The Promotion Equity Award shall be earned in equal 25% increments upon the attainment of the applicable Stock Price Hurdle (as defined below) and which shall vest in four equal annual installments beginning on the one-year anniversary of the grant date, subject to the achievement of the applicable Stock Price Hurdle as of each vesting date and your continuous employment with the Company or an affiliate (either as President or such different role as approved by the Chief Executive Officer and the HRCC) through such vesting date and the terms and conditions of the GlobalShare Program and the applicable award agreement. If a Stock Price Hurdle is not achieved by the applicable vesting date, then the shares subject to the portion of the Promotion Equity Award that are subject to such hurdle shall remain outstanding and be eligible to vest on the next scheduled vesting date. Any shares subject to a portion of the Promotion Equity Award that is subject to a Stock Price Hurdle that is not achieved by the four-year anniversary of the grant date shall be forfeited. For purposes of the Promotion Equity Award, a "Stock Price Hurdle" shall be attained upon the closing price of the Company's common stock equaling or exceeding each of 125% (1st year), 150% (2nd year), 175% (3rd year) and 200% (4th year) of the Base Price, in each case, for at least thirty consecutive trading days. In the event of a termination of your employment due to your death or Disability (defined below), the Promotion Equity Award, to the extent unvested, will vest in full for time vesting purposes, with the earned portion of the award to be determined based on the highest Stock Price Hurdle achieved as of the date of such termination of employment. The Promotion Equity Award is subject to the Change in Control (as defined under the GlobalShare Program) provisions as set forth in detail in the GlobalShare Program, provided that, and notwithstanding anything in the GlobalShare Program to the contrary, performance for purposes of determining the vesting of the Promotion Equity Award shall be determined based on the highest Stock Price Hurdle achieved on or prior to the Change in Control, with the per share Change in Control consideration to be used to determine whether the Stock Price Hurdle was achieved as of the date of the Change in Control and the Promotion Equity Award shall continue to vest in installments on the applicable vesting dates commensurate with the attained Stock Price Hurdle(s), subject to any accelerated vesting for a termination by the Company without Cause or your voluntary termination due to the existence of Good Reason (each as defined in this Agreement), in either case, during the two-year period beginning on the date of a Change in Control, as provided in the GlobalShare Program. For the avoidance of doubt, if your employment is terminated other than (i) due to your death or Disability or (ii) by the Company without Cause or by you for Good Reason within two years following a Change in Control, you shall forfeit the unvested portion of the Promotion Equity Award as of such termination of employment for no consideration.

9. Promotion Performance Cash Award: Subject to approval by the HRCC, you will receive a promotional performance cash award, pursuant to which you shall receive (i) a lump sum payment equal to $500,000, which shall be paid within sixty (60) days following the one-year anniversary of the Effective Date, and (ii) a lump sum payment in an amount up to $500,000, which shall be paid within sixty (60) days following the two-year anniversary of the Effective Date, in each case, subject to your continuous employment with the Company or an affiliate (either as President or such different role as approved by the Chief Executive Officer and the HRCC) through each payment date and the achievement of certain performance goals that

will be determined by the HRCC in consultation with the Company's Chief Executive Officer and communicated to you at a later date; provided, that the amount of the first payment shall be guaranteed to be $500,000 (subject, for the avoidance of doubt, to your continued employment through the applicable payment date as contemplated above).

10. <u>Benefits:</u> Commencing on the Effective Date, you will be eligible to participate (or continued participation as the case may be) in the Company's benefits program to the same extent as other executives at your level. The Company's benefits program includes group health, dental, vision, life/AD&D, long-term disability, short-term disability salary continuation, flexible spending accounts, the Heidrick & Struggles, Inc. 401(k) Profit Sharing and Retirement Plan, and the Heidrick & Struggles International, Inc. U.S. Employees Deferred Compensation Plan. You will also be eligible to participate in the Company's Physical Examination and Financial Planning Program. Your eligibility for all such programs and plans is determined under the terms of those programs/plans. Any discrepancy between this summary and the Company's plan documents will be resolved in favor of the plan documents. The Company's benefits programs, compensation programs and policies are reviewed from time to time by the Company and may be modified, amended, or terminated at any time.

11. <u>Business Expenses</u>: The Company will reimburse you for your reasonable business expenses incurred in the performance of your duties on behalf of the Company in a manner consistent with the Company's policies regarding such reimbursements, as may be in effect from time to time.

12. <u>Compliance with Policies and Other Obligations</u>: Subject to the terms of this Agreement, you agree that you will comply in all material respects with all policies and procedures applicable to similarly situated employees of the Company, generally and specifically and as modified and amended from time to time following notice to you, including, but not limited to, the Heidrick & Struggles International, Inc. Policy on Recoupment of Incentive Compensation, the Heidrick & Struggles International, Inc. Misconduct Clawback Policy, the Company's Code of Ethics, the Global Company Handbook, the U.S. Company Handbook Schedule and the Company's insider trading policy and stock ownership guidelines. You also confirm and agree that (i) you shall not at any time disclose to the Company or any of its affiliates or representatives, or use for any purpose in the course of your employment, any confidential or proprietary information of any other person or entity, including without limitation any former employer; (ii) you have returned to all former employers any and all property belonging to any of them (including without limitation all electronically stored information), and will not at any time use any such property for any purpose in the course of your employment; and (iii) you are not a party to or bound by any employment or services agreement, confidentiality agreement, noncompetition agreement, other restrictive covenant, fiduciary obligation, order, judgment or other obligation or agreement that would or could prohibit or restrict you from executing this Agreement, being employed by the Company or from performing any of your duties under this Agreement.

13. <u>Return to Market Compensation</u>: If you, the Chief Executive Officer and the HRCC mutually agree (which agreement will not be unreasonably withheld, conditioned or delayed by the Chief Executive Officer or the HRCC) that you will return to a Non- Executive Officer role that is commercial facing ("**<u>Back to Market</u>**"), you will be compensated under the Company's U.S. Search Partner Compensation Plan for the first two fiscal years with the following terms: (a) your annual base salary will be no less than $350,000; and (b) your bonus as calculated under the U.S. Search Partner Compensation Plan will be no less than $2,000,000 for each of those two years ("**<u>Back to Market Compensation</u>**"). To the extent the effective date of your agreed-upon Back to Market is not January 1, your MIP compensation under Section 5 above, and your Back to Market Compensation under this Section 13, for that fiscal year will be prorated according to such effective date. To the extent such agreed-upon effective date is prior to the dates upon which the Promotion Equity Award in Section 8 and the Promotion Performance Cash Award in Section 9 are fully paid out, the HRCC shall have the discretion to cancel any unvested portions of those awards. The HRCC shall also have discretion to cancel any portion or all of the most recent Section 6 annual long-term incentive award granted prior to such Back to Market effective date. You will also be required to enter into a customary agreement memorializing your Back to Market arrangements, including but not limited to repayment obligations for the guaranteed bonuses earned as Back to Market Compensation and restrictive covenants for consultants. For the avoidance of doubt, any severance benefits payable to you under the Severance Plans shall not be based on or adjusted by and shall not factor in any Back to Market

Compensation. Capitalized terms in this Section 13 that are not defined in this Agreement shall have the meanings prescribed for such terms in the Company's U.S. Search Partner Compensation Plan.

14. Termination of Employment:

a. Employment at Will: You will be an "employee at will" of the Company, meaning that either party may terminate the employment relationship at any time for any reason (with or without Cause or reason) upon written notice to the other party. A period of notice shall only be required if it is expressly provided in writing under written Company employment policies in effect at the time of such termination, and the Company reserves the right to pay you severance in the form of salary continuation payments in lieu of any such required notice.

b. No Notice Period in Case of Termination for Cause: Notwithstanding any period of notice under written Company employment policies in effect at the time of termination, including, but not limited to, the CIC Severance Plan, the Company shall have the right to terminate your employment for Cause or due to your death or Disability (each as defined below) immediately upon written notice.

c. Compensation Upon Termination: Upon the termination of your employment, you will be paid your Base Salary up through your last day of work (the "**Termination Date**"), any amounts due under the Company's benefit plans and programs in accordance with their respective terms (including but not limited to the GlobalShare Program, the CIC Severance Plan, and Base Severance Plan, as applicable), reimbursement of all business expenses incurred in accordance with the Company's policies, and any other amounts required by law.

d. Definition of Cause: For purposes of this Agreement, as well as under the Severance Plans and the Promotion Equity Award, "Cause" shall mean any of the following: (i) your engagement, during the performance of your duties hereunder, in acts or omissions constituting dishonesty, gross negligence, fraud, intentional breach of fiduciary obligation or intentional wrongdoing or malfeasance; (ii) your indictment of, or plea of nolo contendere to, a crime constituting a (x) a felony under the laws of the United States or any state thereof or (y) misdemeanor involving moral turpitude; (iii) your material violation or breach of the written policies of the Company or any of its affiliates (including without limitation the Company's Code of Ethics and the Company's policies relating to anti-harassment and hostile work environment, insider trading, and conflicts of interest, each as in effect from time to time), your material violation or breach of a material obligation that you owe to the Company pursuant to your duties and obligations under the Company's by-laws, or your material violation or breach of any provision of this Agreement or any award or other agreement between you and the Company or any of its affiliates, and, in any of the foregoing instances, failure to cure such breach or violation within thirty (30) days of receipt of notice of the violation or breach (where such cure is possible); (iv) your unauthorized use or disclosure of confidential information pertaining to the Company's business in violation of this Agreement or a written policy of the Company; (v) any knowing or negligent act or omission by you or at your direction which results in the restatement of the financial statements of HSII or a subsidiary of HSII; (vi) your willful engagement in conduct causing demonstrable injury to the Company or its reputation; (vii) your willful and unreasonable failure or refusal to perform your duties as the Company reasonably requires and the continuation thereof after the receipt by you of written notice from the Company and failure to cure within thirty (30) days of receipt of the notice (where such cure is possible); or (viii) your habitual or gross use of alcohol or controlled substances which interferes with the performance of your duties and obligations on behalf of the Company. For purposes of this definition, no act or failure to act on your part shall be considered "willful" unless it is done, or omitted to be done, by you in bad faith or without reasonable belief that your action or omission was in the best interests of the Company. The determination of whether you have been terminated for "Cause" will be made at the sole discretion of the Board.

e. Definition of Disability: For purposes of this Agreement, "Disability" shall mean that you have been unable, for one hundred twenty (120) consecutive days, to perform your duties under this Agreement even with accommodation, because of physical or mental illness or injury.

f. Definition of Good Reason: For purposes of this Agreement, as well as under the Severance Plans and the Promotion Equity Award, "Good Reason" shall mean any of the following: (i) a diminution in your title from President or in your reporting relationship to the Chief Executive Officer; (ii) the Company's requiring you to be primarily based at, or perform your principal functions at, any office or location other than a location within thirty-five (35) miles of the

Company's Boston, Massachusetts office; (iii) a reduction in Base Salary; (iv) a reduction in your target incentive opportunity under the MIP below 125% of your Base Salary; or (v) a material breach by the Company of this Agreement. Prior to your right to terminate this Agreement for Good Reason, you shall give written notice to the Company of your intention to terminate your employment on account of a Good Reason. Such notice shall state in detail the particular act or acts or the failure or failures to act that constitute the grounds on which your Good Reason termination is based and such notice shall be given within ninety (90) days of the occurrence of the act or acts or the failure or failures to act which constitute the grounds for Good Reason. The Company shall have thirty (30) days upon receipt of the notice in which to cure such conduct, to the extent such cure is possible and, in the event the Company fails to cure the event giving rise to Good Reason, your termination of employment shall be effective as of the expiration of the cure period. Notwithstanding the foregoing, Good Reason, as defined herein, shall cease to apply in the event of your return to Back to Market.

g. Return of Company Materials: Upon the termination of your employment by either party for any or no reason, or upon request of the Company, you agree to return to the Company, all Company property, including all materials furnished to you during your employment (including but not limited to keys, computers, automobiles, electronic communication devices, files, identification cards, and any documents or things containing any confidential or proprietary information of the Company) and all materials created by you during your employment; provided, however, that notwithstanding anything to the contrary in this Agreement, you may retain a copy of (i) this Agreement; and (ii) documents concerning your compensation and benefits, including but not limited to documents concerning any equity award(s), incentive award(s) or severance benefits. In addition, you agree that upon the termination of your employment, or upon request of the Company, you will provide the Company with all passwords and similar information for Company-provided systems and programs that will be necessary for the Company to access materials on which you worked or to continue in its business.

15. Confidentiality: In the course of your employment with the Company, you will be given access to and otherwise obtain knowledge of certain trade secrets and confidential and proprietary information pertaining to the business of the Company and its affiliates, and you acknowledge that your services have been and/or will be of special unique and extraordinary value to the Company and its affiliates. During the term of your employment with the Company and thereafter, and subject to Section 19(h) of this Agreement and except as required by law or authorized in advance by the Company, you will not, directly or indirectly, without the prior written consent of the Company, disclose or use for the benefit of any person, corporation or other entity, or for yourself, any trade secrets or other confidential or proprietary information concerning the Company or its affiliates, including, but not limited to, information pertaining to their clients, services, products, earnings, finances, operations, marketing, methods or other activities; provided, however, that the foregoing shall not apply to information which is of public record or is generally known, disclosed or available to the general public or the industry generally (other than as a result of your breach of this covenant or the breach by another employee of his or her confidentiality obligations). Nothing herein prevents you from disclosing such information as is required by law pursuant to a validly issued subpoena or during any legal proceeding or to your personal representatives and professional advisers as is required for purposes of rendering tax or legal advice; provided that, subject to Section 19(h) below, (a) you shall first promptly notify the Company if you receive a subpoena, court order, or other order requiring disclosure of any confidential or proprietary information, to allow the Company to seek protection therefrom in advance of any such legally compelled disclosure; and (b) with respect to disclosure to any personal representatives and professional advisers, you shall inform them of your obligations hereunder and take all reasonable steps to ensure that such professional advisers do not disclose the existence or substance thereof. Further, upon termination of employment for any reason or upon request by the Company, you shall return, and you shall not, directly or indirectly, remove or retain, any records, computer disks or files, computer printouts, business plans or any copies or reproductions thereof, or any information or instruments derived therefrom, arising out of or relating to the business of the Company and its affiliates or obtained as a result of your employment by the Company.

16. Intellectual Property Rights:

a. Definitions: "**IP Rights**" means all rights in and to United States and foreign intellectual property and all similar or equivalent rights or forms of protection throughout the world, in each case whether registered or unregistered, including: (i) patents, patent applications, provisional patent applications, and similar instruments (including any and all substitutions, divisions, continuations, continuations-in-part, reissues, renewals, extensions, or the like) as well as any foreign equivalents thereof and all documentation associated therewith, (ii) trademarks, service marks, trade dress, trade names, logos, corporate names, and domain names, and other similar designations of source or origin, together with the goodwill symbolized by any of the foregoing, (iii) copyrights and copyrightable works (including computer programs), mask works, moral rights, and rights in data and databases, and (iv) trade secrets, know-how, and other confidential information. "**Develop**" means to create, prepare, produce, author, edit, amend, invent, conceive, develop, assemble, or reduce to practice or, in the case of works of authorship, to fix in a tangible medium of expression. "**Work Product**" means all writings, works of authorship, technology, inventions, discoveries, processes, techniques, methods, ideas, concepts, research, proposals, materials, and all other work product of any nature whatsoever that are Developed by you, individually or jointly with others, during the period of your employment by the Company and relate in any way to the business or contemplated business, products, activities, research, or development of the Company or result from any work performed by you for the Company (in each case, regardless of when or where the work product is prepared during the period of your employment with the Company or whose equipment or other resources is used in preparing the same), all rights and claims related to the foregoing, and all printed, physical, and electronic copies and other tangible embodiments thereof; provided, however, that, solely to the extent 765 I.L.C.S. 1060/2 is deemed to apply, Work Product shall not include any invention for which no equipment, supplies, facilities, or trade secret information of the Company was used, and which was developed entirely on your own time, unless the invention either relates to the Company's business or its actual or demonstrably anticipated research or development or the invention results from any work that you perform for the Company.

b. Work Made for Hire; Assignment: You acknowledge that, by reason of being employed by the Company at the relevant times, to the extent permitted by applicable law, all Work Product consisting of copyrightable subject matter is a "work made for hire" as defined in the Copyright Act of 1976 (17 U.S.C. § 101), and such copyrights are therefore owned by the Company. To the extent that the foregoing does not apply or all right, title and interest in and to the Work Product and all IP Rights therein and improvements thereto does not automatically vest as the exclusive property of the Company, you hereby irrevocably assign to the Company (for itself and for the benefit of its successors and assigns), for no additional consideration, all of my right, title, and interest throughout the world in and to any and all Work Product and all IP Rights therein and improvements thereto, including the right to sue, counterclaim, and recover for all past, present, and future infringement, misappropriation, or dilution thereof, and all rights corresponding thereto throughout the world.

c. Moral Rights: Any assignment of copyrights by you to the Company includes all rights of attribution, paternity, integrity, modification, disclosure, withdrawal, and any other rights throughout the world that may be known or referred to as "moral rights," "artist's rights," "droit moral," or the like (collectively, "**Moral Rights**"). To the extent that Moral Rights cannot be assigned under applicable law, you hereby irrevocably waive in favor of the Company and agree not to enforce any and all Moral Rights, including any right to identification of authorship or limitation on subsequent modification, that you may have in the assigned copyrights.

d. Further Assurances; Power of Attorney: During and after your employment with the Company, you will (i) assist and cooperate with the Company (or its designee), without charge by you to the Company (or its designee) but at no expense to you, in every proper way to secure the Company's rights (including IP Rights) in the Work Product and maintain, protect, and enforce the same in any and all jurisdictions throughout the world and (ii) execute and deliver such additional documents, instruments, conveyances, and assurances, and take such further actions, as may reasonably be necessary or desirable to carry out the purposes and intent hereof. If, due to your mental or physical incapacity or unreasonable refusal to cooperate with the Company, the Company is unable to secure your signature with respect to any Work Product, then you hereby irrevocably designate and appoint the Company and its duly authorized officers and agents as your agent and attorney in fact, to act for and in your behalf and stead, to execute, file, and deliver any and all applications, oaths, declarations, affidavits, waivers, assignments, and other documents and instruments as may be requested by the Company and to do all other lawfully permitted acts with respect to such Work Product with the same legal force and effect as if executed by you. The foregoing power of attorney is coupled with an interest in and to the Work Product, shall be irrevocable, and shall not be affected by your subsequent incapacity or death.

17. Non-Competition/Non-Solicitation.

a. Without the prior written consent of the Company, during the term of your employment with the Company and for a period of twelve (12) months after the termination of your employment with the Company for any reason (the "**Restricted Period**"), you shall not:

i. become engaged in or otherwise obtain a financial interest in, directly or indirectly (whether as an owner, officer, employee, consultant, director, stockholder, or otherwise), any company, enterprise or entity that provides, or to your knowledge has made substantial preparation to provide, services or products that compete with any portion of the "Business" (as defined below in Section 17(b)), in each case anywhere in any geographic area where all or any portion of the Business is conducted or, to your knowledge, is in active planning to be conducted at any time during your employment or, at the time of your termination and with respect to which you, at any time during the last two years of employment, provided services or had material presence, responsibilities, or influence (the "**Territory**"); provided, that it shall not be a violation of this restriction to engage in the passive investment in securities of publicly traded companies that are not in excess of two percent (2%) of any such company's outstanding securities;

ii. directly or indirectly solicit, or assist any other person in soliciting for a competitive Business, or to otherwise interfere with the Company's relationship with, (x) any client of the Company or its affiliates which engaged the Company for services in the twelve (12) months prior to your employment termination date, or (y) any prospective client of the Company (I) with respect to whom you had direct professional contact during the twelve (12) months immediately prior to the termination of your employment with the Company, or (II) about whom you learned confidential information as a result of your employment; provided, that this subpart 17(a)(ii) shall not apply to any clients of the Company with respect to whom the Company received aggregate annual gross revenue (determined on a fiscal year basis) of less than $100,000;

iii. directly or indirectly solicit, or assist any other person in soliciting, any person who was an employee of the Company or its affiliates as of your termination of employment with the Company, or any person who, as of such date, was actually known by you to have been in the process of being recruited to become an employee by the Company or its affiliates, or induce any such employee or person to terminate his or her employment or prospective employment with the Company or its affiliates (in each case, other than a personal or executive assistant whose primary role and responsibilities were related to supporting your day-to-day activities); or

iv. hire, or assist another person in hiring, any employee of the Company or its affiliates who possesses or is reasonably likely to possess the Company's or any of its affiliates' confidential information for a position where the employee's knowledge of such information is reasonably likely to be relevant to the position or such information is reasonably likely to be disclosed.

b. As used in this Section 17:

i. the term "**Business**" shall mean the business of the Company and its direct and indirect parents and subsidiaries at the time of termination of your employment with the Company and shall include (I) executive search, which includes facilitating the recruitment, management and deployment of senior executives for executive management and board director positions; (II) consulting services, which includes succession planning, culture assessment and leadership assessment and development; (III) on-demand talent; (IV) talent and human capital digital offerings; and (V) during the term of this Agreement and as of the date of your termination of employment, any other service or product provided by the Company or for which the Company had made substantial preparation to enter into or offer that is a Material Business or was reasonably projected in writing by the Board to constitute a Material Business within 2 years following your termination of employment; and

ii. the term "**Material Business**" shall mean a service or product or other line of business which generates 10% or more of the Company's gross annual revenues.

c. Nothing in this Section 17 shall prohibit you from providing services or products (other than services or products similar to those provided by the Company in the conduct of the Business) to an entity that is not engaged in a business, or providing products or services, which compete with a Business (a "**Competitive Activity**") but which has one or more affiliates, divisions or business units that is engaged in a Competitive Activity; provided that (i) the entity does not derive more than 10% of its gross annual revenues from such Competitive Activity, and (ii) (x) your duties, responsibilities and authority with respect to such entity do not result in your being directly involved in the conduct or facilitation of such Competitive Activity, and (y) if your duties, responsibilities and authority with respect to such entity would otherwise result in your being indirectly (through supervision or otherwise) involved in the conduct or facilitation of such Competitive Activity ("**Indirect Activity**"), appropriate safeguards, reasonably acceptable to the Company, are implemented in order to prevent your engagement in such Indirect Activity.

d. Each of the foregoing restrictions contained in Section 17 constitutes an entirely separate and independent restriction on you and shall be read and construed independently of the other undertakings and agreements herein contained. You and the Company agree that the restrictions contained in Section 17 are reasonable in scope and duration and are necessary to protect the Company's confidential information and other business interests. If any provision of Section 17 as applied to any party or to any circumstance is adjudged by an arbitrator or court of competent jurisdiction to be invalid or unenforceable, the same will in no way affect any other circumstance or the validity or enforceability of this Agreement. If any such provision, or any part thereof, is held to be unenforceable because of the scope, duration or geographic area covered thereby, the parties agree that the court or arbitrator making such determination will have the power to reduce the scope and/or duration and/or geographic area of such provision, and/or to delete or revise specific words or phrases, and in its modified form, such provision will then be enforceable to the fullest extent possible and will be enforced.

e. In exchange for your compliance with and in consideration for the non-compete restrictions in Section 17(a)(i) above and subject to Section 409A of the Internal Revenue Code, the Company shall pay, during the entirety of the Restricted Period, fifty (50) percent of your highest annualized base salary as paid by the Company within the two (2) years preceding your termination (such payment, the "**Noncompete Consideration**"), payable in prorated installments in accordance with the Company's normal payroll schedule with the first such installment commencing on the first regularly scheduled Company payday following the effective date of the termination of your employment (but in any event no later than 30 days following your termination of employment). In the event that you are entitled to severance payments under any of the Severance Plans (defined above), you acknowledge and agree that the severance payment amounts under the Severance Plans shall satisfy the requirements for the Noncompete Consideration. The Company shall have no obligation to pay any Noncompete Consideration if within ten (10) business days after the effective date of the termination of your employment with the Company, the Company provides a written waiver of its right to enforce the non-compete restrictions during the Restricted Period. In addition, the Company may select an earlier end date to the Restricted Period by providing a written waiver specifying such date within ten (10) business days after the effective date of termination of your employment with the Company. The Company's obligation to pay the Noncompete Consideration shall terminate upon the earliest of (x) the end of the Restricted Period, (y) such earlier date set forth in a waiver pursuant to this Section 17(e), or (z) breach of any of the covenants set forth in Sections 15 or 17 by you, provided however that the Company will pay any severance payments otherwise owed pursuant to the terms of the Severance Plans. For the avoidance of doubt, this Section 17(e) applies only to the non-compete restrictions in Section 17(a)(i) above.

18. Remedies; Acknowledgment Respecting Breach. You acknowledge and agree that the protections of the Company set forth in Sections 15 and 17 are fair and reasonable. The parties agree and acknowledge that the breach of any provision of Sections 15 or 17 will cause immediate and irreparable damage to the Company and its affiliates for which full damages cannot readily be calculated and for which damages are an inadequate remedy. Accordingly, you agree that, upon actual or threatened breach of any provision of either Section, the Company and its affiliates will be entitled to seek from a court of competent jurisdiction immediate injunctive relief, specific performance or other equitable relief without the necessity of posting a bond or other security and that this will in no way limit any other remedies which the Company and its affiliates may have (including, without limitation, the right to seek monetary damages). The Company and you agree that in any action by the Company or any of its affiliates to enforce its or their rights under

Sections 15 or 17 of this Agreement, the prevailing party in such action shall be awarded its reasonable attorneys' fees and court costs.

19. Other Legal Matters:

a. No Other Agreements/Obligations: You have advised the Company that your execution and performance of the terms of this Agreement do not and will not violate any other agreement binding on you or the rights of any third parties and you understand that in the event this advice is not accurate the Company will not have any obligation to you under this Agreement. You further represent and warrant that you shall not disclose to the Company or any of its affiliates or induce the Company or any of its affiliates to use any confidential or proprietary information or material belonging to any previous employer or others.

b. Acknowledgment: By signing this Agreement, you acknowledge and agree that: (i) you have read and understand the terms and effects of this Agreement; (ii) you are hereby advised to consult with an attorney if you so choose (at your cost) before executing this Agreement; (iii) you negotiated the terms of this Agreement with the Company and that you enter into this Agreement knowingly and voluntarily; and (iv) you have had a sufficient period of time of at least 14 calendar days (the "**Review Period**") in which to consider and review this Agreement before the Effective Date; provided that to the extent you review and sign this Agreement before the expiration of the Review Period, you acknowledge and agree that you have voluntarily and knowingly waived such additional time.

c. Legal Fees: The Company agrees to reimburse you for your reasonable attorneys' fees incurred in connection with the negotiation and execution of this Agreement in an amount up to $25,000, provided that you submit documentation of such expenses within 60 days of the Effective Date and the Company shall reimburse you within 90 of the Effective Date. You shall solely bear any such fees and costs in excess of such amount.

d. Applicable Legal Standards; Venue: You will be an employee of the Company's United States operations and agree that the laws of the United States of America and the State of Illinois shall govern your employment with the Company. The parties hereby irrevocably consent to, and agree not to object or assert any defense or challenge to, the jurisdiction and venue of the state and federal courts located in Chicago, Illinois, and agree that any claim which may be brought in a court of law or equity shall be brought in any such Chicago, Illinois court.

e. Notice: All notices and other communications under this Agreement shall be in writing to you at the above-referenced address or to the Company at its Chicago Headquarters, directed to the attention of the General Counsel.

f. Full and Complete Agreement: This Agreement (and the plans and other agreements referenced herein) contains our entire understanding with respect to your employment and can be amended only in writing and signed by you and either the Chief Legal Officer or other duly authorized officer. This Agreement supersedes any and all prior agreements (including, without limitation, your employment letter agreement, dated May 23, 2022), whether written or oral, between you and the Company that are not specifically incorporated by reference herein. In the event of any inconsistency between this Agreement and any other plan, program, practice or agreement in which you are a participant or a party, as in effect from time to time (collectively, "**Other Programs**"), this Agreement will control, unless any applicable such Other Program either is more favorable to you or you agree in writing that such Other Program controls. You and the Company specifically acknowledge that no promises or commitments have been made that are not set forth in this letter. This Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

g. Severability: If any provision of this Agreement or the application thereof is held invalid, such invalidity shall not affect other provisions or applications of this Agreement that can be given effect without the invalid provision or application and, to such end, the provisions of this Agreement are declared to be severable.

h. Survival of Provisions: The provisions of Sections 14(b) and (c) and 15 through 19 of this Agreement shall survive the termination of your employment with the Company and the expiration or termination of this Agreement.

i. Protected Rights: Notwithstanding any other provision of this Agreement, nothing contained in this Agreement prohibits you from reporting possible violations of federal law or regulation to or file a charge or complaint with any governmental agency or commission or regulatory authority, including but not limited to the Department of Justice, the Securities and Exchange Commission, the Congress, and any agency Inspector General, or making other disclosures that are protected under the whistleblower provisions of federal law or regulation, or providing truthful testimony in response to a lawfully-issued subpoena or court order. Further, this Agreement does not limit your ability to communicate with any governmental agency or commission or regulatory authority or otherwise participate in any investigation or proceeding that may be conducted by any governmental agency or commission or regulatory authority, including providing documents or other information, without notice to the Company. Furthermore (i) you shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (A) is made (x) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (y) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal, and (ii) if you file a lawsuit for retaliation by the Company for reporting a suspected violation of law, you may disclose a trade secret to your attorney and use the trade secret information in the court proceeding, if you file any document containing the trade secret under seal and do not disclose the trade secret except pursuant to court order. Nothing in this Agreement prohibits or creates liability for any such protected conduct.

j. Disclosures to Future Employers: You agree to promptly disclose your obligations to the Company under Sections 15 and 17 of this Agreement to any future employer or other person or entity with whom you may become, or may seek to become, employed or engaged to perform services of any kind following your employment with the Company. You further agree that the Company may in its discretion disclose this Agreement or any part thereof to any such actual or prospective employer or other person or entity, and that you shall not have or assert any claims of any kind against the Company for doing so.

k. Withholding: All payments and benefits under this Agreement are subject to withholding of all applicable taxes.

l. Code Section 409A: It is intended that any amounts payable under this Agreement shall be exempt from or shall comply with Section 409A of the Internal Revenue Code of 1986, as amended (including the Treasury regulations and other published guidance relating thereto) ("**Section 409A**"), and the Company's and your exercise of authority or discretion hereunder shall comply therewith so as not to subject you to the payment of any interest or additional tax imposed under Section 409A. To the extent any amount payable to you from the Company, per this Agreement or otherwise, would trigger the additional tax imposed by Section 409A, the payment arrangements shall be modified, in a manner intended to the maximum extent possible to preserve the business arrangements contemplated hereunder, to avoid such additional tax. This provision includes, but is not limited to, a six-month delay in payment of deferred compensation to a "specified employee" (as defined in the Treasury regulations under Section 409A) upon a separation from service, to the extent applicable. To the extent that reimbursements or other in-kind benefits under this Agreement constitute deferred compensation under Section 409A, (i) all expenses or other reimbursements hereunder shall be made on or prior to the last day of the taxable year following the taxable year in which such expenses were incurred by you, (ii) any right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit, and (iii) no such reimbursement, expenses eligible for reimbursement, or in-kind benefits provided in any taxable year shall in any way affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year. For purposes of Section 409A, your right to receive installment payments pursuant to this Agreement shall be treated as a right to receive a series of separate and distinct payments.

Tom, the entire Board is very excited to have you as our President and we are looking forward to continuing to work with you in your new role.

Sincerely,

/s/ Adam Warby

Adam Warby
Chairman of the Board of Directors

I hereby accept the terms and conditions of employment outlined in this Agreement.

/s/ Tom Murray	
Tom Murray	Date

Copy:

Sarah Payne, Chief Human Resources Officer
Tracey Heaton, Chief Legal Officer and Corporate Secretary

233 S. Wacker Drive
Suite 4900
Chicago, Illinois 60610
telephone +1(312) 496-1200
facsimile +1(312) 496-1048

January 23, 2024

Krishnan Rajagopalan
Address on File with the Company

Dear Krishnan:

On behalf of Heidrick & Struggles International, Inc. ("**HSII**" or the "**Company**") and its Board of Directors (the "**Board**"), I want to thank you for your longstanding service to the Company, during which you have demonstrated tremendous leadership and have made invaluable contributions to the Company. We appreciate your willingness to provide continued support and expertise to the Company as an advisor, with a formal title to be mutually agreed between you and the Company (for purposes of this Agreement, "**Advisor**").

This letter agreement ("**Agreement**") supplements the terms of your employment letter agreement by and among you and HSII, dated as of September 21, 2017 (the "**Employment Agreement**") and sets forth the terms of your engagement as an Advisor as follows:

1. **Term.** You will fully transition from and cease serving in your role of Chief Executive Officer upon the commencement of employment of your successor, which is expected to occur on or around March 4, 2024 (the "**Transition Date**"). Your retirement from the Company and last day of your employment with the Company will become effective on April 1, 2024 (the "**Termination Date**"). Following the Termination Date, you agree to serve as a consultant in the role of Advisor until December 31, 2024 (the "**Consulting End Date**" and, the period from the Termination Date to December 31, 2024, the "**Consulting Period**"). In your role as Advisor, you agree to provide advisory, transition and other related services to the Company during the Consulting Period (the "**Consulting Services**"). As an Advisor, you shall report directly to the CEO and will be available to provide the Consulting Services as agreed upon by the parties.

   Upon the Transition Date, unless otherwise agreed to by the parties, you shall be deemed to have resigned, without any further action by you, from any and all officer and director positions that you, immediately prior to such transition, (i) held with the Company or any of its affiliates or (ii) held with any other entities at the direction of, or as a result of your affiliation with, the Company or any of its affiliates. If for any reason this Agreement is deemed to be insufficient to effectuate such resignations, then you shall, upon the Company's request, execute any documents or instruments that the Company may deem necessary or desirable to effectuate such resignations.

2. **Compensation.** Throughout the Consulting Period, the Company will provide you with a monthly consulting payment in the gross aggregate amount of $33,750.00 (the "**Consulting Fee**"), for Consulting Services during the Consulting Period, without any withholdings or deductions, which will be reported to federal and state authorities as income to you on IRS form 1099 and for which you will be responsible for payment of any taxes.

3. **Benefits.** You acknowledge and agree that, during the Consulting Period, you are performing Consulting Services for the Company solely as an independent contractor and you will not be considered a Company employee for any purpose. You hereby waive participation in and shall not receive any employee benefits during the Consulting Period, including, without limitation, any group medical or life insurance coverage, any 401(k) or other pension program, any disability, profit sharing or retirement benefits, and any vacation leave, holiday, or sick pay entitlements; provided, however, that your outstanding equity awards will be eligible for continued vesting in connection with your retirement, subject to and to the extent provided under the Company's Bonus, Restricted Stock Unit & Performance Stock Unit Retirement Policy.

4. **Existing Employment Agreement.** You and the Company hereby acknowledge and agree that, except as described below, your assumption of the role of Advisor and retirement as Chief Executive Officer of the Company does not entitle you to any benefits under the Employment Agreement, including on account of Good Reason (as defined in the Employment Agreement). Accordingly, you shall not be eligible for severance pay under Sections 6 or 14 of the Employment Agreement as a result of your assumption of the role of Advisor or upon the conclusion of the Consulting Period. In addition, you acknowledge that you shall continue to be bound by the covenants set forth in Sections 15 and 16 of the Employment Agreement including, without limitation, the non-competition, non-solicitation and confidentiality covenants set forth therein.

5. **Return of Property.** Upon the Consulting End Date, you agree to promptly return to the Company all its property, including, but not limited to, laptop, cellphone, personal digital assistants, files, documents, identification cards, access cards, credit cards, keys, equipment, software, and data, however stored.

6. **Expenses.** The Company agrees to reimburse all expenses incurred by you on behalf of the Company or its clients up and until the Consulting End Date subject to the standards and procedures set forth in the Company's Global Travel and Expense Policy.

7. **Termination.** Either party may terminate this Agreement during the Consulting Period by providing thirty (30) days' advance written notice to the other party or immediately if either party breaches the Agreement or engages in conduct that could harm the business or reputation of the other party. In the event of such termination, you shall cease to be eligible to receive the Consulting Fee.

Krishnan, thank you for your contributions to the Firm and agreement to continue to help us execute upon our strategy during this time of leadership transition.

Sincerely,

/s/ Adam Warby

Adam Warby
Chairman of the Board of Directors

This Agreement correctly reflects our understanding, and I hereby confirm my agreement to the same as of the date set forth above.

/s/ Krishnan Rajagopalan

Krishnan Rajagopalan

Exhibit 21.01

SUBSIDIARIES OF HEIDRICK & STRUGGLES INTERNATIONAL, INC.

The following are subsidiaries of Heidrick & Struggles International, Inc. as of December 31, 2023:

BEIJING HEIDRICK & STRUGGLES INTERNATIONAL MANAGEMENT CONSULTING COMPANY LIMITED, a China limited partnership (joint venture 90% ownership)

HEIDRICK & STRUGGLES LEADERSHIP CONSULTING, LTD., a United Kingdom corporation

H&S HOLDINGS LIMITED, a Thailand corporation

HEIDRICK & STRUGGLES AB, a Sweden corporation

HEIDRICK & STRUGGLES AG, a Switzerland corporation

HEIDRICK & STRUGGLES ARGENTINA S.A., an Argentina corporation

HEIDRICK & STRUGGLES ASIA-PACIFIC, LLC, a Delaware limited liability company

HEIDRICK & STRUGGLES AUSTRALIA PTY., LTD., an Australia corporation

HEIDRICK & STRUGGLES B.V., a Netherlands corporation

HEIDRICK & STRUGGLES CANADA, INC., a Canada corporation

HEIDRICK & STRUGGLES (CAYMAN ISLANDS), INC., a Cayman Islands corporation

HEIDRICK & STRUGGLES CYPRUS LTD., a Cyprus corporation

HEIDRICK & STRUGGLES ESPANA, INC., an Illinois corporation

HEIDRICK & STRUGGLES FAR EAST LIMITED, a Hong Kong corporation

HEIDRICK & STRUGGLES (GIBRALTAR) HOLDINGS LIMITED, a Gibraltar corporation

HEIDRICK & STRUGGLES (GIBRALTAR) LIMITED, a Gibraltar corporation

HEIDRICK & STRUGGLES HOLDING B.V., a Netherlands corporation

HEIDRICK & STRUGGLES HONG KONG, LTD., an Illinois corporation

HEIDRICK & STRUGGLES, INC., a Delaware corporation

HEIDRICK & STRUGGLES (INDIA) PRIVATE LIMITED, an India corporation

HEIDRICK & STRUGGLES INTERNATIONAL S.R.L, an Italy corporation

HEIDRICK & STRUGGLES JAPAN GODO KAISHA, a Japan limited liability company

HEIDRICK & STRUGGLES JAPAN, LTD., an Illinois corporation

HEIDRICK & STRUGGLES (KOREA), INC., a Korea corporation

HEIDRICK & STRUGGLES LATIN AMERICA, INC., an Illinois corporation

Exhibit 21.01

HEIDRICK & STRUGGLES (MIDDLE EAST) LTD., a United Arab Emirates corporation

HEIDRICK & STRUGGLES (RUSSIA) LLC, a Russia corporation

HEIDRICK & STRUGGLES S.A. de C.V., a Mexico corporation

HEIDRICK & STRUGGLES SINGAPORE PTE LTD., a Singapore corporation

HEIDRICK & STRUGGLES SP. ZO.O, a Poland corporation

HEIDRICK & STRUGGLES RECRUITMENT (THAILAND), LTD., a Thailand corporation

HEIDRICK & STRUGGLES (UK) FINANCE COMPANY LIMITED, a United Kingdom company

HEIDRICK & STRUGGLES (UK) LIMITED, a United Kingdom corporation

HEIDRICK & STRUGGLES UNTERNEHMENSBERATUNG GMBH & CO. KG, a Germany limited partnership

HEIDRICK & STRUGGLES UNTERNEHMENSBERATUNG VERWALTUNG, GMBH, a Germany limited liability company

HEIDRICK & STRUGGLES A/S, a Denmark corporation

HEIDRICK & STRUGGLES IRELAND, LIMITED, an Ireland corporation

SENN-DELANEY LEADERSHIP CONSULTING GROUP, LLC, a California limited liability company

HEIDRICK & STRUGGLES RECRUTAMENTO & CONSULTIVO HOLDING LTDA., a Brazil corporation

HEIDRICK & STRUGGLES RDJ RECRUTAMENTO & CONSULTIVO LTDA., a Brazil corporation

HEIDRICK & STRUGGLES RECRUTAMENTO ESPECIALIZADO LTDA., a Brazil corporation

HEIDRICK & STRUGGLES CONSULTIVO LTDA., a Brazil Corporation

HEIDRICK & STRUGGLES HOLDING SWEDEN AB, a Sweden Corporation

PRIME BLOCKER CORP, a Delaware Corporation

BUSINESS TALENT GROUP, LLC, a California limited liability company

BUSINESS TALENT GROUP EUROPE LTD., a United Kingdom corporation

BTG USA, INC., a Delaware corporation

H&S GLOBAL HOLDINGS, INC., a Delaware corporation

HEIDRICK SEARCH AND CONSULTING LTD., an Israel corporation

PRIMARY TALENT CONSULTANCY, INC., a Cayman Islands corporation

PRIMARY TALENT CONSULTANCY LIMITED, a Hong Kong Corporation

HEIDRICK & STRUGGLES (SHANGHAI) TALENT CONSULTING CO., LTD., a China Corporation

Exhibit 21.01

HEIDRICK & STRUGGLES FINLAND HOLDING OY, a Finland Corporation

H&S FINLAND OY, a Finland Corporation

H & S EUROPE COE SP ZO.O, a Poland corporation

HEIDRICK & STRUGGLES MIDDLE EAST LTD., a Saudi Arabia Corporation

BUSINESS 3.0 LIMITED, a United Kingdom corporation

HEIDRICK & STRUGGLES SEARCH AND CONSULTING COLOMBIA SAS, a Colombia Corporation

ATREUS GROUP GMBH, a Germany corporation

H&S AUSTRALIA HOLDING PTY LTD, an Australia corporation

HEIDRICK & STRUGGLES AFRICA (PTY) LTD, a South Africa corporation

HEIDRICK & STRUGGLES SOUTH AFRICA (PTY) LTD, a South Africa corporation

ATREUS GMBH, a Germany corporation

ATREUS INTERIM MANAGEMENT GMBH, a Germany corporation

MYHEAD GMBH, a Germany corporation

ATROVA GMBH, a Germany corporation

Exhibit 23.01

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statements (No. 333-272643, No. 333-239337, No. 333-225436, No. 333-181712, No. 333-147476, No. 333-130143, No. 333-82424, No. 333-58118, No. 333-32544, and No. 333-73443) on Form S-8 of Heidrick & Struggles International, Inc. of our reports dated March 4, 2024, relating to the consolidated financial statements and the effectiveness of internal control over financial reporting of Heidrick & Struggles International, Inc., appearing in this Annual Report on Form 10-K of Heidrick & Struggles International, Inc. for the year ended December 31, 2023.

/s/ RSM US LLP

Chicago, Illinois
March 4, 2024

Exhibit 31.1

CERTIFICATION

I, Krishnan Rajagopalan, certify that:

1. I have reviewed this annual report on Form 10-K of Heidrick & Struggles International, Inc.;

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.

Dated: March 4, 2024

/s/ Krishnan Rajagopalan
Krishnan Rajagopalan
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Mark R. Harris, certify that:

1. I have reviewed this annual report on Form 10-K of Heidrick & Struggles International, Inc.;

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.

Dated: March 4, 2024

/s/ Mark R. Harris
Mark R. Harris
Executive Vice President and Chief Financial Officer

Exhibit 32.1

CERTIFICATION

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), the undersigned officer of Heidrick & Struggles International, Inc., a Delaware corporation (the "Company"), does hereby certify that:

The Annual Report on Form 10-K for the year ended December 31, 2023 (the "Form 10-K") of the Company fully complies with the requirements of section 13 (a) or 15 (d) of the Securities Exchange Act of 1934 and the information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 4, 2024

/s/ Krishnan Rajagopalan
Krishnan Rajagopalan
President and Chief Executive Officer

Exhibit 32.2

CERTIFICATION

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), the undersigned officer of Heidrick & Struggles International, Inc., a Delaware corporation (the “Company”), does hereby certify that:

The Annual Report on Form 10-K for the year ended December 31, 2023 (the “Form 10-K”) of the Company fully complies with the requirements of section 13 (a) or 15 (d) of the Securities Exchange Act of 1934 and the information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 4, 2024

/s/ Mark R. Harris
Mark R. Harris
Executive Vice President and Chief Financial Officer

Exhibit 97.1

HEIDRICK & STRUGGLES INTERNATIONAL, INC.
POLICY ON RECOUPMENT OF INCENTIVE COMPENSATION

Introduction

The Human Resources and Compensation Committee (the "HRCC") of the Board of Directors (the "Board") of Heidrick & Struggles International, Inc. (the "Company") has adopted this Policy on Recoupment of Incentive Compensation (this "Policy"), which provides for the recoupment of compensation in certain circumstances in the event of a restatement of financial results by the Company. This Policy shall be interpreted to comply with the requirements of U.S. Securities and Exchange Commission ("SEC") rules and Nasdaq Stock Market ("Nasdaq") listing standards implementing Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act") and, to the extent this Policy is in any manner deemed inconsistent with such rules, this Policy shall be treated as retroactively amended to be compliant with such rules.

Administration

This Policy shall be administered by the HRCC. Any determinations made by the HRCC shall be final and binding on all affected individuals. The HRCC is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate or advisable for the administration of this Policy, in all cases consistent with the Dodd-Frank Act. The Board or HRCC may amend this Policy from time to time in its discretion.

Covered Executives

This Policy applies to any current or former "executive officer," within the meaning of Rule 10D-1 under the Securities Exchange Act of 1934, as amended, of the Company or a subsidiary of the Company (each such individual, an "Executive"). This Policy shall be binding and enforceable against all Executives and their beneficiaries, executors, administrators, and other legal representatives.

Recoupment Upon Financial Restatement

If the Company is required to prepare an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (a "Financial Restatement"), the HRCC shall cause the Company to recoup from each Executive, as promptly as reasonably possible, any erroneously awarded Incentive-Based Compensation, as defined below.

No-Fault Recovery

Recoupment under this Policy shall be required regardless of whether the Executive or any other person was at fault or responsible for accounting errors that contributed to the need for the Financial Restatement or engaged in any misconduct related to the circumstances giving rise to the need for the Financial Restatement.

Compensation Subject to Recovery; Enforcement

This Policy applies to all compensation granted, earned or vested based wholly or in part upon the attainment of any financial reporting measure determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measure that is derived wholly or in part from such measures, whether or not presented within the Company's financial statements or included in a filing with the SEC (including stock price and total shareholder return ("TSR")), including but not limited to performance-based cash, stock, options or other equity-based awards paid or granted to the Executive ("Incentive-Based Compensation"). Compensation that is granted, vests or is earned based solely upon the occurrence of non-financial events, such as base salary, restricted stock or options with time-based vesting, or a bonus awarded solely at the discretion of the Board or HRCC and not based on the attainment of any financial measure, is not subject to this Policy.

In the event of a Financial Restatement, the amount to be recovered will be the excess of (i) the Incentive-Based Compensation received by the Executive during the Recovery Period (as defined below) based on the erroneous data and calculated without regard to any taxes paid or withheld, over (ii) the Incentive-Based Compensation that would have been received by the Executive had it been calculated based on the restated financial information, as determined by the HRCC. For purposes of this Policy, "Recovery Period" means the three completed fiscal years immediately preceding the date on which the Company is required to prepare the Financial Restatement, as determined in accordance with the last sentence of this paragraph, or any transition period that results from a change in the Company's fiscal year (as set forth in Section 5608(b)(i)(D) of the Nasdaq

Listing Rules). The date on which the Company is required to prepare a Financial Restatement is the earlier to occur of (A) the date the Board or a Board committee (or authorized officers of the Company if Board action is not required) concludes, or reasonably should have concluded, that the Company is required to prepare a Financial Restatement or (B) the date a court, regulator, or other legally authorized body directs the Company to prepare a Financial Restatement.

For Incentive-Based Compensation based on stock price or TSR, where the amount of erroneously awarded compensation is not subject to mathematical recalculation directly from the information in the Financial Restatement, then the HRCC shall determine the amount to be recovered based on a reasonable estimate of the effect of the Financial Restatement on the stock price or TSR upon which the Incentive-Based Compensation was received and the Company shall document the determination of that estimate and provide it to Nasdaq.

Incentive-Based Compensation is considered to have been received by an Executive in the fiscal year during which the applicable financial reporting measure was attained or purportedly attained, even if the payment or grant of such Incentive-Based Compensation occurs after the end of that period.

The Company may use any legal or equitable remedies that are available to the Company to recoup any erroneously awarded Incentive-Based Compensation, including but not limited to by collecting from the Executive cash payments or shares of Company common stock, by forfeiting any amounts that the Company owes to the Executive or cancelling outstanding cash, equity-based or equity awards held by the Executive.

No Indemnification

The Company shall not indemnify any Executive or pay or reimburse the premium for any insurance policy to cover any losses incurred by such Executive under this Policy or any claims relating to the Company's enforcement of rights under this Policy.

Exceptions

The compensation recouped under this Policy shall not include Incentive-Based Compensation received by an Executive (i) prior to beginning service as an Executive or (ii) if he or she did not serve as an Executive at any time during the performance period applicable to the Incentive-Based Compensation in question. The HRCC (or a majority of independent directors serving on the Board) may determine not to seek recovery from an Executive in whole or part to the extent it determines in its sole discretion that such recovery would be impracticable because (A) the direct expense paid to a third party to assist in enforcing recovery would exceed the recoverable amount (after having made a reasonable attempt to recover the erroneously awarded Incentive-Based Compensation and providing corresponding documentation of such attempt to Nasdaq), (B) recovery would violate the home country law that was adopted prior to November 28, 2022, as determined by an opinion of counsel licensed in the applicable jurisdiction that is acceptable to and provided to Nasdaq, or (C) recovery would likely cause the Company's 401(k) plan or any other tax-qualified retirement plan to fail to meet the requirements of Section 401(a)(13) or Section 411(a) of the Internal Revenue Code of 1986, as amended, and the regulations thereunder.

Other Remedies Not Precluded

The exercise by the HRCC of any rights pursuant to this Policy shall be without prejudice to any other rights or remedies that the Company, the Board or the HRCC may have with respect to any Executive subject to this Policy, whether arising under applicable law (including pursuant to Section 304 of the Sarbanes-Oxley Act of 2002), regulation or pursuant to the terms of any other policy of the Company, employment agreement, equity award, cash incentive award or other agreement applicable to an Executive, including without limitation the rights and remedies set forth in the Heidrick & Struggles International, Inc. Misconduct Clawback Policy. Notwithstanding the foregoing, there shall be no duplication of recovery of the same Incentive-Based Compensation under this Policy and any other such rights or remedies.

Acknowledgment

To the extent required by the HRCC, each current Executive shall be required to sign and return to the Company the acknowledgement form attached hereto as Exhibit A pursuant to which such Executive will agree to be bound by the terms of, and comply with, this Policy. For the avoidance of doubt, each Executive shall be fully bound by, and must comply with, the Policy, whether or not such Executive has executed and returned such acknowledgment form to the Company.

Effective Date

This Policy has been adopted by the Board on September 28, 2023 (the "Effective Date") and shall apply to any Incentive-Based Compensation that is received by an Executive on or after the Effective Date.

EXHIBIT A

Exhibit 97.1

HEIDRICK & STRUGGLES INTERNATIONAL, INC.
POLICY ON RECOUPMENT OF INCENTIVE COMPENSATION

ACKNOWLEDGEMENT FORM

Capitalized terms used but not otherwise defined in this Acknowledgement Form (this "***Acknowledgement Form***") shall have the meanings ascribed to such terms in the Policy.

By signing this Acknowledgement Form, the undersigned acknowledges, confirms and agrees that the undersigned: (i) has received and reviewed a copy of the Policy; (ii) is and will continue to be subject to the Policy and that the Policy will apply both during and after the undersigned's employment with the Company; and (iii) will abide by the terms of the Policy, including, without limitation, by reasonably promptly returning any recoverable compensation to the Company as required by the Policy, as determined by the HRCC in its sole discretion.

Sign: ______________________________
Name: [Employee]

Date: ______________________________