HireRight Q2 2023 Earnings Presentation

August 8, 2023

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Forward-Looking Statements

This document and any accompanying oral presentation by the Company contain forward-looking statements within the meaning of the federal securities laws. You can often identify forward-looking statements by the fact that they do not relate strictly to historical or current facts, or by their use of words such as "anticipate," "estimate," "expect," "project," "forecast," "plan," "intend," "believe," "seek," "could," "targets," "potential," "may," "will," "should," "can have," "likely," "continue," and other terms of similar meaning in connection with any discussion of the timing or nature of future operating or financial performance or other events. Forward-looking statements may include, but are not limited to, statements concerning our anticipated financial performance, including, without limitation, Revenue, profitability, Net Income (Loss), Adjusted EBITDA, Adjusted Net Income, Adjusted EBITDA Margin, Earnings Per Share, Adjusted Diluted Earnings Per Share, and Cash Flow; strategic objectives; investments in our business, including development of our technology and introduction of new offerings; sales growth and customer relationships; our competitive differentiation; our market share and leadership position in the industry; market conditions, trends, and opportunities; future operational performance; pending or threatened claims or regulatory proceedings; and factors that could affect these and other aspects of our business. Forward-looking statements are not guarantees. They reflect our current expectations and projections with respect to future events and are based on assumptions and estimates and subject to known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from expectations or results projected or implied by forward-looking statements. Factors that could affect the outcome of the forward-looking statements include, among other things, our vulnerability to adverse economic conditions, including without limitation, inflation and recession, which could increase our costs and suppress our labor market activity and our revenue; the aggressive competition we face; our heavy reliance on information management systems, vendors, and information sources that may not perform as we expect; the significant risk of liability we face in the services we perform; the fact that data security, data privacy and data protection laws, emerging restrictions on background reporting due to alleged discriminatory impacts and adverse social consequences, and other evolving regulations and cross-border data transfer restrictions may increase our costs, limit the use or value of our services and adversely affect our business; our ability to maintain our professional reputation and brand name; the impacts, direct and indirect, of the COVID-19 pandemic on our business, our personnel and vendors, and the overall economy; social, political, regulatory and legal risks in markets where we operate; the impact of foreign currency exchange rate fluctuations; unfavorable tax law changes and tax authority rulings; any impairment of our goodwill, other intangible assets and other long-lived assets; our ability to execute and integrate future acquisitions; our ability to access additional credit or other sources of financing; and the increased cybersecurity requirements, vulnerabilities, threats and more sophisticated and targeted cyber-related attacks that could pose a risk to our systems, networks, solutions, services and data. For more information on the business risks we face and factors that could affect the outcome of forward-looking statements, refer to our Annual Report on Form 10-K filed with the SEC on March 9, 2023, in particular the sections of that document entitled Cautionary Note Regarding Forward-Looking Statements and Risk Factor Summary in the 10-K, and "Management's Discussion and Analysis of Financial Condition and Results of Operations," and other filings we make from time to time with the SEC. We undertake no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

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Unless otherwise indicated, information contained in this document and any accompanying oral presentation concerning our industry, competitive position and the markets in which we operate is based on publicly available information and information from independent industry and research organizations, other third-party sources and management observations and estimates based upon such information, our internal research, and our experience in, and knowledge of, such industry and markets, which we believe to be reasonable. However, projections, assumptions and estimates related to the industry in which we operate and our future performance in the market and relative to competitors are necessarily subject to uncertainty and risk due to a variety of factors, which could cause results to differ materially from those expressed in the estimates made by the independent parties and by us.

Non-GAAP Financial Measures

This document and any accompanying oral presentation contain financial measures that are not calculated pursuant to U.S. generally accepted accounting principles ("GAAP"), including adjusted EBITDA, adjusted EBITDA margin, adjusted net income, and adjusted diluted earnings per share. These non-GAAP financial measures are in addition to, and not a substitute for or superior to measures of financial performance prepared in accordance with GAAP. There are a number of limitations that could reduce the usefulness of our non-GAAP financial measures as tools for analysis compared to their nearest GAAP equivalents. For example, other companies may calculate non-GAAP financial measures differently or may use other measures to evaluate their performance.

Q2 2023 Highlights – Focus on Margin Improvement

Revenue $192.1 million	▪ Down ~14% vs. Q2 22 primarily due to reduced or deferred hiring patterns ▪ Gross Retention 97.4% across existing customers
Adjusted EBITDA[1] $52.7 million	▪ Adjusted EBITDA Margin grew over 300 bps to 27.4% due to improved operating cost structure ▪ Restructuring plan focused on optimizing long term margins
Adjusted NI[1] $25.5 million	▪ ~ $6 million decline vs Q2 22 driven primarily by lower operating profit on lower revenue as well as $6.8 million of higher net interest expense due to rising rates on floating debt
Balance Sheet / Liquidity	▪ Net leverage ratio 3.5x vs. 3.1x at Q2 2022 ▪ $77.5 million of available unrestricted cash, ~$220 million total liquidity ▪ Unlevered 6 months Free Cash Flow of $34.1 million decreased $10.5 million due to lower net income
Capital Allocation	▪ Completed two strategic investments – complementary to product and geographic footprint ▪ Completed initial $100M share repurchase program – Announced an incremental $25M program

(1) See Reference / Definitions

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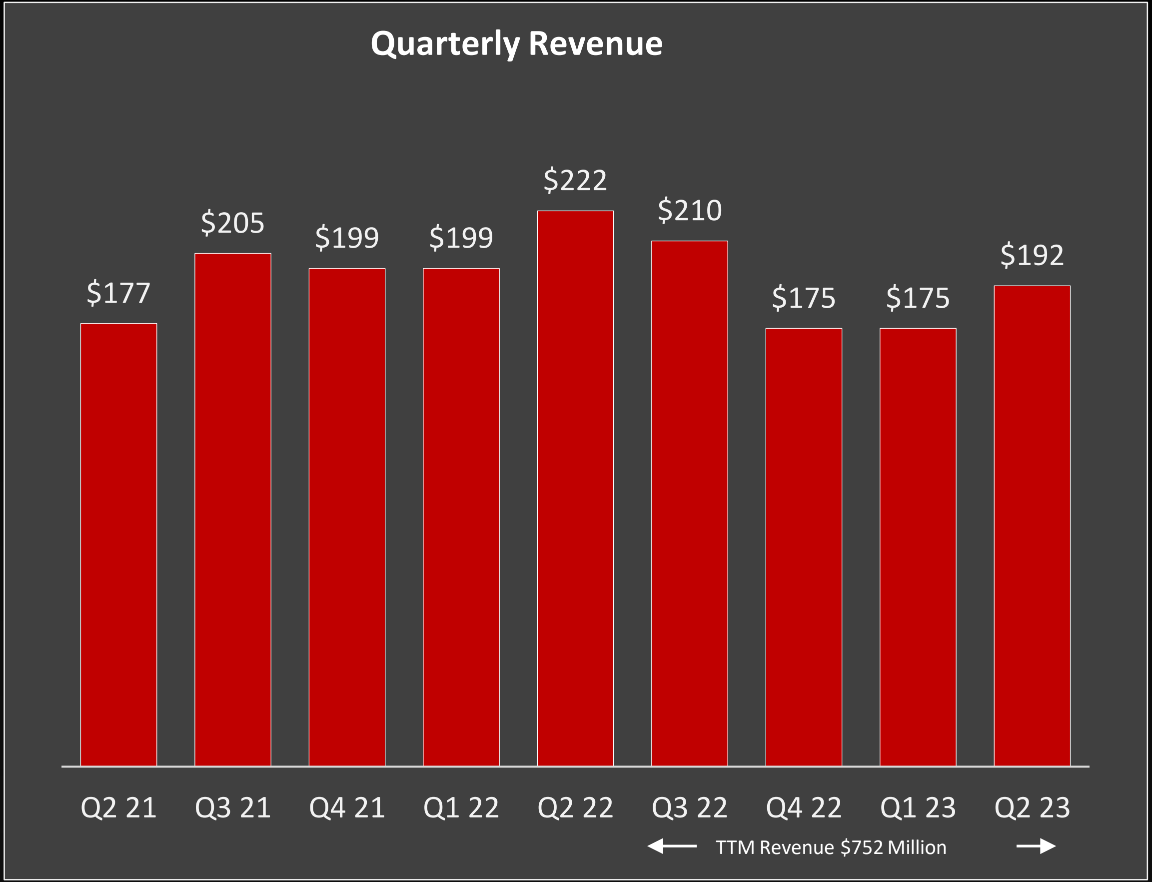
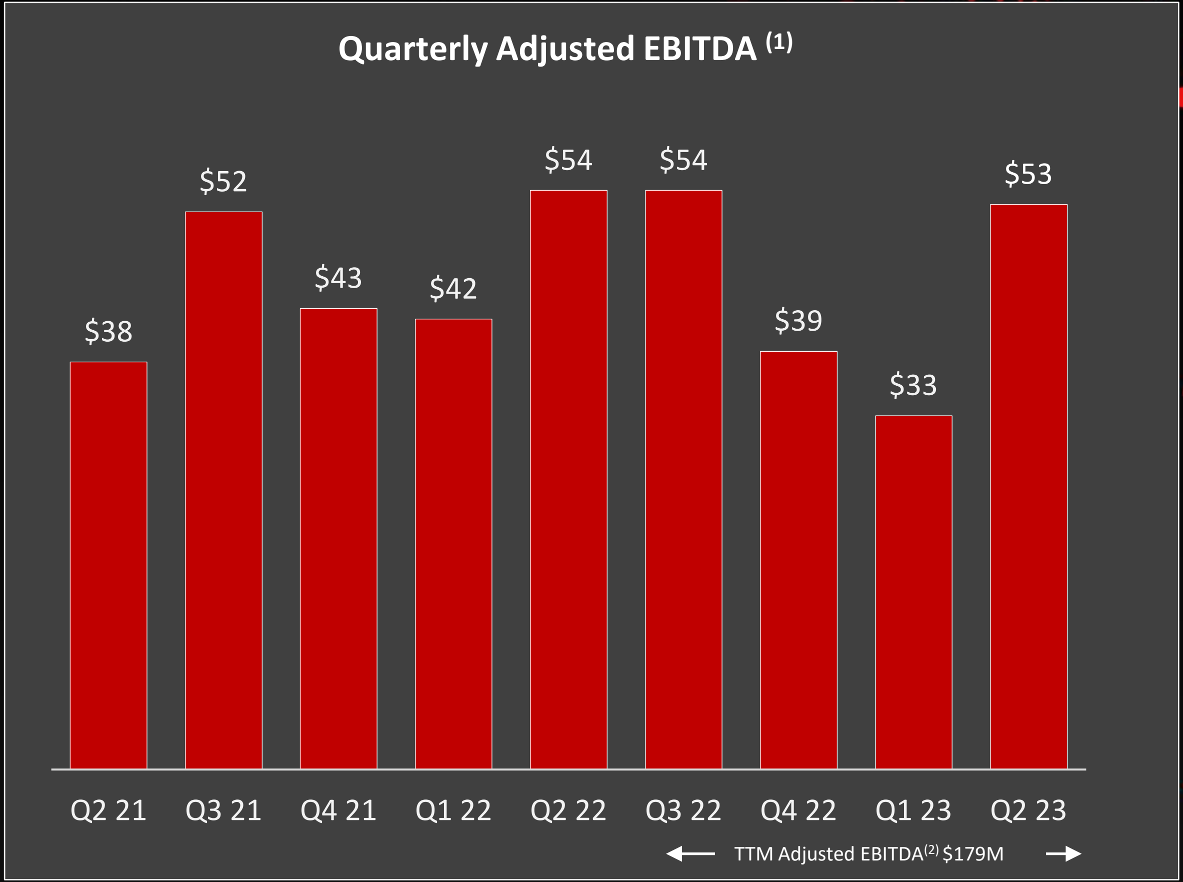
Quarterly Revenue / Adjusted EBITDA[(1)]
(in millions)

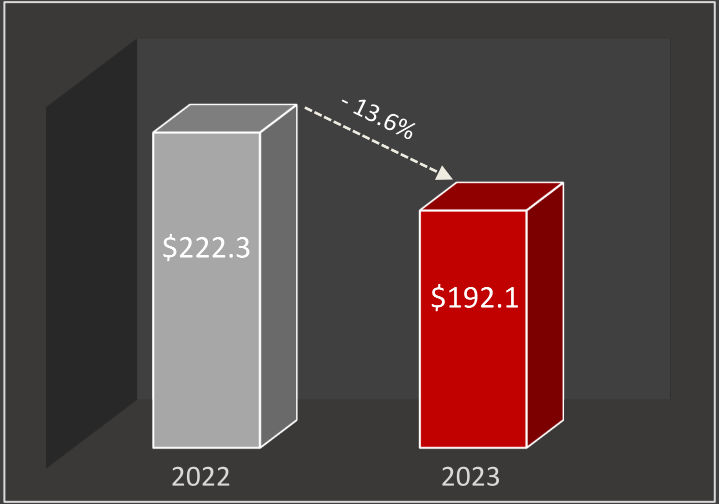




(1) See Reference / Definitions
(2) TTM totals may differ due to rounding

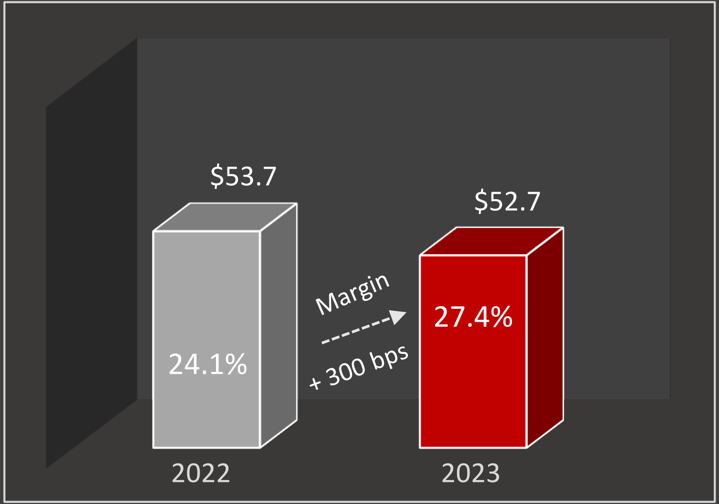
2nd Quarter Financial Highlights

Revenue
(millions)



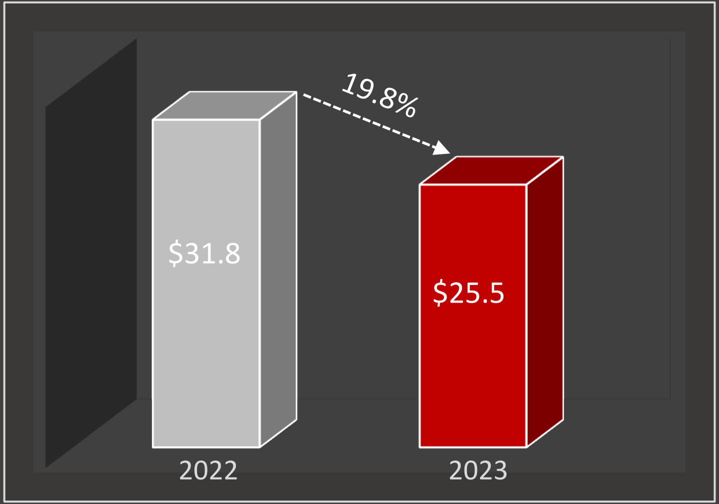
- Lower revenue based on reduced hiring demand from customers
- Technology and Services verticals primary drivers
- New Business revenue - $13 million in Q2 2023
- High Gross Retention Rate – 97.4%

Adjusted EBITDA and Margin(1)
(millions)



- Significant Adjusted EBITDA margin improvement despite lower revenue
- Improved operating leverage and margin expansion benefiting from increased automation, offshoring and restructuring initiatives

Adjusted Net Income(1)
(millions)



- Primarily driven by lower revenue, higher net interest expense

(1) See Reference / Definitions

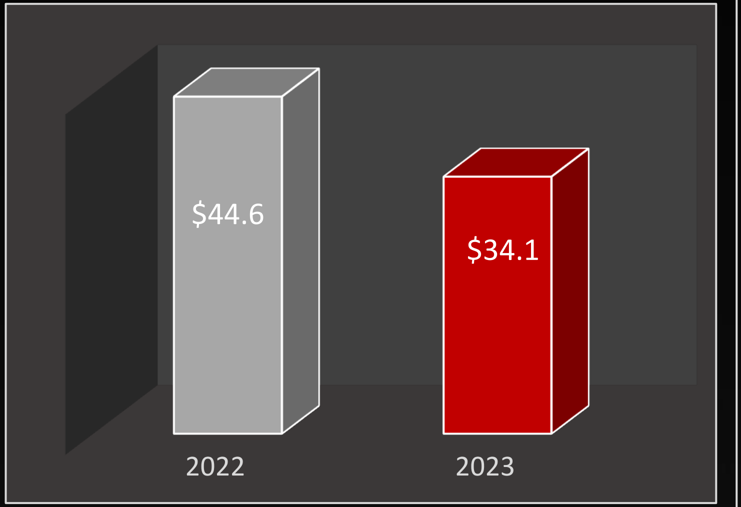
Healthy Balance Sheet with Substantial Liquidity

Strong cash flow provides opportunity to pursue multiple growth opportunities

Unlevered Free Cash Flow[1]

6 months ending June 30

(millions)



Net Leverage Ratio at June 30, 2023

(millions)

Total Debt	$695
Cash & Cash Equivalents	$78
LTM Adjusted EBITDA[2]	$179
Net Leverage Ratio	3.5x

Net Leverage Ratio Q2 2022 3.1x

Financial Priorities

- Expected to maintain net leverage ratio in the 3x – 4x range
- Remain disciplined in approach to M&A, targeting highly strategic tuck-in opportunities
- Continued focus on free cash flow generation
- Completed initial $100 million share repurchase program in Q2 – Board authorized incremental $25M program

(1) Unlevered Free Cash Flow defined as cash flow from operations less capital expenditures Plus Cash Interest
(2) See Reference / Definitions

Full Year 2023 Guidance

We are updating our Revenue and Adjusted EBITDA guidance based on performance to date and Adjusted Net Income and Adjusted Diluted EPS guidance to reflect the changes in the Blended Statutory Tax rate and share count

	Original Guidance	Updated Guidance	Y-o-Y Growth
Total Revenue	$720 - $745 *million*	**$720 - $735 *million***	*~(11%) - (9%)*
Adjusted EBITDA[(1)]	$165 - $175 *million*	**$172 - $177 *million***	*~(9%) - (6%)*
Adjusted Net Income [(1)]	$100 - $110 *million*	**$75 - $80 *million***	*~(-26%) - (-21%)*
Adjusted Diluted EPS [(1)]	$1.30 - $1.43 */ Share*	**$1.05 - $1.10/ *Share***	*~(-17%) - (-14%)*

Note: These are not projections; they are targets/goals and are forward-looking, subject to significant business, economic, regulatory and competitive uncertainties and contingencies many of which are beyond the control of the Company and its management,and are based upon assumptions with respect to future circumstances and decisions, which are subject to change. Actual results will vary and those variations may be material. For discussion of some of the important factors that could cause these variations, please consult the Cautionary Note Regarding Forward-Looking Statements and Risk Factor Summary in the 10-K filed with the SEC on March 10, 2023. Nothing in this presentation should be regarded as a representation by any person that these goals will be achieved and the Company undertakes no duty to update its goals.

(1) See Reference / Definitions

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Appendix

Reference / Definitions

A reconciliation of the guidance for the Non-GAAP financial measures of Adjusted EBITDA, Adjusted Net Income and Adjusted Diluted EPS in the table above cannot be provided without unreasonable effort because of the inherent difficulty of accurately forecasting the occurrence and financial impact of the various adjusting items necessary for such reconciliation that have not yet occurred, are out of our control, or cannot be reasonably predicted. For the same reasons, the Company is unable to assess the probable significance of the unavailable information, which could have a material impact on the Company's future Non-GAAP financial measures.

Adjusted EBITDA is calculated as net income (loss) before interest expense, income taxes, depreciation and amortization expense, stock-based compensation, realized and unrealized gain (loss) on foreign exchange, restructuring charges, amortization of cloud computing software costs, legal settlement costs deemed by management to be outside the normal course of business, and other items management believes are not representative of the Company’s core operations.

Adjusted EBITDA Margin is calculated as adjusted EBITDA as a percentage of total revenue

Adjusted Net Income is calculated as net income (loss) adjusted for amortization of acquired intangible assets, stock-based compensation, realized and unrealized gain (loss) on foreign exchange, restructuring charges, amortization of cloud computing software costs, legal settlement costs deemed by management to be outside the normal course of business, and other items management believes are not representative of the Company’s core operations, to which we apply a blended statutory tax rate of 26%.

Updated 2023 Modeling Assumptions

Line Item	Planning Assumptions
Capital Expenditures	$5-6 million
Capitalized Development	$10-12 million
Interest Expense	$62-65 million
Stock Based Compensation	$22 million
D&A Net of Intangible Amortization	$62 million
Cash Tax Rate[(1)]	~ 5%
Blended Statutory Tax Rate for ANI	~ 26%
Diluted Shares Outstanding	73 Million

(1) The cash tax rate is based primarily on the weighted average tax rates from our international operations and is subject to change based on revenue mix. Our US operations pay zero cash taxes due to the absorption of the NOL. The blended statutory tax rate can be is significantly different than our cash tax rate.

Adjusted Net Income Change

(In Millions)

	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023
Previous Methodology					
Adjusted Pre-Tax Income	$ 30.3	$ 43.0	$ 40.3	$ 23.1	$ 15.9
Adjusted Tax Rate	1.5%	-0.4%	-176.7%	-16.0%	14.8%
Adjusted Income Tax Expense	$ 0.5	$ (0.2)	$ (71.2)	$ (3.7)	$ 2.4
Previously Reported Adjusted Net Income	$ 29.8	$ 43.2	$ 111.5	$ 26.8	$ 13.5
Previously Reported Adjusted Diluted EPS	*$ 0.37*	*$ 0.54*	*$ 1.40*	*$ 0.34*	*$ 0.18*
Adopted Methodology					
Adjusted Pre-Tax Income	$ 30.3	$ 43.0	$ 40.3	$ 23.1	$ 15.9
Blended Statutory Rate	26.0%	26.0%	26.0%	26.0%	26.0%
Blended Statutory Rate Expense	$ 7.9	$ 11.2	$ 10.5	$ 6.0	$ 4.1
Adjusted Net Income(1)	$ 22.4	$ 31.8	$ 29.8	$ 17.1	$ 11.8
Adjusted Diluted EPS	*$ 0.28*	*$ 0.40*	*$ 0.37*	*$ 0.22*	*$ 0.15*

(1) Reflects the application of the blended statutory rate