



Q3 2021 Earnings Presentation

November 18, 2021

Disclaimer

Forward-Looking Statements

This document and any accompanying oral presentation by the Company contain forward-looking statements, including statements based upon or relating to our expectations, assumptions, estimates, and projections and other statements that do not relate strictly to historical or current facts. In some cases, you can identify forward-looking statements by terms such as "may," "might," "will," "objective," "intend," "should," "could," "can," "would," "likely," "continue," "expect," "believe," "design," "anticipate," "estimate," "predict," "project," "target," "potential," "plan" or the negative of these terms, and similar expressions, used 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 the recovery of our business from the effects of the COVID-19 pandemic; our operating plans, budgets, and anticipated financial performance, including, without limitation, revenue, EBITDA, cash flow, capital expenditures, debt repayment, and compliance with debt leverage ratio requirements; product and technology developments; new business; and customer retention. These statements are not representations or guarantees; they reflect our current views with respect to future events and circumstances 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 those projected or implied by forward-looking statements. These risks include, but are not limited to: (i) we have no assurance of future business from any of our customers; (ii) we rely upon third parties for the data we need to deliver our services, to fulfill our service obligations to our customers, and for integration with many of our customers; (iii) COVID-19 has had, and may continue to have, a materially adverse effect on our business; (iv) current or potential legal proceedings could subject us to significant monetary damages or restrictions on our ability to do business; (v) credit reporting and privacy laws that regulate our business impose significant operational requirements and liability risks; (vi) we can incur significant liability for including incorrect information in, or omitting available information from, our background reports; (vii) security breaches and improper use of information may negatively impact our business and harm our reputation; (viii) we operate in an intensely competitive market and we may not be able to develop and maintain competitive advantages necessary to support our growth and profitability; (ix) our existing indebtedness and the terms and conditions of our credit agreements could adversely affect our business and growth prospects and our ability to respond to changes or to take certain actions; and (x) we may not be able to generate sufficient cash flow to service all of our indebtedness, and may be forced to take other actions to satisfy our obligations under such indebtedness, including refinancing such indebtedness, which may not be successful. These important risks may not cover all of the factors that are important to you. Some of our forward-looking statements relate to our operating budgets and forecasts, which are based on many assumptions. While we believe that our assumptions are reasonable, it is very difficult to predict the impact of known factors, and it is impossible for us to anticipate all factors that could affect our actual results. All written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by these cautionary statements, and you should evaluate all forward-looking statements we make in the context of these risks and uncertainties.

Industry Information

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"). These non-GAAP financial measures are in addition to, and not as 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.



The HireRight Investment Opportunity



Market leader in size, capability and reach with a long-track record of industry firsts and consistent growth



Focused on high velocity / complexity markets where accuracy and regulatory compliance matter



Operates in a vast and growing market supported by numerous megatrends



Differentiated by proprietary databases, unique products and sector-specific expertise



Executing on a multi-faceted growth strategy with strong recent top-line momentum



Investing today in automation and data process improvements to optimize our business and drive profitability

HireRight Company Snapshot



We are a leading global provider of technology-driven workforce risk management and compliance solutions whose expertise, technology platform, customer service and candidate experience set us apart in the industry



Industry leadership

200+ countries / territories

In its global operations base

80+ million screens

Processed in 2020 across 20 million reports

40,000+ organizations

Trust HireRight, including ~50% of the Fortune 100



Technology platform

1 global platform

Only player with consistent solutions to clients globally

70+ ATS integrations

~50% of 2020 revenue came via ATS integrations

250+ products offered

Full suite of tech-enabled HR compliance services



Customer delivery

<2 day turnaround

Average turnaround time for candidate screen

Materially more hits⁽¹⁾

Our platform outperformed peers in a criminal record search

99.98% dispute free

Quick and effective candidate screening



Candidate experience

95% satisfaction rate

4.2M service contacts

Managed annually, providing world class candidate experience









Fully mobile experience

Allowing candidates to upload and manage from anywhere

(1) Based on customer feedback in a recent client-led test.

Why We Win

We have demonstrable, meaningful competitive advantages that matter to our customers

	Core Advantage	Key Indicator
	✓ Global Platform & Presence	The only unified global platform in the industry
	✓ Fast & Accurate Results	99.98% dispute free with more criminal hits than competitors ⁽¹⁾
	✓ Technology Integrations	Most integrations with industry leader Workday
	✓ Data Access	Multiple industry-specific and proprietary databases
	✓ Technology Innovation	Long history of industry firsts
	✓ Focus on Compliance	Compliance Workbench offers clients comprehensive access to key regulatory requirements
	✓ backgroundchecks.com	Largest self-service platform in the industry
	✓ Service / Support	Comprehensive global account management

(1) Based on customer feedback.



Q3 2021 Highlights

- Strong sequential revenue growth of 16% on higher volume across Technology, Healthcare and Financial Services
- Continued growth in existing customer demand driven by favorable macroeconomic trends
- New partnerships with major commercial laboratory partners and licensed physician provider networks to offer clinical blood testing services
- Expanding margin impact of volume growth and realization of cost optimization benefits, with Y-o-Y adjusted EBITDA service margin improvements of +550 bps
- Launch of automation initiatives to drive further efficiencies and improved service provision, with Q3 2021 operating expenses comprising \$2mm of the total \$40–\$45 million planned investment



Key Attributes of Our Financial Model

- 1 **Consistent track record** of organic growth
- 2 **Highly diversified** and re-occurring revenue profile
- 3 **Strong momentum** with numerous demand drivers
- 4 **Clear blueprint** for our future growth opportunity
- 5 **Significant potential** to enhance margins and drive bottom-line growth
- 6 **Strong free cash flow generation** enabling attractive capital allocation opportunities
- 7 **Clear upside** via vast M&A landscape

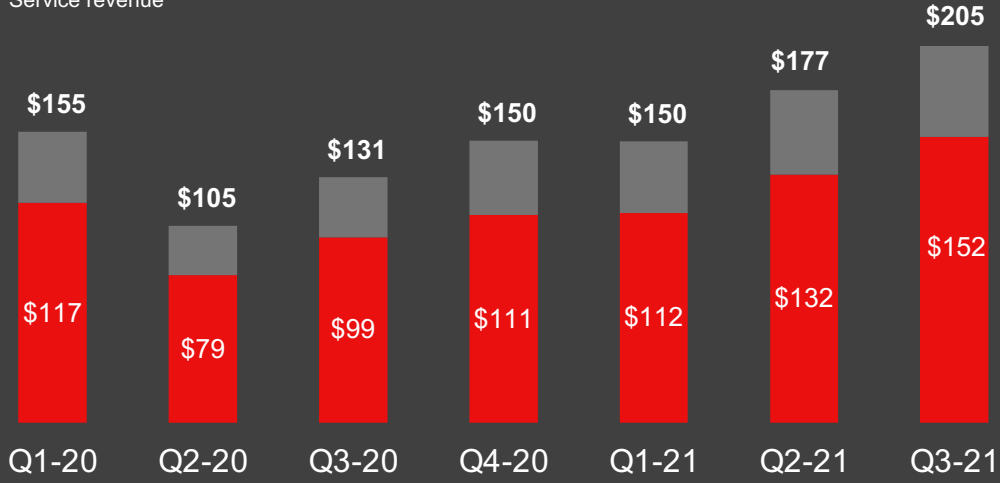


Strong Momentum with Recovery-based Tailwinds

Quarterly Revenue

(USD in millions)

- Surcharge revenue
- Service revenue

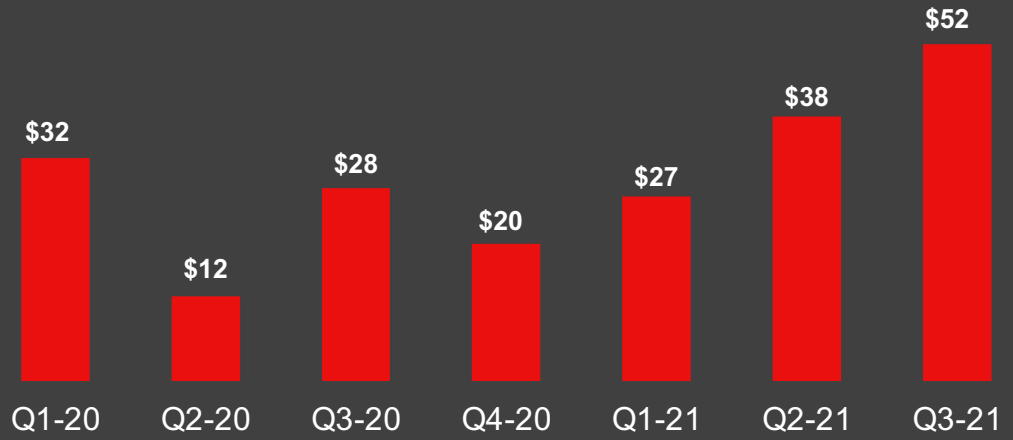


Y-o-y % Total Revenue Growth: 69% 57%

Rolling LTM Total Revenue: \$540 \$535 \$607 \$682

Quarterly Adjusted EBITDA

(USD in millions)



Adjusted EBITDA margin: 22% 25%

Adjusted EBITDA service margin⁽¹⁾: 29% 34%

Rolling LTM Adjusted EBITDA: \$92 \$87 \$113 \$137

(1) Adjusted EBITDA service margin is calculated as Adjusted EBITDA as a percentage of service revenue.

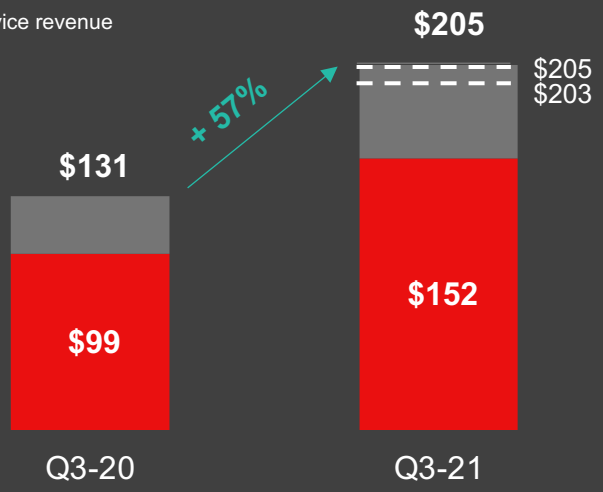


Q3 2021 Financial Highlights

Revenue

(USD in millions)

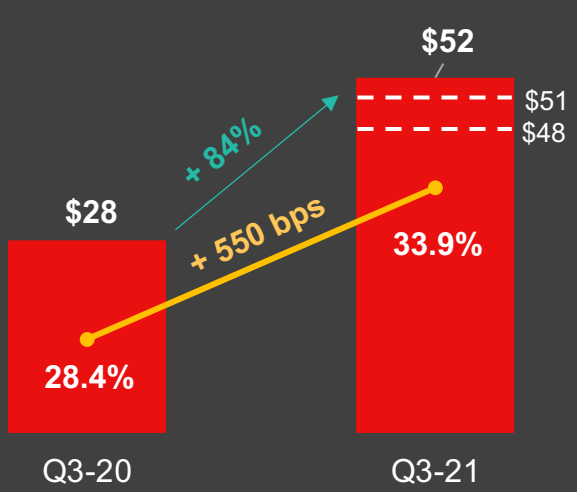
- Surcharge revenue
- Service revenue



- Continued recovery from the COVID-19 pandemic amongst our key verticals and continued strength from our international customers
- Significant improvement in client screening volumes, consistent with broader employment market trends
- Net revenue retention for the nine months ended September 30, 2021 was 134%

Adjusted EBITDA and Margin⁽¹⁾

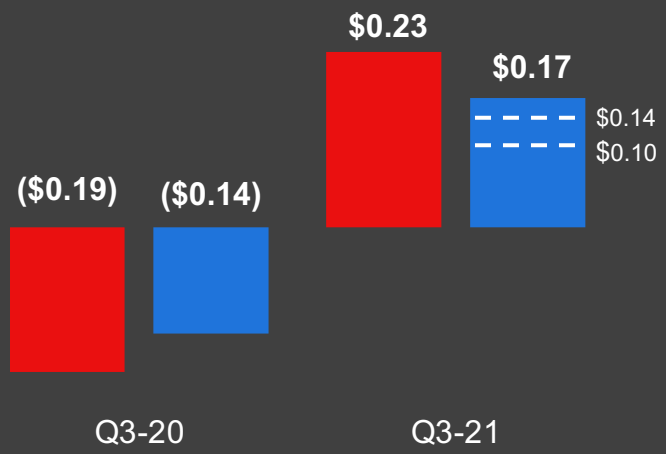
(USD in millions)



- Higher adjusted EBITDA largely driven by higher revenue levels
- Lower operating expenses as compared to Q3 2020

Adjusted Diluted EPS

(USD in millions)



- Higher adjusted net income of \$13.2m largely driven by higher revenue levels
- Lower operating expenses and tax expense as compared to Q3 2020
- New shares issued in the IPO totaled 22,222,222

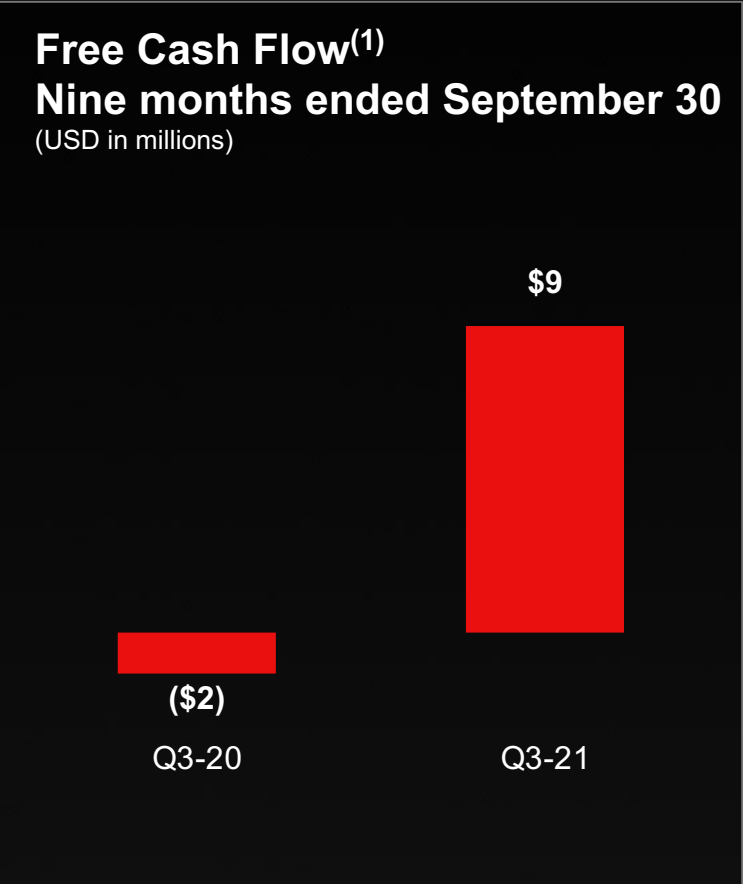
--- Preliminary range

(1) Adjusted EBITDA service margin is calculated as Adjusted EBITDA as a percentage of service revenue.



Balance Sheet and Capital Allocation Opportunities

Strong cash flow provides opportunity to pursue multiple growth opportunities



Pro Forma Net Leverage at September 30, 2021
 (USD in millions)

Total Debt	\$810
Cash & Cash Equivalents ⁽²⁾	\$188
LTM Adjusted EBITDA	\$137
Net Leverage	4.5x

- Capital Allocation Priorities**
- Support growth opportunities across key clients, geographies and capabilities
 - Continued investment in our technology and operational efficiency
 - Retire existing debt to achieve target leverage ratios
 - Pursue a disciplined but opportunistic approach to M&A
 - Return capital to shareholders in time

(1) Free cash flow defined as cash flow from operations less capital expenditures and capitalized software development.
 (2) Excludes restricted cash.



Full Year 2021 Guidance

We are targeting above market top-line growth with outsized earnings growth

Guidance

Y-o-Y Growth

Revenue	\$713–\$716 million	32%–33%
Adjusted EBITDA	\$157–\$160 million	69%–72%

Note: These are not projections; they are targets/goals and are forward-looking, subject to significant business, economic, regulatory and competitive uncertainties and contingencies (including the impact of COVID-19), many of which are beyond the control of the Company and its management, and are based upon assumptions with respect to future 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 "Risk Factors" section of the prospectus filed with the SEC on November 1, 2021. 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.



Key Financial Targets

We are targeting above market top-line growth with outsized earnings growth

Long-term target

Revenue growth	High single digit organic <i>(plus upside from M&A)</i>	✓ Long-term growth consistent with historical organic growth CAGR, enhanced by increased scale and capabilities
Adjusted EBITDA service margin	40%+	✓ Significant opportunity to reduce direct costs as percentage of revenue via automation and tech-enablement of our fulfillment processes
Adjusted EBITDA growth	Mid-teens growth <i>(~2x revenue growth)</i>	✓ Substantial operating leverage from a largely fixed SG&A cost base
Adjusted Net Income growth		✓ Reduced interest expense from continued deleveraging

Note: These are not projections; they are targets/goals and are forward-looking, subject to significant business, economic, regulatory and competitive uncertainties and contingencies (including the impact of COVID-19), many of which are beyond the control of the Company and its management, and are based upon assumptions with respect to future 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 "Risk Factors" section of the prospectus filed with the SEC on November 1, 2021. 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) Service revenue represents fees charged to customers for performing screening and compliance services. Surcharge revenue consists of fees charged to customers for obtaining data from federal, state and local jurisdictions, which is required to fulfill the Company's performance obligations. These fees are predominantly charged to the Company's customers at cost. Adjusted EBITDA service margin is calculated as Adjusted EBITDA as a percentage of service revenue.

Appendix



Adjusted Net Income and EPS reconciliation

	Three Months Ended September 30,	
	2021	2020
	(in thousands)	
Net income (loss)	\$7,281	(\$27,042)
Income tax expense	649	1,466
Income (loss) before income taxes	7,930	(25,576)
Equity-based compensation	841	880
Realized and unrealized gain (loss) on foreign exchange	24	(185)
Merger integration expenses	193	2,138
Technology investments	1,690	-
Other items	2,895	12,380
Adjusted income (loss) before income taxes	13,573	(10,363)
Adjusted income taxes	360	732
Adjusted Net Income (Loss)	\$13,213	(\$11,095)
Adjusted diluted net income (loss) per unit:		
As of September 30,	\$0.23	(\$0.19)
Adjusted diluted EPS further adjusted for issuance of 22.2m shares in IPO	\$0.17	(\$0.14)
Diluted weighted average units outstanding:		
As of September 30,	57,199,204	57,168,291
Fully diluted shares adjusted for issuance of 22.2m shares in IPO	79,421,426	79,390,513

Note: Adjustments to Net Income (loss) does not include adjustments for amortization of acquired intangible assets of \$16.2 million for the three months ended September 30.

Adjusted Net Income and EPS reconciliation

	Three Months Ended September 30,	
	2021	2020
	(in thousands, except percent)	
Net income (loss)	7,281	(27,042)
Income tax expense	649	1,466
Interest expense	18,518	18,597
Depreciation and amortization	19,531	19,808
EBITDA	45,979	12,829
Equity-based compensation	841	880
Realized and unrealized gain (loss) on foreign exchange	24	(185)
Merger integration expenses	193	2,138
Technology investments	1,690	-
Other items	2,895	12,380
Adjusted EBITDA	51,622	28,042
Service Revenue	152,332	98,587
Net income (loss) service margin	4.8%	27.4%
Adjusted EBITDA service margin	33.9%	28.4%

