

FOR IMMEDIATE RELEASE

THE CALDWELL PARTNERS INTERNATIONAL REPORTS STRONG REVENUE GROWTH

- 4th quarter revenue of \$21.0 million.
- Annual revenue of \$72.1 million.
- Board declares 31st consecutive quarterly dividend.

Toronto - November 18, 2019 - Retained executive search firm The Caldwell Partners International Inc. (TSX: CWL) today issued its financial results for the fiscal 2019 fourth quarter and year ended August 31, 2019. All references to quarters or years are for the fiscal periods unless otherwise noted and all currency amounts are in Canadian dollars.

Financial Highlights (in \$000s except per share amounts)

	Three Months Ended August 31		Year Ended August 31	
	2019	2018	2019	2018
Professional fees	\$20,502	\$18,743	\$69,749	\$66,512
License fees	\$71	\$142	\$700	\$371
Direct expense reimbursements ¹	\$398	-	\$1,689	-
Revenues	\$20,971	\$18,885	\$72,138	\$66,883
Cost of sales	\$14,838	\$13,552	\$53,046	\$48,968
Reimbursed direct expenses ¹	\$398	-	\$1,689	-
Expenses ²	\$6,086	\$4,259	\$15,763	\$13,949
Operating (loss) profit ²	(\$351)	\$1,074	\$1,640	\$3,966
Investment income	\$67	\$8	\$211	\$14
Earnings before tax	(\$284)	\$1,082	\$1,851	\$3,980
Net earnings after tax ³	(\$954)	\$347	\$325	\$2,015
Net earnings per share	(\$0.047)	\$0.017	\$0.016	\$0.099

1. As a result of the implementation of IFRS 15, the Company now shows the gross amount of direct expenses billed and recovered from clients as revenue, with the gross amount incurred recorded as a cost of sales. Prior to the adoption of IFRS 15 direct expense reimbursements and reimbursed direct expenses were shown as a net zero amount within cost of sales. For further information, please refer to note 3 of consolidated annual financial statements for the fourth quarter and full year ended August 31, 2019.

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2. Expenses and Operating (loss) profit for the three months and year ended August 31, 2019 include a \$1.5 million non-cash impairment charge to write-down the goodwill balance pertaining to the UK/European operations and a \$0.3 million expense related to a New York municipal tax assessment pertaining to prior years.
3. As a result of the substantively enacted tax rate, the Company's US entity deferred tax balances in fiscal 2018 were adjusted by \$654 for the year, resulting in deferred tax expenses with \$204 recognized in the second quarter of fiscal 2018 when the deferred tax assets were adjusted to the hybrid annual rate and \$450 in the fourth quarter of fiscal 2018 when the deferred tax assets were adjusted to the fully reduced rate we anticipate to be able to utilize in future periods. No such expense was incurred in the current year.

“This was another record year for Caldwell,” said John Wallace, chief executive officer. “After a slow start to the year, the team performed an incredible turn-around and delivered a solid second half and a phenomenal fourth quarter - our strongest to date. We are experiencing continuing strength in our bookings and feel that we’re very well positioned as we head into fiscal 2020.”

Wallace added: “Our reported annual operating profit of \$1.6 million was appreciably dampened by two fourth quarter expenses — a \$1.5 million non-cash goodwill impairment charge in the UK and a \$0.3 million New York municipal tax assessment related to prior years. In addition, we incurred UK operating losses (excluding the goodwill write down) of \$1.7 million for the year, up from \$0.5 million last year. These factors masked an otherwise strong performance from our Caldwell team.”

“Relative to the goodwill impairment, our UK operation has had ongoing challenges in expanding revenue and earnings. We remain committed to the UK becoming a sustainable and profitable contributor to the Caldwell brand and are pleased to see improvement in new business booking and business development activity early in fiscal 2020 as individuals transition into the firm and non-solicitation periods run their course. We continue to consider Europe to be strategically important, but with a sustained period of operating losses, our goodwill balance could not be supported, resulting in the impairment charge.”

“As ever, we are focused on bolstering our ability to help clients to thrive and succeed by helping them identify, recruit and retain the best people. We continue to make strategic additions to our partner teams in key sectors and geographies, and look for additional ways to expand the services we provide to assist our clients in hiring the right people, then managing and inspiring them to achieve maximum business results as quickly as possible.”

The Board of Directors today also declared the payment of a quarterly dividend of 2.25 cents per Common Share payable to holders of Common Shares of record on November 27, 2019 and to be paid on December 19, 2019.

Financial Highlights (all numbers expressed in \$000s)

- Operating revenue:

Fourth Quarter

On a consolidated basis, Revenue, Net of Reimbursements for the quarter reached an all-time quarterly high. Higher productivity per partner and a higher Average Number of Partners were partially offset by a lower Average Fee per Assignment during the quarter. Strength in the US and Canada were weighed down by significant weakness in the UK.

- Professional fees for the fourth quarter of fiscal 2019 were \$20,502, a new quarter-high result. The application of IFRS 15 resulted in a \$456 increase in professional fees during the quarter. Excluding the IFRS 15 impact, professional fees increased 7.0% (6.1% excluding a favourable 0.9% variance from exchange rate fluctuations) from the comparable period last year to \$20,046 (2018: \$18,743). The Number of Assignments per Partner increased to 3.2 (2018: 3.0) while the Average Number of Partners increased from 38.3 in the prior year to 40.0, resulting in an increase in the total Number of Assignments to 127 (2018: 113). The Average Fee per Assignment decreased to \$161 (\$157 excluding the impact of both IFRS 15 and exchange rate fluctuations) (2018: \$166). On a segment basis, \$15,950 of professional fees were generated from the US (2018: \$14,244), \$4,496 from Canada (2018: \$3,836) and \$56 from Europe (2018: \$663).
- License fees from our licensees in Australia and New Zealand for the use of the Caldwell brand and intellectual property for the fiscal 2019 fourth quarter were \$71 (2018: \$142).
- Direct expenses incurred and billed to clients during the fiscal 2019 fourth quarter were \$398 (2018: \$532, with the revenue billed and cost of sale amounts presented as net zero prior to the adoption of IFRS 15).

Full Year

On a consolidated basis, Revenue, Net of Reimbursements of \$70.4 million set a new annual record and was 5.3% over the prior year. Increases in our Average Fee of 8.2% (3.5% excluding the impact of foreign exchange rate fluctuations) and our Average Number of Partners of 3.7% partially offset by a 6.6% decrease in the Number of Assignments per partner.

- Professional fees for 2019 were \$69,749. The application of IFRS 15 resulted in a \$1,390 increase in professional fees during the period. Excluding the IFRS 15 impact, professional fees increased 2.8% (0.1% excluding a favourable 2.7% variance from exchange rate fluctuations) over the comparable period last year to \$68,359 (2018: \$66,512). The increase in full year professional fees was the result of increases in the Average Number of Partners and the Average Fee per Assignment partially offset by a lower Number of Assignments per Partner. A higher Average Number of Partners at 39.5 compared to 38.1 in the prior year and decrease in the Number of Assignments per Partner to 11.1 (2018: 11.9) resulted in a net decrease in the total Number of Assignments to 439 (2018: 453). The Average Fee per Assignment increased to \$159 (\$152 excluding the impact of both IFRS 15 and exchange rate fluctuations) (2018: \$147). On a segment basis, \$53,282 of professional fees were generated from the US (2018: \$49,770), \$15,497 from Canada (2018: \$14,546) and \$970 from Europe (2018: \$2,196).
- For the year, license fees from Australia, New Zealand and CPGroup Latam were \$700 (2018: \$371).
- Direct expenses incurred and billed to clients during fiscal 2019 were \$1,689 (2018: \$1,733, with the revenue billed and cost of sale amounts presented as net zero prior to the adoption of IFRS 15).

- Operating profit:

Fourth Quarter

- The operating loss for the fourth quarter of 2019 was \$351. We continue to consider Europe to be strategically important, but with a sustained period of operating losses, our goodwill balance could not be supported, resulting in a non-cash impairment expense of \$1,521. Excluding the goodwill impairment expense, operating profit was \$1,170. The adoption of IFRS 15 resulted in a \$228 increase in operating profit in the quarter. Excluding the goodwill impairment and IFRS 15 impacts, operating profit decreased \$132 to \$942 (2018: \$1,074).
 - This \$132 decrease came from higher expenses (\$306) being partially offset by higher gross profit (\$174) attributable to higher Revenue, Net of Reimbursements (\$1,232) being partially offset by a higher cost of sales (\$1,058) Exchange rate variances had a net favourable impact of \$109 to the operating profit results.
 - Fourth quarter expenses increased 42.9% or \$1,827 from the prior year comparable period to \$6,086 (2018: \$4,259). The increase was primarily related to an impairment expense of \$1,521 taken by the Company to fully write down the carrying value of the goodwill on its European segment and a municipal tax assessment of \$350 relating primarily to prior periods. Excluding the impairment charge and tax assessment expense and exchange rate variances of \$19, expenses on a constant currency basis decreased \$63 or 1.5% versus the same period last year.
 - The constant currency decrease was the result of decreased share-based compensation expense caused by a decrease in the share price in the current year (\$158), decreased marketing expenses due to a brand update initiative in the previous year (\$140), lower legal fees (\$136) and lower director expenses resulting from lower deferred stock unit valuations on the lower share price (\$85) being partially offset by increases in management bonus accruals as a result of partial attainment of operational targets which had not been accrued for through the third quarter based on financial results (\$322), higher foreign exchanges losses on intercompany loan balances and US dollar denominated bank account balances (\$95) and general cost increases across other categories (\$39).
- On a segment basis, fourth quarter operating profit was \$475 from Canada (an operating loss of \$13 net of intercompany license fee revenue) and \$1,226 from the US (\$1,714 net of intercompany license fees) which was more than offset by an operating loss in Europe of \$2,052 (\$531 net of the goodwill impairment expense of \$1,521).

Full Year

- Operating profit for the year was \$1,640. Excluding the goodwill impairment expense, operating profit was \$3,161. The adoption of IFRS 15 resulted in a year to date \$695 increase in operating profit. Excluding the goodwill impairment and IFRS 15 impacts, operating profit decreased \$1,500 to \$2,466 (2018: \$3,966).

- The \$1,500 operating profit decrease was the result of lower gross profit (\$1,207) caused by higher revenue (\$2,176) being more than offset by a higher cost of sales (\$3,383) from higher partner compensation from the concentration of business brought in by partners in higher grid levels and deficits from partners whose draws exceed commissions earned as well as higher search team staffing made during the second half of the prior year and higher expenses (\$293). Exchange rate variances had a net favourable impact of \$245 to the operating profit results.
- Full year expenses increased 13.0% or \$1,814 over the prior year to \$15,763 (2018: \$13,949). Excluding the fourth quarter goodwill impairment expense (\$1,521), municipal tax assessment discussed above (\$350), legal fees related to the unsuccessful pursuit of a claim against a former client (\$450), and exchange rate variances of \$226, expenses on a constant currency basis decreased \$733 or 17.2% over the same period last year. Constant currency cost decreases resulted from decreased share-based compensation expense caused by a decrease in the share price in the current year versus a share price increase in the previous year (\$453), decreases in management bonus accruals as a result of partial attainment of operational targets in the current year versus higher attainment in the prior year (\$269), decreased office expenses primarily the result of savings realized on IT investments (\$201), decreased marketing expenses as a result of last year's brand update initiative (\$189), lower director expenses resulting from lower deferred stock unit valuations on the lower share price (\$134) and a decrease in other general legal fees (\$126). These constant currency decreases were partially offset by foreign exchanges losses on intercompany loan balances and US dollar denominated bank account balances in the current year compared to gains in the prior year (\$227) increased compensation on higher corporate staff headcount (\$141), increased business development costs on higher revenue (\$107), increased recruitment fees (\$73), increased consulting expenses (\$67), and general increases across other categories (\$24).
- On a segment basis, year to date operating profit of \$1,640 was generated \$2,847 from Canada (\$1,517 net of intercompany license fee revenue) and \$2,006 from the US (\$3,336 net of intercompany license fees), which was partially offset by an operating loss in Europe of \$3,213 (\$1,692 net of the goodwill impairment expense of \$1,521).
- Net earnings after tax:
 - Fourth quarter net loss was \$954 (\$0.047 per share) in 2019, as compared to earnings of \$348 (\$0.018 per share) in the comparable period a year earlier.
 - The full year net earnings after tax were \$325 (\$0.016 per share) in 2019, versus \$2,015 (\$0.099 per share) in 2018.

Average Number of Partners, Professional Fees per Partner, Number of Assignments, Number of Assignments per Partner, Average Fee per Assignment and Revenue, Net of Reimbursements do not have any standardized meaning under IFRS and may not be comparable to measures presented by other companies. These operating measures are used by the Company to analyze its

results. Please refer to section “Non - GAAP Financial Measures and Other Operating Measures” in the Company’s MD&A for a definition of these terms.

For a complete discussion of the quarterly financial results, please see the company’s Management Discussion and Analysis posted on SEDAR at www.sedar.com.

About Caldwell


At Caldwell we believe *Talent Transforms*. As a leading provider of executive talent, we enable our clients to thrive and succeed by helping them identify, recruit and retain the best people. Our reputation-nearly 50 years in the making-has been built on transformative searches across functions and geographies at the very highest levels of management and operations. We leverage our skills and networks to also provide agile talent in the form of flexible and on-demand advisory solutions for companies looking for support in strategy and operations. With offices and partners across North America, Europe and Asia Pacific, we take pride in delivering an unmatched level of service and expertise to our clients.

Understanding that transformative talent is not limited to executive levels, our Caldwell Advance solution focuses on emerging leaders and advancing professionals who can also have a profound impact on a company’s ability to turn potential into success. We also leverage our skills and networks to provide agile talent solutions in the form of flexible and on-demand advisory solutions for companies looking for support in strategy and operations. Also, we are a leading licensed certified partner of The Predictive Index (PI), an award-winning talent optimization platform with a suite of talent strategy and assessment tools that - when integrated with our search process - helps clients hire the right people, then manage and inspire them to achieve maximum business results as fast as possible.

Caldwell’s Common shares are listed on The Toronto Stock Exchange (TSX: CWL). Please visit our website at www.caldwellpartners.com for further information.

Forward-Looking Statements

Forward-looking statements in this document are based on current expectations that are subject to the significant risks and uncertainties cited. These forward-looking statements generally can be identified by use of statements that include phrases such as “believe,” “expect,” “anticipate,” “intend,” “plan,” “foresee,” “may,” “will,” “likely,” “estimates,” “potential,” “continue” or other similar words or phrases. Similarly, statements that describe our objectives, plans or goals also are forward-looking statements. The Company is subject to many factors that could cause our actual results to differ materially from those contemplated by the relevant forward looking statement including, but not limited to, our ability to attract and retain key personnel; exposure to our Partners taking our clients with them to another firm; the performance of the Canadian, US and international economies; competition from other companies directly or indirectly engaged in executive search; liability risk in the services we perform; potential legal liability from clients, employees and candidates for employment; cybersecurity requirements, vulnerabilities, threats and attacks; damage to our brand reputation; our ability to align our cost structure to changes in our revenue; adverse tax law rulings; our ability to generate sufficient cash flow from operations to support our growth and maintain our dividend; foreign currency exchange rate fluctuations; marketable securities valuation fluctuations; volatility of the market price and volume of our common shares; any potential impairment of our acquired goodwill and intangible assets; and the risk associated with license fee agreement renewals. For more information on the factors that could affect the outcome of forward-looking statements, refer to the “Risk Factors” section of our Annual Information Form and other public filings (copies of which may be obtained at www.sedar.com). These factors should be considered



carefully and the reader should not place undue reliance on the forward-looking statements. Although any forward-looking statements are based on what management currently believes to be reasonable assumptions, we cannot assure readers that actual results, performance or achievements will be consistent with these forward-looking statements, and management's assumptions may prove to be incorrect. Except as required by Canadian securities laws, we do not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time by us or on our behalf; such statements speak only as of the date made. The forward-looking statements included herein are expressly qualified in their entirety by this cautionary language.

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THE CALDWELL PARTNERS INTERNATIONAL INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in \$000s Canadian)

	<i>As at</i> <i>August 31</i> <i>2019</i>	<i>As at</i> <i>August 31</i> <i>2018</i>
Assets		
Current assets		
Cash and cash equivalents	10,623	14,885
Marketable securities	5,832	5,654
Accounts receivable	11,915	10,858
Unbilled revenue	4,086	-
Prepaid expenses and other assets	2,320	1,711
	34,776	33,108
Non-current assets		
Restricted cash	45	138
Marketable securities	85	137
Advances	1,047	146
Property and equipment	1,379	1,378
Intangible assets	-	92
Goodwill	1,313	2,885
Deferred income taxes	1,963	1,897
Total assets	40,608	39,781
Liabilities		
Current liabilities		
Accounts payable	3,389	2,693
Compensation payable	21,222	19,205
Dividends payable	459	408
Income taxes payable	576	1,409
Deferred revenue	-	438
	25,646	24,153
Non-current liabilities		
Compensation payable	1,068	1,615
Provisions	49	93
	26,763	25,861
Equity attributable to owners of the Company		
Share capital	7,515	7,515
Contributed surplus	15,005	15,002
Accumulated other comprehensive income	581	1,257
Deficit	(9,256)	(9,854)
Total equity	13,845	13,920
Total liabilities and equity	40,608	39,781

THE CALDWELL PARTNERS INTERNATIONAL INC.

CONSOLIDATED STATEMENTS OF EARNINGS

(in \$000s Canadian, except per share amounts)

	Twelve months ended	
	August 31	
	2019	2018
Revenues		
Professional fees	69,749	66,512
Licence fees	700	371
Direct expense reimbursements	1,689	-
	72,138	66,883
Cost of sales	53,046	48,968
Reimbursed direct expenses	1,689	-
	54,735	48,968
Gross profit	17,403	17,915
Expenses		
General and administrative	12,618	12,487
Goodwill impairment	1,521	-
Sales and marketing	1,456	1,507
Foreign exchange loss (gain)	168	(45)
	15,763	13,949
Operating profit	1,640	3,966
Investment income	211	14
Earnings before income tax	1,851	3,980
Income tax expense	1,526	1,965
Net earnings for the year attributable to owners of the Company	325	2,015
Earnings per share		
Basic and diluted	\$0.016	\$0.099

CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS

(in \$000s Canadian)

	Twelve months ended	
	August 31	
	2019	2018
Net earnings for the year	325	2,015
Other comprehensive income:		
Items that may be reclassified subsequently to net earnings		
(Loss)/gain on marketable securities	(55)	65
Cumulative translation adjustment	197	342
Comprehensive earnings for the year attributable to owners of the Company	467	2,422

THE CALDWELL PARTNERS INTERNATIONAL INC.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(in \$000s Canadian)

	Deficit	Share Capital	Contributed Surplus	Cumulative Translation Adjustment	Accumulated Other Comprehensive Income (Loss) Unrealized Gains (Loss) on Marketable Securities	Total Equity
Balance - August 31, 2017	(10,237)	7,515	14,992	428	422	13,120
Net earnings for the year	2,015	-	-	-	-	2,015
Dividend payments declared	(1,632)	-	-	-	-	(1,632)
Share-based payment expense	-	-	10	-	-	10
Change in unrealized loss on marketable securities	-	-	-	-	65	65
Change in cumulative translation adjustment	-	-	-	342	-	342
Balance - August 31, 2018	(9,854)	7,515	15,002	770	487	13,920
Adoption of IFRS 9	818	-	-	-	(818)	-
Adoption of IFRS 15	1,291	-	-	-	-	1,291
Net earnings for the year	325	-	-	-	-	325
Dividend payments declared	(1,836)	-	-	-	-	(1,836)
Share-based payment expense	-	-	3	-	-	3
Change in unrealized loss on marketable securities (FVOCI)	-	-	-	-	(55)	(55)
Change in cumulative translation adjustment	-	-	-	197	-	197
Balance - August 31, 2019	(9,256)	7,515	15,005	967	(386)	13,845

THE CALDWELL PARTNERS INTERNATIONAL INC.

CONSOLIDATED STATEMENTS OF CASH FLOW

(in \$000s Canadian)

	Twelve months ended	
	August 31	
	2019	2018
Cash flow provided by (used in)		
Operating activities		
Net earnings for the year	325	2,015
Add (deduct) items not affecting cash		
Depreciation	520	537
Amortization	94	90
Amortization of advances	898	751
Loss on disposition of assets	20	-
Gain on marketable securities classified as FVPL	(177)	-
Share based payment expense	3	10
Unrealized foreign exchange on subsidiary loans	136	(54)
Decrease in provisions	(44)	(37)
Decrease in deferred revenue	(449)	(676)
Increase in unbilled revenue	(558)	-
Increase in deferred income taxes	(541)	(194)
Decrease in goodwill	1,521	-
(Decrease) increase in cash settled share-based compensation	(547)	657
Increase in accounts receivable	(849)	(1,182)
Increase in prepaid expenses and other assets	(148)	(181)
Increase in accounts payable	712	599
Increase in compensation payable	947	3,518
(Decrease) increase in income taxes payable	(879)	757
Payment of cash settled share-based compensation	(943)	(553)
Net cash provided by operating activities	41	6,057
Investing activities		
Purchase of marketable securities	-	(500)
Payment of advances	(2,260)	-
Proceeds from release of restricted cash	94	-
Purchase of property and equipment	(564)	(176)
Proceeds from the disposition of property and equipment	38	-
Net cash used in investing activities	(2,692)	(676)
Financing activities		
Dividend payments	(1,836)	(1,632)
Net cash used in financing activities	(1,836)	(1,632)
Effect of exchange rate changes on cash and cash equivalents	225	219
Net (decrease) increase in cash and cash equivalents	(4,262)	3,968
Cash and cash equivalents, beginning of year	14,885	10,917
Cash and cash equivalents, end of year	10,623	14,885

The net impact of opening balance sheet adjustments as a result of implementing IFRS 15 have been eliminated in the creation of the consolidated interim statements of cash flow.