

**FOR IMMEDIATE RELEASE**

## **THE CALDWELL PARTNERS INTERNATIONAL REPORTS CONTINUED REVENUE GROWTH**

- First quarter revenue of \$18.1 million, a 14% increase year over year.
- Net earnings after tax of \$462,000, a 119% increase year over year.
- Board declares 32<sup>nd</sup> consecutive quarterly dividend.

Toronto - January 9, 2020 - Retained executive search firm The Caldwell Partners International Inc. (TSX: CWL) today issued its financial results for the fiscal 2020 first quarter ended November 30, 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 November 30	
	2019	2018
Professional fees	\$17,498	\$15,169
License fees	\$59	\$217
Direct expense reimbursements	\$519	\$506
Revenues	\$18,076	\$15,892
Cost of sales	\$13,467	\$11,578
Reimbursed direct expenses	\$519	\$506
Expenses	\$3,542	\$3,379
Operating profit	\$548	\$429
Interest expense on lease liability	\$66	\$-
Investment income	\$71	(\$41)
Earnings before tax	\$553	\$388
Net earnings after tax	\$462	\$211
Net earnings per share	\$0.023	\$0.010

*1 Effective September 1, 2019 IFRS 16 was implemented resulting in a change to the way leases are treated and giving rise to interest expense on lease liability. During periods prior to fiscal 2020, all lease related expenses were recognized as occupancy costs and included in expenses in arriving at operating profit.*

165 Avenue Road  
Suite 600  
Toronto, ON M5R3S4  
+1 (416) 920-7702

[caldwellpartners.com](http://caldwellpartners.com)

“This was another excellent quarter and a strong start to our fiscal year,” said John Wallace, chief executive officer. “We said we were well-positioned heading into fiscal 2020, and we are pleased to be delivering on that promise with a 14% increase in revenue and a 119% increase in net earnings after tax to start our fiscal year. This improvement is due in part to a stronger US market year-over-year, and a rebound by our UK team as new business booking and business development activity has increased substantially.”

Wallace continued: “We are confident regarding the overall business climate as we head into the second quarter, and remain very positive about the coming year as a whole. We continue to recruit new partners and teams to strengthen and expand our industry and geographic coverage in order to better serve our clients.”

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 January 21, 2020 and to be paid on March 16, 2020.

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

- Operating revenue:

### *First Quarter*

- Professional fees for the first quarter of fiscal 2020 increased 15.4% (an increase of 14.5% excluding a favourable 0.9% variance from exchange rate fluctuations) over the comparable period last year to \$17,498 (2019: \$15,169). The increase in professional fees is attributable to a higher Average Fee per Assignment of \$155 (\$154 excluding exchange rate fluctuations; 2019: \$140) and an increase in the Number of Assignments to 113 (2019: 108). The Number of Assignments grew on a higher Number of Assignments per Partner at 2.9 (2019: 2.7) partially offset by a lower Average Number of Partners at 39.0 (2019: 39.3). On a segment basis, \$12,885 of professional fees were generated from the US (2019: \$10,886), \$3,729 from Canada (2019: \$3,813) and \$884 from Europe (2019: \$470).
- License fees from our licensees in Australia and New Zealand for the use of the Caldwell brand and intellectual property for the fiscal 2020 first quarter were \$59 (2019: \$217). Last year’s results included \$133 in license fees from CPGGroup LatAm, with whom the Company ended its licensing relationship effective February 28, 2019.
- Direct expenses incurred and billed to clients during the fiscal 2020 first quarter were \$519 (2019: \$506).

- Operating profit:

### *First Quarter*

- The operating profit for the first quarter of 2020 was \$548, a \$119 increase over \$429 Last year. (2019: \$429). The \$119 increase was the result of higher Revenue, Net of Reimbursements (\$2,171) partially offset by the combination of higher cost of sales (\$1,889) and higher expenses (\$163).

- As a percentage of professional fees, cost of sales increased 0.7% to 77.0%, up from 76.3% in the same period last year. The increase as a percentage of professional fees was due to higher partner compensation from higher average commission grid achievements on higher Annualized Professional Fees per Partner as well as partners in lower tiers earning draws greater than commission earnings (1.9% of professional fees). This increase was partially offset by lower partner support personnel compensation which is semi-fixed (down 1.3% of professional fees). Search delivery materials were flat as a percentage of professional fees.
  - Expenses in the first quarter increased 4.8% or \$163 over the same period in the prior year to \$3,542 (2019: \$3,379). Excluding the impact of exchange rate variances of \$22, expenses increased \$141 or 4.2% over the same period last year. This constant currency increase was the result of our holding our annual partner conference in the first quarter this year but in the second quarter of the previous year (\$335). We also experienced increases in consulting costs related to growth initiatives (\$98), expanded marketing expenses (\$52), higher corporate staff compensation on increased headcount (\$62) and general increases across smaller categories (\$52). These unfavourable variances were partially offset by a decrease in share-based compensation expense, the result of a significant share price increase in the prior year period leading to increased expense in the prior year (\$203), foreign exchange gains on intercompany loans and US dollar bank account balances this year versus losses last year (\$167) and lower occupancy expense caused by the adoption of IFRS 16 as discussed below (\$66).
  - Effective September 1, 2019 we implemented IFRS 16 as discussed in the interim consolidated financial statements and related MD&A. An interest expense on lease liability of \$66 (2018: \$nil) was recognized during the quarter in accordance with IFRS 16. During periods prior to fiscal 2020, all lease related expenses were recognized as occupancy costs and included in expenses in arriving at operating profit.
  - On a segment basis, fourth quarter operating profit was \$286 (2019: \$550) from Canada, \$122 (2019: \$125) from the US and \$140 (2019: loss of \$246) from Europe.
- Net earnings after tax:
    - First quarter net income was \$462 (\$0.023 per share), as compared to \$211 (\$0.010 per share) in the comparable period a year earlier.

Average Number of Partners, Professional Fees per Partner, Number of Assignments, Number of Assignments per Partner, and Average Fee per Assignment 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](http://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 their 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, Latin America and Asia Pacific, we take pride in delivering an unmatched level of service and expertise to our clients.

Caldwell's Common shares are listed on The Toronto Stock Exchange (TSX: CWL). Please visit our website at [www.caldwellpartners.com](http://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](http://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.*

For further information, please contact:

### Investors:

Chris Beck, CPA, Chief Operating and  
Financial Officer

[cbeck@caldwellpartners.com](mailto:cbeck@caldwellpartners.com)

+1 (617) 934-1843

### Media:

Caroline Lomot, Director of Marketing

[clomot@caldwellpartners.com](mailto:clomot@caldwellpartners.com)

+1 (516) 830-3535

# THE CALDWELL PARTNERS INTERNATIONAL INC.

## CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(unaudited - in \$000s Canadian)

	<i>As at</i>	
	<i>November 30</i>	<i>August 31</i>
	<i>2019</i>	<i>2019</i>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	12,589	10,623
Marketable securities	5,895	5,832
Accounts receivable	9,872	11,915
Unbilled revenue	3,853	4,086
Prepaid expenses and other current assets	2,332	2,320
	<b>34,541</b>	<b>34,776</b>
Non-current assets		
Restricted cash	45	45
Marketable securities	85	85
Advances	900	1,047
Property and equipment	1,438	1,379
Right-of-use assets	5,124	-
Goodwill	1,312	1,313
Deferred income taxes	1,542	1,963
<b>Total assets</b>	<b>44,987</b>	<b>40,608</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable	1,536	3,389
Compensation payable	20,466	21,222
Lease liability	1,679	-
Dividends payable	459	459
Income taxes payable	636	576
	<b>24,776</b>	<b>25,646</b>
Non-current liabilities		
Compensation payable	1,301	1,068
Provisions	-	49
Lease liability	4,059	-
	<b>30,136</b>	<b>26,763</b>
Equity attributable to owners of the Company		
Share capital	7,515	7,515
Contributed surplus	15,005	15,005
Accumulated other comprehensive income	447	581
Deficit	(8,116)	(9,256)
<b>Total equity</b>	<b>14,851</b>	<b>13,845</b>
<b>Total liabilities and equity</b>	<b>44,987</b>	<b>40,608</b>

## THE CALDWELL PARTNERS INTERNATIONAL INC. CONSOLIDATED INTERIM STATEMENTS OF EARNINGS

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

	Three months ended November 30	
	2019	2018
Revenues		
Professional fees	17,498	15,169
License fees	59	217
Direct expense reimbursements	519	506
	18,076	15,892
Cost of sales	13,467	11,578
Reimbursed direct expenses	519	506
	13,986	12,084
Gross profit	4,090	3,808
Expenses		
General and administrative	3,348	3,076
Sales and marketing	347	292
Foreign exchange (gain) loss	(153)	11
	3,542	3,379
Operating profit	548	429
Interest expense on lease liability	66	-
Investment (income) loss	(71)	41
Earnings before income taxes	553	388
Income taxes	91	177
Net earnings for the period attributable to owners of the Company	462	211
Earnings per share		
Basic and diluted	0.023	0.010

## CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE EARNINGS

(unaudited - in \$000s Canadian)

	Three months ended November 30	
	2019	2018
Net earnings for the period	462	211
Other comprehensive income:		
Item that may be reclassified subsequently to net earnings		
Cumulative translation adjustment	(134)	169
Comprehensive earnings for the period attributable to owners of the Company	328	380

**THE CALDWELL PARTNERS INTERNATIONAL INC.**  
**CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY**  
*(unaudited - in \$000s Canadian)*

	Deficit	Share Capital	Contributed Surplus	Accumulated Other Comprehensive Income (Loss) Cumulative Translation Adjustment	Gains/(losses) on Marketable Securities	Total Equity
<b>Balance - August 31, 2018</b>	<b>(9,854)</b>	<b>7,515</b>	<b>15,002</b>	<b>770</b>	<b>487</b>	<b>13,920</b>
Adoption of IFRS 9	818	-	-	-	(818)	-
Adoption of IFRS 15	1,291	-	-	-	-	1,291
Net earnings for the three month period ended November 30, 2018	211	-	-	-	-	211
Dividend payments declared	(459)	-	-	-	-	(459)
Share based payment expense	-	-	1	-	-	1
Change in cumulative translation adjustment	-	-	-	169	-	169
<b>Balance - November 30, 2018</b>	<b>(7,993)</b>	<b>7,515</b>	<b>15,003</b>	<b>939</b>	<b>(331)</b>	<b>15,133</b>
<b>Balance - August 31, 2019</b>	<b>(9,256)</b>	<b>7,515</b>	<b>15,005</b>	<b>967</b>	<b>(386)</b>	<b>13,845</b>
Adoption of IFRS 16	1,137	-	-	-	-	1,137
Net earnings for the three month period ended November 30, 2019	462	-	-	-	-	462
Dividend payments declared	(459)	-	-	-	-	(459)
Change in cumulative translation adjustment	-	-	-	(134)	-	(134)
<b>Balance - November 30, 2019</b>	<b>(8,116)</b>	<b>7,515</b>	<b>15,005</b>	<b>833</b>	<b>(386)</b>	<b>14,851</b>

# THE CALDWELL PARTNERS INTERNATIONAL INC.

## CONSOLIDATED INTERIM STATEMENTS OF CASH FLOW

(unaudited - in \$000s Canadian)

	<i>Three months ended</i>	
	<i>November 30</i>	
	<i>2019</i>	<i>2018</i>
Cash flow provided by (used in)		
Operating activities		
Net earnings for the period	462	211
Add (deduct) items not affecting cash		
Depreciation of property and equipment	109	127
Amortization of intangible assets	-	23
Depreciation of right-of-use assets	333	-
Amortization of advances	239	186
Interest expense on lease liabilities	66	-
Gain (loss) on marketable securities classified as FVPL	(64)	56
Share based payment expense	-	1
Unrealized foreign exchange on subsidiary loans	(162)	13
Decrease in provisions	-	(11)
Decrease in deferred revenue	-	(436)
Decrease in unbilled revenue	233	297
Increase in deferred income taxes	-	(50)
Increase in cash settled share-based compensation	233	334
Changes in working capital		
Decrease in accounts receivable	2,036	2,163
Decrease (increase) in prepaid expenses and other assets	382	(53)
Decrease in accounts payable	(249)	(294)
Decrease in compensation payable	(759)	(3,145)
Increase in income taxes payable	60	227
Net cash provided by (used in) operating activities	2,919	(351)
Investing activities		
Increase in advances	-	(845)
Decrease in restricted cash	-	47
Additions to property and equipment	(167)	(65)
Net cash used in investing activities	(167)	(863)
Financing activities		
Dividend payments	(459)	(408)
Payment of lease liabilities	(424)	-
Sublease payments received	76	-
Net cash used in financing activities	(807)	(408)
Effect of exchange rate changes on cash and cash equivalents	21	173
Net increase (decrease) in cash and cash equivalents	1,966	(1,449)
Cash and cash equivalents, beginning of period	10,623	14,885
Cash and cash equivalents, end of period	12,589	13,436

*The net impact of opening balance sheet adjustments as a result of implementing IFRS 16 have been eliminated in the creation of the consolidated interim statements of cash flow.*