



FOR IMMEDIATE RELEASE

THE CALDWELL PARTNERS INTERNATIONAL ISSUES FISCAL 2020 SECOND QUARTER FINANCIAL RESULTS

- Second quarter revenue of \$16.8 million.
- Second quarter operating profit of \$320 thousand.
- In light of COVID-19, the Board has taken actions to preserve capital, including the suspension of dividends.

Toronto - April 2, 2020 - Retained executive search firm The Caldwell Partners International Inc. (TSX: CWL) today issued its financial results for the fiscal 2020 second quarter ended February 29, 2020. 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		Six Months Ended	
	2.29.20	2.28.19	2.29.20	2.28.19
Professional fees	\$16,841	\$14,543	\$34,339	\$29,712
License fees	\$55	\$374	\$114	\$591
Direct expense reimbursements	\$411	\$411	\$930	\$917
Revenues	\$17,307	\$15,328	\$35,383	\$31,220
Cost of sales	\$13,023	\$11,926	\$26,490	\$23,504
Reimbursed direct expenses	\$411	\$411	\$930	\$917
Expenses	\$3,553	\$2,968	\$7,095	\$6,347
Operating profit	\$320	\$23	\$868	\$452
Interest expense on lease liability ¹	62	-	128	-
Investment income	\$65	\$97	\$136	\$56
Earnings before tax	\$323	\$120	\$876	\$508
Net earnings after tax	\$316	\$33	\$778	\$244
Net earnings per share	\$0.015	\$0.002	\$0.038	\$0.012

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.

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“Our team had a fantastic quarter but given the rapidly changing state of the world and the markets, our attention is solidly on the here and now,” said John Wallace, chief executive officer. “The COVID-19 pandemic is having a significant impact on the world, and we are certainly seeing follow-on effects on our business. Since the beginning of March, the actual and projected impact of the COVID-19 health crisis has deepened in our primary markets of Canada, the United States and the United Kingdom, and developed into a global economic crisis.”

“In light of the uncertainty created by COVID-19, we are taking decisive steps, including the suspension of the quarterly dividend, to actively manage our costs, preserve capital and enhance liquidity.”

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

- On January 30, 2020, the World Health Organization (WHO) characterized the novel coronavirus (COVID-19) a public health emergency. At that time, there had not been a direct negative impact seen in the regions we operate in of Canada, the United States and the United Kingdom. On March 11, the WHO expanded its characterization of COVID-19 to a global pandemic. The duration and intensity of the impact of COVID-19 and resulting disruption to the Company’s operations are uncertain. Given the dynamic nature of these circumstances, it is unknown how the Company may be affected if such an epidemic persists for an extended period. The Company has evaluated subsequent events through April 2, 2020, the date the consolidated financial statements were available to be issued. While not yet quantifiable, the Company believes this situation could have a material adverse impact to its operating results in the short-term and will continue to assess the financial impact for the remainder of the year.

- Operating revenue:

Second Quarter

- Professional fees for the second quarter of 2020 increased 15.8% (an increase of 16.5% excluding an unfavourable 0.7% variance from exchange rate fluctuations) over the comparable period last year to \$16,841 (2019: \$14,543).

The increase in professional fees is attributable to an increase in the Number of Assignments to 124 (2019: 89) partially offset by a lower Average Fee per Assignment of \$136 (\$137 excluding exchange rate fluctuations; 2019: \$163) resulting from executing searches with a lower average compensation level. The Number of Assignments grew on a higher Number of Assignments per Partner at 3.1 (2019: 2.3) and a slightly higher Average Number of Partners at 39.5 (2019: 39.3).

On a segment basis, \$12,442 of professional fees were generated from the US (2019: \$10,594), \$3,310 from Canada (2019: \$3,763) and \$1,089 from Europe (2019: \$186).

- License fees from our licensees in Australia and New Zealand for the use of the Caldwell brand and intellectual property for the fiscal 2020 second quarter were \$55 (2019: \$374). Last year’s results included \$320 in license fees from CPGroup LatAm, with whom the Company ended its licensing relationship effective February 28, 2019.

- Direct expenses incurred and billed to clients during the fiscal 2020 second quarter were \$411 (2019: \$411).

Year to date

- Professional fees for the first six months of 2020 increased 15.6% (an increase of 15.4% excluding a favourable 0.2% variance from exchange rate fluctuations) over the comparable period last year to \$34,339 (2019: \$29,712).

The increase in professional fees is attributable to an increase in the Number of Assignments to 237 (2019: 197) partially offset by a lower Average Fee per Assignment of \$145 (no change due to exchange rate fluctuations; 2019: \$151). The Number of Assignments grew on a higher Number of Assignments per Partner at 6.0 (2019: 5.0) on a consistent Average Number of Partners at 39.3

On a segment basis, \$25,327 of professional fees was generated from the US (2019: \$21,480), \$7,039 from Canada (2019: \$7,576) and \$1,973 from Europe (2019: \$656).

- Year to date license fees for the six months ended February 29, 2020 were \$114 (2019: \$591). Last year's results included \$497 in license fees from CPGroup LatAm, with whom the Company ended its licensing relationship effective February 28, 2019.
- Year-to date direct expenses incurred and billed to clients were \$930 (2019: \$917).

- Operating profit:

Second Quarter

- Operating profit for the second quarter was \$320 (2019: \$23). The \$297 increase was caused by higher Revenue, Net of Reimbursements (\$1,979) partially offset by the combination of higher cost of sales (\$1,097) and higher expenses (\$585). Excluding exchange rate variances, operating profit increased \$364 to \$387.
- Expenses in the second quarter increased 19.7% or \$585 over the same period in the prior year to \$3,553 (2019: \$2,968). Excluding the impact of exchange rate variances of \$46, expenses increased \$539 or 18.2% over the same period last year. This constant currency increase was the result of higher management bonus accruals in the current period versus the prior period as a result of not meeting targeted performance in the prior year (\$426), an increase in share-based compensation expense, primarily the result of a share price decrease in the prior year period (\$310), consulting costs related to our Caldwell Analytics growth initiative (\$242), partner recruitment expenses (\$124), expanded marketing and business development expenses (\$88), higher corporate staff compensation on increased headcount (\$53), higher foreign exchange losses on intercompany loans and US dollar bank account balances (\$59) and increases across smaller categories (\$19). These unfavourable variances were partially offset by lower legal expenses

with last year's expenses being higher than usual due to our pursuit of a claim against a former client (\$413) and lower annual partner conference expenses due to it taking place in the first quarter this year but in the second quarter of the previous year (\$369).


- Effective September 1, 2019 we implemented IFRS 16. An interest expense on lease liability of \$62 (2019: \$nil) was recognized during the quarter in accordance with IFRS 16.
- On a segment basis, second quarter operating profit was \$388 (2019: \$792) from Canada, a loss of \$260 (2019: loss of \$303) from the US and \$192 (2019: loss of \$466) from Europe.

Year to date

- Operating profit for the first six months of 2020 was \$868 (2019: \$452). The \$416 increase was caused by higher Revenue, Net of Reimbursements (\$4,150) partially offset by the combination of higher cost of sales (\$2,986) and higher expenses (\$748). Excluding exchange rate variances, operating profit increased \$409 to \$861.
- Expenses for the first six months of 2020 increased 11.8% or \$748 over the same period in the prior year to \$7,095 (2019: \$6,347). Excluding the impact of exchange rate variances of \$2, expenses increased \$746 or 11.7% over the same period last year. This constant currency increase was the result of higher management bonus accruals in the current period versus the prior period as a result of net meeting targeted performance in the prior year (\$406), consulting costs related to our Caldwell Analytics growth initiative (\$341), an increase in share-based compensation expense, the result of a significant share price decrease in the prior year period (\$144), expanded marketing and business development expenses (\$140), higher corporate staff compensation on increased headcount (\$115), higher partner recruitment expenses (\$44) and general increases across smaller categories (\$68). These unfavourable variances were partially offset by lower legal expenses with last year's expenses being higher than usual due to our pursuit of a claim against a former client (\$404) and higher foreign exchange gains on intercompany loans and US dollar bank account balances this year versus last year (\$108).
- For the first six months of 2020 an interest expense on lease liability of \$128 (2019: \$nil) was recognized.
- On a segment basis, operating profit for the first six months was \$674 (2019: \$1,342) from Canada, a loss of \$138 (2019: loss of \$178) from the US and \$332 (2019: loss of \$712) from Europe.

• **Net earnings after tax:**

- Second quarter net income was \$316 (\$0.015 per share), as compared to \$33 (\$0.002 per share) in the comparable period a year earlier.
- Year-to-date net income was \$778 (\$0.038 per share), as compared to \$244 (\$0.012 per share) in the comparable period a year earlier.



Average Number of Partners, Annualized 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 their best people. Our reputation - 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 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 US, Canadian and international economies, including the impact of pandemic diseases; 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; technological advances may significantly disrupt the labour market and weaken demand for human capital at a rapid rate; foreign currency exchange rate fluctuations; affiliation agreements may fail to renew or affiliates may be acquired; marketable securities valuation fluctuations; increasing dependence on third parties for the execution of critical functions; volatility of the market price and volume of our common shares; potential impairment of our acquired goodwill and intangible assets; and disruption as a result of actions of certain stockholders or potential acquirers of the Company. 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 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 INTERIM STATEMENTS OF FINANCIAL POSITION

(unaudited - in \$Canadian)

	<i>As at</i> <i>February 29</i> <i>2020</i>	<i>As at</i> <i>August 31</i> <i>2019</i>
Assets		
Current assets		
Cash and cash-equivalents	4,400	10,623
Marketable securities	5,957	5,832
Accounts receivable	10,272	11,915
Income taxes receivable	235	-
Unbilled revenue	4,308	4,086
Prepaid expenses and other assets	2,860	2,320
	28,032	34,776
Non-current assets		
Restricted cash	46	45
Marketable securities	85	85
Advances	933	1,047
Property and equipment	2,131	1,379
Right of use assets	4,834	-
Goodwill	1,326	1,313
Deferred income taxes	1,555	1,963
Total assets	38,942	40,608
Liabilities		
Current liabilities		
Accounts payable	1,810	3,389
Compensation payable	15,623	21,222
Lease liability	1,673	-
Dividends payable	459	459
Income taxes payable	-	576
	19,565	25,646
Non-current liabilities		
Compensation payable	808	1,068
Lease liability	3,753	-
Provisions	-	49
	24,126	26,763
Equity attributable to owners of the Company		
Share Capital	7,515	7,515
Contributed surplus	15,005	15,005
Accumulated other comprehensive income	555	581
Deficit	(8,259)	(9,256)
Total equity	14,816	13,845
Total liabilities and equity	38,942	40,608

THE CALDWELL PARTNERS INTERNATIONAL INC.

CONSOLIDATED INTERIM STATEMENTS OF EARNINGS

(unaudited - in \$Canadian)

	Three months ended		Six months ended	
	February 29 2020	February 28 2019	February 29 2020	February 28 2019
Revenues				
Professional fees	16,841	14,543	34,339	29,712
License fees	55	374	114	591
Direct expense reimbursements	411	411	930	917
	17,307	15,328	35,383	31,220
Cost of sales	13,023	11,926	26,490	23,504
Reimbursed direct expenses	411	411	930	917
	13,434	12,337	27,420	24,421
Gross profit	3,873	2,991	7,963	6,799
Expenses				
General and administrative	3,206	2,767	6,554	5,843
Sales and marketing	335	251	682	543
Foreign exchange gain	12	(50)	(141)	(39)
	3,553	2,968	7,095	6,347
Operating profit	320	23	868	452
Interest expense on lease	62	-	128	-
Investment income	(65)	(97)	(136)	(56)
Earnings before income tax	323	120	876	508
Income taxes	7	87	98	264
Net earnings for the period attributable to owners of the Company	316	33	778	244
Earnings per share				
Basic and diluted	\$0.015	\$0.002	\$0.038	\$0.012

CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE EARNINGS

(unaudited - in \$Canadian)

	Three months ended		Six months ended	
	February 29 2020	February 28 2019	February 29 2020	February 28 2019
Net earnings for the period	316	33	778	244
Other comprehensive income:				
Items that may be reclassified subsequently to net earnings				
Cumulative translation adjustment	108	(70)	(26)	99
Comprehensive earnings (loss) for the period attributable to owners of the Company	424	(37)	752	343

THE CALDWELL PARTNERS INTERNATIONAL INC.

CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

(unaudited - in \$Canadian)

	Deficit	Capital Stock	Contributed Surplus	Cumulative Translation Adjustment	Accumulated Other Comprehensive Income (Loss) Unrealized Gains on Marketable Securities	Total Equity
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 six month period ended February 28, 2019	244	-	-	-	-	244
Dividend payments declared	(918)	-	-	-	-	(918)
Share based payment expense	-	-	1	-	-	1
Change in cumulative translation adjustment	-	-	-	99	-	99
Balance - February 28, 2019	(8,419)	7,515	15,003	869	(331)	14,637
Balance - August 31, 2019	(9,256)	7,515	15,005	967	(386)	13,845
Adoption of IFRS 16	1,137	-	-	-	-	1,137
Net earnings for the six month period ended February 29, 2020	778	-	-	-	-	778
Dividend payments declared	(918)	-	-	-	-	(918)
Change in cumulative translation adjustment	-	-	-	(26)	-	(26)
Balance - February 29, 2020	(8,259)	7,515	15,005	941	(386)	14,816

THE CALDWELL PARTNERS INTERNATIONAL INC.

CONSOLIDATED INTERIM STATEMENTS OF CASH FLOW

(unaudited - in \$Canadian)

	Six months ended	
	February 29 2020	February 28 2019
Cash flow provided by (used in)		
Operating Activities		
Net earnings for the period	778	244
Add (deduct) items not affecting cash		
Depreciation of property and equipment	219	256
Amortization of intangible assets	-	47
Depreciation of right-of-use assets	665	48
Amortization of advances	496	398
Interest expense on lease liabilities	128	-
Gain on marketable securities classified as FVPL	(125)	(32)
Share based payment expense	-	1
Unrealized foreign exchange on subsidiary loans	(152)	(49)
Decrease in provisions	-	(22)
Decrease in deferred revenue	-	(434)
Increase in unbilled revenue	(184)	692
Decrease in deferred income taxes	-	-
Decrease in cash settled share-based compensation payable	(260)	(699)
Changes in working capital		
Decrease in accounts receivable	1,725	2,091
Increase in income taxes receivable	(220)	(696)
(Increase) decrease in prepaid expenses and other assets	(187)	74
Increase in accounts payable	11	87
Decrease in compensation payable	(4,550)	(7,576)
Decrease in income taxes payable	(577)	(1,409)
Payment of cash settled share-based compensation	(1,155)	(943)
Net cash used in operating activities	(3,388)	(7,970)
Investment Activities		
Increase in advances	(294)	(1,234)
Decrease in restricted cash	-	94
Additions to property and equipment	(963)	(89)
Net cash used in investing activities	(1,257)	(1,229)
Financing Activities		
Dividend payments	(918)	(867)
Payment of lease liabilities	(846)	-
Sublease payments received	155	-
Net cash used in financing activities	(1,609)	(867)
Effect of exchange rate changes on cash and cash equivalents	31	166
Net decrease in cash and cash equivalents	(6,223)	(9,900)
Cash and cash equivalents, beginning of period	10,623	14,885
Cash and cash equivalents, end of period	4,400	4,985

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.