

FOR IMMEDIATE RELEASE

CALDWELL REPORTS STRONG GROWTH IN REVENUE AND OPERATING PROFIT

- First quarter revenue of \$18.1 million, a 61% increase quarter over quarter and a 1% increase year over year.
- Operating profit of \$1.4 million, a 261% increase year over year.
- Net earnings after tax of \$934,000, a 102% increase year over year.

Toronto - January 14, 2021 - Retained executive search firm The Caldwell Partners International Inc. (TSX: CWL) today issued its financial results for the fiscal 2021 first quarter ended November 30, 2020. All references to quarters or years are for the fiscal periods unless otherwise noted and all currency amounts are in Canadian dollars. Financial results do not include those of IQTalent Partners, Inc.; financial results will be consolidated prospectively beginning on the date of acquisition of December 31, 2020.

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

	Three Months Ended November 30	
	2020	2019
Professional fees	\$18,027	\$17,498
License fees	\$26	\$59
Direct expense reimbursements	\$74	\$519
Revenues	\$18,127	\$18,076
Cost of sales	\$13,337	\$13,467
Government stimulus grants	(110)	-
Reimbursed direct expenses	\$74	\$519
Gross profit	\$4,826	\$4,090
Selling, general and administrative expenses	\$3,399	\$3,695
Government stimulus grants	-	-
Operating profit	\$1,427	\$395
Interest expense on lease liability	\$107	\$66
Investment income	(\$9)	(\$71)
Foreign exchange loss (gain)	\$34	(\$153)

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Earnings before tax	\$1,295	\$553
Income tax expense	\$361	\$91
Net earnings after tax	\$934	\$462
Net earnings per share	\$0.046	\$0.023

“This was a strong start to the year by any measure, and it was an exceptional start in this instance, given what the world has been through in the last 12 months,” said John Wallace, chief executive officer. “We saw a significant rebound in search activity in the first quarter of fiscal 2021, effecting a 61% rise in quarter over quarter revenue from the fourth quarter of fiscal 2020 and a 1% increase over the first quarter of fiscal 2020.”

Wallace continued: “As a result of the cost reduction initiatives enacted in the third and fourth quarters of Fiscal 2020, coupled with ongoing support from government stimulus programs, we have maintained profitability and fortified our liquidity during the pandemic. This has allowed us to reengage our growth strategy with great success, as evidenced by our December 31 [acquisition of IQTalent Partners](#), a technology-driven talent acquisition firm offering consulting, candidate sourcing, candidate research, and full lifecycle recruiting. Together, our two organizations will leverage IQTP’s expertise and advanced artificial intelligence to specialize in all levels of professional recruitment, driving revenue growth and increased profitability. Additionally, we were pleased to announce five Partner additions to the team during the first quarter - Peter Anselmo - Technology and Professional Services (New York), Liz Bernich - Financial Services (New York), Rui Di - Consumer, Retail & e-Commerce (Dallas), Allison Dubrow - Insurance (New York/Stamford), and Ryan Mason - Energy, Mining and Infrastructure (Sydney). We expect to make further Partner additions in the coming months as the industry continues to see the stability and exciting opportunities that Caldwell has to offer.”

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

- Operating revenue:

First Quarter

- Professional fees for the first quarter of 2021 increased 3.0% (3.3% excluding an unfavourable 0.3% variance from exchange rate fluctuations) over the comparable period last year to \$18,027 (2020: \$17,498). The increase in professional fees results from a higher Average Fee per Assignment of \$162 (\$163 excluding exchange rate fluctuations; 2020: \$155), partially offset by a slight reduction in the Number of Assignments to 111 (2020: 113). The Number of Assignments decreased on a lower Number of Assignments per Partner at 2.8 (2020: 2.9) and a slightly higher Average Number of Partners at 39.1 (2020: 39.0). On a segment basis, \$14,581 of professional fees were generated from the US (2020: \$12,885), \$2,993 from Canada (2020: \$3,729) and \$453 from Europe (2020: \$884).
- License fees from our affiliate in New Zealand for the use of the Caldwell brand and intellectual property for the fiscal 2020 first quarter were \$26 (2020: \$29). Last year’s results included \$30 in license fees from Hattonneale of Australia, with whom the Company ended its licensing relationship effective August 31, 2020.
- Direct expenses incurred and billed to clients during the fiscal 2021 first quarter were \$74 (2020: \$519).

- Operating profit:

First Quarter

- The operating profit for the first quarter of 2021 was \$1,427, a \$1,032 increase over \$395 last year. (2020: \$395). The increase was the result of higher Revenue, Net of Reimbursements (\$496), lower cost of sales (\$130), lower selling, general and administrative expenses (\$296) and government stimulus grants obtained in fiscal 2021 (\$110).
- As a percentage of professional fees, cost of sales decreased 3.0% to 74.0% from 77.0% in the same period last year. The decrease was due to lower partner support personnel compensation, which is semi-fixed, on the higher revenue (2.0% of professional fees); lower average commission tiers on a relatively more evenly distributed billing among the partner group resulting in lower partner compensation (0.9% of professional fees); and lower search delivery materials expenses (0.1% of professional fees).
- In the first quarter, expenses decreased 8.0% or \$296 over the same period in the prior year to \$3,339 (2020: \$3,695). Excluding the impact of exchange rate variances of \$5, expenses decreased \$291 or 7.9% over the same period last year. This constant currency decrease resulted from not holding our annual partner meeting in the current year due to travel restrictions (\$374); lower office expenses on a reduced property footprint (\$232); and lower marketing and business development expenses due to reduced travel as a result of COVID-19 travel restrictions (\$206). These favourable variances were partially offset by increased share-based compensation expense, the result of a higher share price and an increase in performance factors from exceeding targeted performance (\$198); higher management bonus accrual as a result of exceeding targeted performance (\$186); and higher professional fees (\$137).
- On a segment basis, first quarter operating profit was \$75 (2020: \$287) from Canada, \$1,370 (2020: \$121) from the US and a loss of \$18 (2020: loss of \$13) from Europe.

- Net earnings after tax:

- First quarter net income was \$934 (\$0.046 per share), as compared to net income of \$462 (\$0.023 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.

About Caldwell Partners

Caldwell Partners is a technology-powered talent acquisition firm specializing in recruitment at all levels.

Caldwell, a retained executive search firm, enables clients around the world to thrive and succeed by helping them identify, recruit and retain the 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 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.

IQTalent Partners offers consulting, candidate sourcing, candidate research, and full lifecycle recruiting to its clients. Using a unique on-demand business model, IQTP augments the client's in-house talent acquisition team in a partnership without commissions or long-term contracts. Founded in 2009 with a mission to find a better, more cost-effective, and efficient way for organizations and candidates to find a match, the company has partnered with more than 300 corporations from Fortune 500s to startups. IQTP's IQTalent Xchange is an original market concept using advanced artificial intelligence combined with human expertise to create a passive candidate marketplace. The proprietary talent exchange platform includes more than 300 million global professionals, offering clients unprecedented access to the most qualified candidates.

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, software that we license from third parties, our ability to successfully recover from a disaster or other business continuity issues, successfully integrating or realizing the expected benefits from our acquisitions, adverse operating issues from acquired businesses, 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 governmental and tax law rulings; our ability to generate sufficient cash flow from operations to support our growth and fund any dividends; 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 \$000s Canadian)

	<i>As at</i> <i>November 30</i> <i>2020</i>	<i>As at</i> <i>August 31</i> <i>2020</i>
Assets		
Current assets		
Cash and cash equivalents	19,388	14,481
Accounts receivable	7,801	7,316
Income taxes receivable	563	928
Unbilled revenue	2,918	2,430
Prepaid expenses and other assets	2,254	2,553
	<u>32,924</u>	<u>27,708</u>
Non-current assets		
Restricted cash	-	45
Marketable securities	107	71
Advances	552	695
Property and equipment	2,051	2,128
Right-of-use assets	7,250	7,691
Goodwill	1,280	1,288
Deferred income taxes	1,238	1,245
Total assets	<u>45,402</u>	<u>40,871</u>
Liabilities		
Current liabilities		
Accounts payable	1,879	1,764
Compensation payable	16,425	12,812
Lease liability	1,886	1,873
	<u>20,190</u>	<u>16,449</u>
Non-current liabilities		
Compensation payable	1,144	734
Lease liability	6,411	6,932
	<u>27,745</u>	<u>24,115</u>
Equity attributable to owners of the Company		
Share capital	7,515	7,515
Contributed surplus	15,018	15,013
Accumulated other comprehensive income	381	419
Deficit	(5,257)	(6,191)
Total equity	<u>17,657</u>	<u>16,756</u>
Total liabilities and equity	<u>45,402</u>	<u>40,871</u>

The accompanying notes are an integral part of these consolidated financial statements.

THE CALDWELL PARTNERS INTERNATIONAL INC.

CONSOLIDATED INTERIM STATEMENTS OF EARNINGS

Three months ended

November 30,

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

2020 2019

Revenues		
Professional fees	18,027	17,498
Licence fees	26	59
Direct expense reimbursements	74	519
	18,127	18,076
Cost of sales expenses		
Cost of sales	13,337	13,467
Government stimulus grants	(110)	-
Reimbursed direct expenses	74	519
	13,301	13,986
Gross profit	4,826	4,090
Selling, general and administrative	3,399	3,695
Operating profit	1,427	395
Finance expenses (income)		
Interest expense on lease liability	107	66
Investment income	(9)	(71)
Foreign exchange loss (income)	34	(153)
Earnings before income tax	1,295	553
Income tax expense	361	91
Net earnings for the year attributable to owners of the Company	934	462
Earnings per share		
Basic & Diluted	\$0.046	\$0.023

CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE EARNINGS

(unaudited - in \$000s Canadian)

Three months ended

November 30,

2020 2019

Net earnings for the year	934	462
Other comprehensive income:		
Items that may be reclassified subsequently to net earnings		
Gain on marketable securities	37	-
Cumulative translation adjustment	(75)	(134)
Comprehensive earnings for the year attributable to owners of the Company	896	328

Certain comparative figures have been restated to conform with current year presentation.

The accompanying notes are an integral part of these consolidated financial statements.

THE CALDWELL PARTNERS INTERNATIONAL INC.

CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

(unaudited - 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, 2019	(9,256)	7,515	15,005	967	(386)	13,845
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)
Balance - November 30, 2019	(8,116)	7,515	15,005	833	(386)	14,851
Balance - August 31, 2020	(6,191)	7,515	15,013	595	(176)	16,756
Net earnings for the three month period ended November 30, 2020	934	-	-	-	-	934
Share-based payment expense	-	-	5	-	-	5
Change in unrealized gain on marketable securities available for sale	-	-	-	-	37	37
Change in cumulative translation adjustment	-	-	-	(75)	-	(75)
Balance - November 30, 2020	(5,257)	7,515	15,018	520	(139)	17,657

The accompanying notes are an integral part of these consolidated financial statements.

THE CALDWELL PARTNERS INTERNATIONAL INC.

CONSOLIDATED INTERIM STATEMENTS OF CASH FLOW

(unaudited - in \$000s Canadian)

	Three months ended	
	November 30,	
	2020	2019
Cash flow provided by (used in)		
Operating activities		
Net earnings for the year	934	462
Add (deduct) items not affecting cash		
Depreciation of property and equipment	93	109
Depreciation of right-of-use assets	421	333
Amortization of advances	162	239
Interest expense on lease liabilities	107	66
Loss (gain) on marketable securities classified as FVPL	-	(64)
Share based payment expense	5	-
Loss (gain) on unrealized foreign exchange on subsidiary loans	24	(162)
(Increase) decrease in unbilled revenue	(503)	233
Increase in cash settled share-based compensation	409	233
Changes in working capital	3,853	1,470
Net cash provided by operating activities	5,505	2,919
Investing activities		
Proceeds from release of restricted cash	45	-
Purchase of property and equipment	(20)	(167)
Net cash provided by (used in) investing activities	25	(167)
Financing activities		
Dividend payments	-	(459)
Payment of lease liabilities	(592)	(424)
Sublease payments received	90	76
Net cash used in financing activities	(502)	(807)
Effect of exchange rate changes on cash and cash equivalents	(121)	21
Net increase in cash and cash equivalents	4,907	1,966
Cash and cash equivalents, beginning of year	14,481	10,623
Cash and cash equivalents, end of period	19,388	12,589

The accompanying notes are an integral part of these consolidated financial statements.