Caldwell

FOR IMMEDIATE RELEASE

CALDWELL REPORTS STRONG REVENUE GROWTH IN ITS TRANSFORMATION

- **REVENUE HIGHLIGHTS:**
  - 33% increase in quarter-over-quarter revenue.
  - 39% increase in year-over-year revenue for the quarter.
  - 19% increase in year-over-year revenue for the fiscal year to date.

Toronto - April 8, 2021 - Talent acquisition firm The Caldwell Partners International Inc. (TSX: CWL) today issued its financial results for the fiscal 2021 second quarter ended February 28, 2021. All references to quarters or years are for the fiscal periods unless otherwise noted and all currency amounts are in Canadian dollars. Financial results include those of IQTalent Partners, Inc. (IQTP) beginning on the date of acquisition of December 31, 2020.

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

	Three Months Ended		Six Months Ended	
	2.28.21	**2.29.20**	**2.28.21**	**2.29.20**
Professional fees - Caldwell	19,724	17,557	37,777	34,453
Professional fees – IQTP	4,285	-	4,285	-
Consolidated professional fees	24,009	16,896	42,062	34,453
Direct expense reimbursements	73	411	147	930
Revenues	24,082	17,307	42,209	35,383
Cost of sales	18,079	13,023	31,416	26,490
Government stimulus grants	(156)	-	(266)	-
Reimbursed direct expenses	73	411	147	930
Gross profit	6,086	3,873	10,912	7,963
Selling, general and administrative expenses	5,389	3,541	8,563	7,236
Acquisition-related expenses	644	-	869	-
Operating profit	53	332	1,480	727
Interest expense on lease liability	120	62	227	128
Interest expense on loans payable	9	-	9	-
Investment income	(5)	(65)	(14)	(136)
Foreign exchange loss (gain)	71	12	105	(141)

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(Loss) earnings before tax	(142)	323	1,153	876
Income tax (income) expense	(512)	7	(151)	98
Net earnings after tax	370	316	1,304	778
Basic earnings per share	$0.016	$0.015	$0.059	$0.038

1) Results include operations from IQTP for the two months post-acquisition date of December 31, 2020.

2) Income tax (income) expense during the three months ended February 28, 2021 includes $562 of income from a favourable tax ruling change during the quarter allowing for the deductibility on the valid use of PPP funds which had previously been disallowed.

"In our year-end review we talked about our work to transform Caldwell into a high growth technology-powered talent acquisition firm," said John Wallace, chief executive officer. "We have made great strides towards that goal since our acquisition of IQTP, as evidenced by the strong revenue growth we are seeing in all aspects of our business."

"More than just recovering from the economic impact of the global pandemic, we've had a record-setting start to fiscal 2021 – an incredible feat and a huge tribute to the entire team of Caldwell and IQTalent Partners. Our most recent quarterly revenue of $24 million was a 33% increase over the prior quarter, nearly a 40% increase year-over-year, and is the highest in our firm's history. New business booking activity has been steadily rising this fiscal year and that trend of growth has continued into our third quarter."

Wallace continued: "Our merger with IQTP represents a transformational event for the firm as we evolve into a technology-focused recruitment model for the benefit of our clients. Our vision for our two organizations, working together, is for IQTP to be a constant presence at our clients, providing recurring talent acquisition support, while Caldwell will continue to be engaged for higher-level retained executive searches not in the purview of the in-house teams. Together, we provide a seamless integration of talent acquisition solutions at all levels for our clients."

Financial Highlights (all numbers expressed in $000s)

The Company operates through two distinct segments – retained executive search and analytics solutions are conducted as ***Caldwell***, and on-demand talent acquisition augmentation solutions are conducted as ***IQTalent Partners*** or ***IQTP***.

- IQTP's results have been included in our consolidated performance for two months beginning with the acquisition date of December 31, 2020. Reference is made to note 4 of our consolidated interim financial statements and our MD&A for additional information on the acquisition and the nature of business and financial results of IQTP.
- Acquisition related expenses - In addition to the upfront cash paid and shares issued to acquire the shares of IQTP, $5.5 million remains to be paid in future periods. This amount is being accrued and recorded as compensation expense, as the payments are contingent on employees or shareholders being actively employed on the future payment dates. This payment structure ensures the teams viewed as critical to the business have a strong incentive to stay. In addition, as this forms part of compensation expense, these amounts are fully deductible for income tax purposes. These amounts will be recorded as acquisition-related expenses within the consolidated statements of earnings and will continue to suppress the profitability of IQTP by approximately $270 per month for the first 12 months, reducing to approximately $191 in the following 12 months. The amounts are paid in US dollars and will fluctuate with exchange rates.

- Revenue:

  - Revenue for the second quarter of 2021 increased $6,775, or 39.1%.

    - Professional fees for the second quarter of 2021 increased $7,113, or 42.1% (45.7% excluding an unfavourable 3.6% variance from exchange rate fluctuations) over the comparable period last year to $24,009 (2020: $16,896). Caldwell's professional fees increased 16.7% to $19,724 (2020: $16,896) and IQTP added $4,285 ($4,361 less $76 of eliminated intercompany revenue), representing the two-month post-acquisition results during January and February.

    - Direct expense reimbursements decreased $338 due to decreased expenses incurred on travel for our partners and candidates due to pandemic-related travel restrictions resulting in a shift in the search process.

  - Revenue for the six months ended February 28, 2021 increased $6,826, or 19.3%.

    - Professional fees for the six months ended February 28, 2021 increased $7,609, or 22.1% (23.9% excluding an unfavourable 1.8% variance from exchange rate fluctuations) over the comparable period last year to $42,062 (2020: $34,453). Caldwell's professional fees increased 9.6% to $37,777 (2020: $34,453) and IQTP generated $4,285 ($4,361 less $76 in eliminating intercompany) representing the two month post-acquisition results during January and February.
    - Direct expense reimbursements decreased $783 due to pandemic-related travel restrictions resulting in a shift in the search process.

- Operating profit:

  - Operating profit for the second quarter was $53 (2020: $332). The $279 decrease relates to:

    - An increase in gross profit ($2,213) resulting from $805 contributed by IQTP and a $1,408 increase from Caldwell. Caldwell's changes came from higher revenue, net of direct expense reimbursements ($7,113) on improved search demand, less associated cost of sales ($5,056) and with the benefit of government stimulus grants ($156).
    - Higher selling, general and administrative expenses ($1,848) caused by the acquired business of IQTP for the two months post the acquisition date of December 31, 2020 ($767) and increased expenses at Caldwell ($1,081). The increased Caldwell expenses were caused by

      - increased share-based compensation expense, the result of a 114.2% increase in average share price during the quarter ($1,552); and higher bonus accruals from exceeding targeted performance ($126); offset by

      - favourable variances from lower occupancy costs resulting from the exit of permanent leased locations in Dallas and London, where our teams have reverted to work from home and flexible space arrangements ($171), a consulting project in the prior year to generate a strategic road map for our Caldwell Analytics growth initiative, which did not recur in the current year ($161), lower marketing and business development expenses due to reduced travel as a result of COVID-19 restrictions ($115), favourable exchange rate variances ($50), and miscellaneous net favourable variances across smaller cost areas ($100).

  - Acquisition-related expenses ($644) consisting of IQTP purchase price structured as compensation expense ($540) and costs related to legal, tax and financial diligence ($104).

- Operating profit for the first six months of the year was $1,480 (2020: $727). The $753 increase relates to:

  - An increase in gross profit ($2,949) resulting from $805 contributed by IQTP and a $2,144 increase from Caldwell. Caldwell's changes came from higher revenue, net of direct expense reimbursements ($3,324) on improved search demand, less associated cost of sales ($1,446) and with the benefit of government stimulus grants ($266).

  - Higher selling, general and administrative expenses ($1,327) caused by the acquired business of IQTP for the two months post the acquisition date of December 31, 2020 ($767) and increased SG&A expenses at Caldwell ($560). The increased Caldwell expenses were caused by

    - unfavourable variances from operating expenses from the acquired business of IQTP for the two months post the acquisition date of December 31, 2020 ($767), increased share-based compensation expense, the result of a 123.0% increase in average share price during the first six months of the year and an increase in performance factors from exceeding targeted performance ($1,752); and higher management bonus accruals from exceeding targeted performance ($312); offset by

    - favourable variances from lower occupancy costs resulting from the exit of permanent leased locations in Dallas and London, where our teams have reverted to work from home and flexible space arrangements ($418), our annual partner meeting held in the first quarter of the prior year but not in the current year due to travel restrictions ($381), lower marketing and business development expenses due to reduced travel from COVID-19 restrictions ($346), lower consulting costs related to our Caldwell Analytics growth initiative ($250), favourable exchange rate variances ($47) and miscellaneous net favourable variances across smaller cost areas ($62).

  - Acquisition-related expenses ($869) consisting of IQTP purchase price structured as compensation expense ($540) and Caldwell incurred costs related to legal, tax and financial diligence review related to IQTP during the quarter ($329).

- Net earnings after tax:
  - Second quarter net income was $370 ($0.016 per share), as compared to net income of $316 ($0.015 per share) in the comparable period a year earlier. On December 27, 2020, changes to the PPP were enacted in the United States, permitting expenses that were paid with forgiven PPP loan proceeds to be tax-deductible. This overrides previous Internal Revenue Service guidance disallowing deductions for these eligible expenses. As a result of this legislative change, approximately $2,132 in additional tax deductions are available in the Company's fiscal 2020 US tax filing, resulting in a reduction of current taxes payable of approximately $562 at the current US effective tax rate of 27.2%. As a result, a $562 reduction in income tax expense has been recorded for the three month period ending February 28, 2021.
  - Net income for the six month period ended February 28, 2021 was $1,304 ($0.059 per share), as compared to net income of $778 ($0.038 per share) in the comparable period a year earlier.

For a complete discussion of the quarterly financial results, including a detailed segment analysis, 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. Through two distinct brands – Caldwell and IQTalent Partners – the firm leverages the latest innovations in AI to offer an integrated spectrum of services delivered by teams with deep knowledge in their respective areas. Services include candidate research and sourcing through to full recruitment at the professional, executive and board levels, as well as a suite of talent strategy and assessment tools that can help clients hire the right people, then manage and inspire them to achieve maximum business results.

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)

	As at February 28 2021	*As at August 31 2020*
Assets		
Current assets		
Cash and cash equivalents	11,468	14,481
Accounts receivable	14,700	7,316
Income taxes receivable	1,762	928
Unbilled revenue	2,418	2,430
Prepaid expenses and other assets	2,298	2,553
	32,646	27,708
Non-current assets		
Restricted cash	2,638	45
Marketable securities	251	71
Advances	428	695
Property and equipment	2,008	2,128
Right-of-use assets	10,274	7,691
Intangible assets	336	-
Goodwill	7,488	1,288
Deferred income taxes	1,214	1,245
Total assets	57,283	40,871
Liabilities		
Current liabilities		
Accounts payable	1,916	1,764
Compensation payable	18,483	12,812
Lease liability	1,774	1,873
	22,173	16,449
Non-current liabilities		
Compensation payable	2,081	734
Loans Payable	1,018	-
Lease liability	9,485	6,932
	34,757	24,115
Equity attributable to owners of the Company		
Share capital	12,157	7,515
Contributed surplus	15,036	15,013
Accumulated other comprehensive income	220	419
Deficit	(4,887)	(6,191)
Total equity	22,526	16,756
Total liabilities and equity	57,283	40,871

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

THE CALDWELL PARTNERS INTERNATIONAL INC.

CONSOLIDATED INTERIM STATEMENTS OF EARNINGS

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

	Three months ended February 28 2021	Three months ended February 29 2020[1]	Six months ended February 28 2021	Six months ended February 29 2020[1]
Revenues				
Professional fees	24,009	16,896	42,062	34,453
Direct expense reimbursements	73	411	147	930
	24,082	17,307	42,209	35,383
Cost of sales expenses				
Cost of sales	18,079	13,023	31,416	26,490
Government stimulus grants	(156)	-	(266)	-
Reimbursed direct expenses	73	411	147	930
	17,996	13,434	31,297	27,420
Gross profit	6,086	3,873	10,912	7,963
Selling, general and administrative	5,389	3,541	8,563	7,236
Acquisition-related expenses	644	-	869	-
	6,033	3,541	9,432	7,236
Operating profit	53	332	1,480	727
Finance expenses (income)				
Interest expense on lease liability	120	62	227	128
Interest expense on loans payable	9	-	9	-
Investment income	(5)	(65)	(14)	(136)
Foreign exchange loss (income)	71	12	105	(141)
(Loss) earnings before income tax	(142)	323	1,153	876
Income tax (income) expense	(512)	7	(151)	98
Net earnings for the year attributable to owners of the Company	370	316	1,304	778
Earnings per share				
Basic	$0.016	$0.015	$0.059	$0.038
Diluted	$0.015	$0.015	$0.058	$0.038

CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE EARNINGS

(unaudited - in $000s Canadian)

	Three months ended February 28 2021	Three months ended February 29 2020	Six months ended February 28 2021	Six months ended February 29 2020
Net earnings for the year	370	316	1,304	778
Other comprehensive income:				
Items that may be reclassified subsequently to net earnings				
Gain on marketable securities	96	-	133	-
Cumulative translation adjustment	(257)	108	(332)	(26)
Comprehensive earnings for the year attributable to owners of the Company	209	424	1,105	752

[1] 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)

				Accumulated Other Comprehensive Income (Loss)		
	Deficit	Share Capital	Contributed Surplus	Cumulative Translation Adjustment	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 February 29, 2020	778	-	-	-	-	778
Dividend payments declared (note 16)	(918)	-	-	-	-	(918)
Change in cumulative translation adjustment	-	-	-	(26)	-	(26)
Balance - February 29, 2020	**(8,259)**	**7,515**	**15,005**	**941**	**(386)**	**14,816**
Balance - August 31, 2020	**(6,191)**	**7,515**	**15,013**	**595**	**(176)**	**16,756**
Net earnings for the six month period ended February 28, 2021	1,304	-	-	-	-	1,304
Common share issuance (notes 4 and 16)	-	4,642	-	-	-	4,642
Share-based payment expense (note 16)	-	-	23	-	-	23
Change in unrealized gain on marketable securities available for sale	-	-	-	-	133	133
Change in cumulative translation adjustment	-	-	-	(332)	-	(332)
Balance - February 28, 2021	**(4,887)**	**12,157**	**15,036**	**263**	**(43)**	**22,526**

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)

	Six months ended	
	February 28 2021	*February 29 2020*
Cash flow provided by (used in)		
Operating activities		
Net earnings for the year	1,304	778
Add (deduct) items not affecting cash		
Depreciation of property and equipment	189	219
Depreciation of right-of-use assets	924	665
Amortization of intangible assets	12	-
Amortization of advances	319	496
Interest expense on lease liabilities	227	128
Interest on loans payable	9	-
Loss (gain) on marketable securities classified as FVPL	-	(125)
Share based payment expense	23	-
Loss (gain) on unrealized foreign exchange on subsidiary loans	77	(152)
Increase in unbilled revenue	(62)	(184)
Increase (decrease) in cash settled share-based compensation	1,347	(260)
Changes in working capital	42	(4,953)
Net cash provided by (used in) operating activities	4,411	(3,388)
Investing activities		
Acquisition of business, net of cash acquired	(3,238)	-
Increase in advances	-	(294)
Purchase of property and equipment	(83)	(963)
Net cash used in investing activities	(3,321)	(1,257)
Financing activities		
Increase in restricted cash	(2,619)	-
Payment of lease liabilities	(1,265)	(846)
Payment of loans payable	(39)	-
Dividend payments	-	(918)
Sublease payments received	177	155
Net cash used in financing activities	(3,746)	(1,609)
Effect of exchange rate changes on cash and cash equivalents	(357)	31
Net decrease in cash and cash equivalents	(3,013)	(6,223)
Cash and cash equivalents, beginning of year	14,481	10,623
Cash and cash equivalents, end of period	11,468	4,400

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