

FOR IMMEDIATE RELEASE

CALDWELL REPORTS FIRST QUARTER RESULTS

Toronto - January 12, 2023 - Talent acquisition firm The Caldwell Partners International Inc. (TSX: CWL; OTCQX: CWLPF) today issued its financial results for the fiscal 2023 first quarter ended November 30, 2022. 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 | |
|--|--------------------|----------|
| | 11.30.22 | 11.30.21 |
| Professional fees - Caldwell | 16,975 | 26,592 |
| Professional fees - IQTalent ¹ | 6,714 | 11,722 |
| Consolidated professional fees | 23,689 | 38,314 |
| Direct expense reimbursements | 220 | 116 |
| Revenues | 23,909 | 38,430 |
| Cost of sales | 20,926 | 30,432 |
| Gross profit | 2,763 | 7,882 |
| Selling, general and administrative expenses | 5,088 | 5,954 |
| Restructuring expenses ² | 2,530 | - |
| Acquisition-related expenses ³ | 675 | 801 |
| Operating (loss) profit | (5,530) | 1,127 |
| (Loss) earnings before tax | (5,410) | 1,143 |
| Income tax expense (recovery) | (1,467) | 398 |
| Net earnings (loss) after tax | (3,943) | 745 |
| Basic (loss) earnings per share | (\$0.152) | \$0.029 |


1) Professional fees of IQTalent are presented net of eliminations of intercompany revenue.

2) Restructuring expenses includes \$2,264 of severance expense for staff reductions at IQTalent and \$266 in onerous lease costs at Caldwell for the sublease and exit to remote work environment of our San Francisco office.

3) Acquisition-related expenses consist of transaction fees and IQTalent purchase price structured as compensation expense, which will end on 12/31/22.

“We experienced a slowing in our business segments in the last quarter of our record-breaking fiscal 2022. That suppressed hiring environment has amplified throughout the first quarter of fiscal 2023, given our clients’ growing concerns about rising inflation, interest rates and an impending recession,” said John Wallace, chief executive officer.

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"Consolidated revenue for the quarter was \$23.9 million, representing a 38% decrease over the prior year. The reduced revenue streams coupled with restructuring charges of \$2.5 million resulted in a \$5.5 million operating loss for the quarter. \$5.3 million of the operating loss arose in our IQTalent business segment, whose clients - largely technology and early-stage companies - are among those hit hardest by the economic slowdown. The IQTalent leadership team took quick and decisive action in the first quarter to align costs to revenue levels, reducing staff and third-party consultant headcount, which resulted in severance restructuring costs of \$2.3 million. Not included in this severance amount is \$1.1 million of carrying costs incurred in September for these severed employees, who were underutilized. We are also exploring strategic alternatives for IQTalent's proprietary software platform, an investment that accounted for approximately \$0.5 million of SG&A costs during the first quarter. In total, the actions we have taken in the first quarter will result in the elimination of \$3.7 million of go-forward quarterly costs. We continue to weigh pending client demand with current staffing levels and will be taking additional actions, as appropriate, to return the business to sustainable profitability."


Wallace continued: "Clients are broadly talking about beginning to increase hiring somewhat further into the calendar year, with the release of annual hiring plans and budgets. In the meantime, we are adjusting our cost structure to address the ongoing pressure on profitability in these challenging economic conditions. We remain focused on making investments for the long term. To that end, we expanded our Caldwell executive search partner and principal teams by 5 during the first quarter, an 11% increase to our partner count, which will build considerably on revenues as search volumes return."


"We are confident regarding the strength of our company, our team, our service offerings, and our future. Our clients value our ability to provide seamless support for their talent acquisition needs at all levels, and by continuing to diversify our mix of products and services and identify opportunities to cross-collaborate between our two business segments, we expect to return to profitability by the third quarter of this fiscal year."

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 - 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 Partners' common shares are listed on The Toronto Stock Exchange (TSX: CWL) and trade on the OTCQX Market (OTCQX: CWLPF). Please visit our website at www.caldwell.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>2022</i> | <i>As at</i> <i>August 31</i> <i>2022</i> |
|--|---|---|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | 22,741 | 35,668 |
| Accounts receivable | 19,062 | 22,882 |
| Income taxes receivable | 826 | 1,280 |
| Unbilled revenue | 6,306 | 6,495 |
| Prepaid expenses and other assets | 3,668 | 2,758 |
| | 52,603 | 69,083 |
| Non-current assets | | |
| Investments | 754 | 736 |
| Advances | 216 | 241 |
| Property and equipment | 1,989 | 2,035 |
| Right-of-use assets | 4,592 | 5,345 |
| Intangible assets | 183 | 190 |
| Goodwill | 11,198 | 8,928 |
| Deferred income taxes | 6,606 | 4,730 |
| Total assets | 78,141 | 91,288 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable | 3,490 | 4,021 |
| Compensation payable | 34,804 | 43,866 |
| Lease liability | 1,605 | 1,817 |
| | 39,899 | 49,704 |
| Non-current liabilities | | |
| Compensation payable | 2,097 | 2,105 |
| Lease liability | 4,168 | 4,414 |
| | 46,164 | 56,223 |
| Equity attributable to owners of the Company | | |
| Share capital | 12,554 | 12,554 |
| Contributed surplus | 15,089 | 15,045 |
| Accumulated other comprehensive income | 1,771 | 960 |
| Retained earnings | 2,563 | 6,506 |
| Total equity | 31,977 | 35,065 |
| Total liabilities and equity | 78,141 | 91,288 |

THE CALDWELL PARTNERS INTERNATIONAL INC.

CONSOLIDATED INTERIM STATEMENTS OF EARNINGS

Three months ended
November 30

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

| | 2022 | 2021 |
|--|-----------|---------|
| Revenues | | |
| Professional fees | 23,689 | 38,314 |
| Direct expense reimbursements | 220 | 116 |
| | 23,909 | 38,430 |
| Cost of sales expenses | | |
| Cost of sales | 20,926 | 30,432 |
| Reimbursed direct expenses | 220 | 116 |
| | 21,146 | 30,548 |
| Gross profit | 2,763 | 7,882 |
| Selling, general and administrative | 5,088 | 5,954 |
| Restructuring expenses | 2,530 | - |
| Acquisition-related expenses | 675 | 801 |
| | 8,293 | 6,755 |
| Operating (loss) profit | (5,530) | 1,127 |
| Finance expenses (income) | | |
| Interest expense on lease liability | 70 | 112 |
| Investment income | (160) | (5) |
| Foreign exchange income | (30) | (123) |
| (Loss) earnings before income tax | (5,410) | 1,143 |
| Income tax expense | (1,467) | 398 |
| Net (loss) earnings for the year attributable to owners of the Company | (3,943) | 745 |
| (Loss) earnings per share | | |
| Basic and Diluted | (\$0.152) | \$0.029 |

CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE EARNINGS

(unaudited - in \$000s Canadian)

Three months ended
November 30

| | 2022 | 2021 |
|--|---------|------|
| Net (loss) earnings for the period | (3,943) | 745 |
| Other comprehensive income: | | |
| Items that may be reclassified subsequently to net earnings | | |
| Loss on marketable securities | (4) | (26) |
| Cumulative translation adjustment | 815 | 257 |
| Comprehensive (loss) earnings for the year attributable to owners of the Company | (3,132) | 976 |

THE CALDWELL PARTNERS INTERNATIONAL INC.

CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

(unaudited - in \$000s Canadian)

| | Retained Earnings/ (Deficit) | Share Capital | Contributed Surplus | Accumulated Other Comprehensive Income (Loss) Cumulative Translation Adjustment | Loss on Marketable Securities | Total Equity |
|--|---------------------------------|---------------|------------------------|---|-------------------------------------|-----------------|
| Balance - August 31, 2021 | (1,672) | 12,157 | 15,063 | 215 | (11) | 25,752 |
| Net earnings for the three month period ended November 30, 2021 | 745 | - | - | - | - | 745 |
| Employee share option plan share issue | - | 122 | (22) | - | - | 100 |
| Share-based payment expense | - | - | 5 | - | - | 5 |
| Loss on marketable securities available for sale | - | - | - | - | (26) | (26) |
| Change in cumulative translation adjustment | - | - | - | 257 | - | 257 |
| Balance - November 30, 2021 | (927) | 12,279 | 15,046 | 472 | (37) | 26,833 |
| Balance - August 31, 2022 | 6,506 | 12,554 | 15,045 | 1,043 | (83) | 35,065 |
| Net loss for the three month period ended November 30, 2022 | (3,943) | - | - | - | - | (3,943) |
| Share-based payment expense | - | - | 44 | - | - | 44 |
| Loss on marketable securities available for sale | - | - | - | - | (4) | (4) |
| Change in cumulative translation adjustment | - | - | - | 815 | - | 815 |
| Balance - November 30, 2022 | 2,563 | 12,554 | 15,089 | 1,858 | (87) | 31,977 |

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>2022</i> | <i>2021</i> |
| Cash flow provided by (used in) | | |
| Operating activities | | |
| Net (loss) earnings for the period | (3,943) | 745 |
| Add (deduct) items not affecting cash | | |
| Depreciation of property and equipment | 111 | 92 |
| Depreciation of right-of-use assets | 534 | 531 |
| Amortization of intangible assets | 14 | 13 |
| Amortization of advances | 172 | 168 |
| Interest expense on lease liabilities | 70 | 112 |
| Share based payment expense | 44 | 5 |
| Gain on unrealized foreign exchange on subsidiary loans | (59) | (160) |
| Right-of-use asset impairment | 297 | - |
| Changes in working capital | (7,849) | (2,168) |
| Net cash used in operating activities | (10,609) | (662) |
| Investing activities | | |
| Acquisition of business, net of cash acquired | (2,179) | (314) |
| Investment in convertible promissory note | - | (629) |
| Purchase of property and equipment | (37) | (44) |
| Net cash used in investing activities | (2,216) | (987) |
| Financing activities | | |
| Payment of lease liabilities | (615) | (582) |
| Proceeds from share issuance under employee stock option plan | - | 100 |
| Sublease payments received | - | 29 |
| Net cash used in financing activities | (615) | (453) |
| Effect of exchange rate changes on cash and cash equivalents | 513 | 396 |
| Net decrease in cash and cash equivalents | (12,927) | (1,708) |
| Cash and cash equivalents, beginning of year | 35,668 | 29,214 |
| Cash and cash equivalents, end of period | 22,741 | 27,506 |