

FOR IMMEDIATE RELEASE

CALDWELL REPORTS THIRD QUARTER RESULTS

Toronto - July 11, 2023 - Talent acquisition firm The Caldwell Partners International Inc. (TSX: CWL; OTCQX: CWLPF) today issued its financial results for the fiscal 2023 third quarter ended May 31, 2023. 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		Nine Months Ended	
	5.31.23	5.31.22	5.31.23	5.31.22
Professional fees - Caldwell	21,488	26,534	55,168	80,384
Professional fees - IQTalent ¹	4,448	15,171	15,907	39,443
Consolidated professional fees	25,936	41,705	71,075	119,827
Direct expense reimbursements	220	168	572	419
Revenues	26,156	41,873	71,647	120,246
Cost of sales	21,126	32,180	60,318	92,883
Reimbursed direct expenses	220	168	572	419
Gross profit	4,810	9,525	10,757	26,944
Selling, general and administrative expenses ²	3,825	7,318	14,984	17,092
Restructuring expenses ³	-	-	2,530	-
Acquisition-related expenses ⁴	-	504	879	1,995
Operating (loss) profit	985	1,703	(7,636)	7,857
Finance (income) expenses ⁵	(1,063)	160	(1,128)	338
(Loss) earnings before tax	2,048	1,543	(6,508)	7,519
Income tax expense (recovery)	583	187	(1,710)	1,916
Net earnings (loss) after tax	1,465	1,356	(4,798)	5,603
Basic earnings per share	\$0.057	\$0.053	(\$0.185)	\$0.218

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

2) Selling, general and administrative expenses include a benefit from a lower share price reducing share-based compensation expense by \$784 in the current quarter compared to an expense of \$1,415 in the same quarter last year, as well as a benefit of \$521 related to our annual in-person partner conference that was held in the second quarter this year, compared to the third quarter last year.

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

4) Acquisition-related expenses consist of transaction fees and IQTalent purchase price structured as compensation expense, which ended on December 31, 2022.

5) Finance income for the current quarter includes a one-time gain of \$1,647 from the spin-off of IQTalent's software business into IQRecruit Inc., effective March 1, 2023, net of our pro-rata share of IQRecruit's third quarter losses of \$165. Please refer to our MD&A and interim consolidated Financial Statements for the third quarters ended May 31, 2023 and 2022 filed on www.sedar.com for further details.

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“Our third quarter professional fees of \$25.9 million represents a 21% sequential increase from our second quarter and our return to profitability,” said John Wallace, chief executive officer. “At Caldwell, our executive search team has drawn on their experience and expertise to deliver strong results in a slower market. We have leveraged our capabilities and industry diversification, we have managed to the cycle, and by growing our partner team by 12% over last year - when we posted record high revenue - we are very well-positioned as search volumes recover.”

“At IQTalent, our on-demand talent acquisition augmentation business, our first and second quarter restructuring and the spin-off of our IQRecruit software business in the third quarter have had the intended cost-saving benefits. We have enhanced our sales capability and are focused on diversifying our industry coverage. As revenue growth returns, we are re-balancing our workforce to limit our exposure to future market swings.

Wallace continued: “We remain confident in the strength of our spectrum of service offerings and see the increased collaboration between our two business segments as confirmation of the value of providing clients with seamless talent acquisition support.”

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 subject to the significant risks and uncertainties cited. These forward-looking statements generally can be identified by the 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.

We are 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, the impact of pandemic diseases, 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; risks related to deposit-taking institutions; foreign currency exchange rate fluctuations; competition from other companies directly or indirectly engaged in talent acquisition; cybersecurity requirements, vulnerabilities, threats and attacks; damage to our brand reputation; our ability to align our cost structure to changes in our revenue; liability risk in the services we perform; potential legal liability from clients, employees and candidates for employment; reliance on software that we license from third parties; reliance on third-party contractors for talent acquisition support; the classification of third-party labour as contractors versus employee relationships; our ability to successfully recover from a disaster or other business continuity issues; adverse governmental and tax law rulings; successfully integrating or realizing the expected benefits from our acquisitions, adverse operating issues from acquired businesses; volatility of the market price and trading volume of our common shares; technological advances may significantly disrupt the labour market and weaken demand for human capital at a rapid rate; affiliation agreements may fail to renew or affiliates may be acquired; the impact on profitability from marketable securities valuation fluctuations; increasing dependence on third parties for the execution of critical functions; our ability to generate sufficient cash flow from operations to support our growth and fund any dividends; 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. 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>As at</i>
	<i>May 31</i>	<i>August 31</i>
	<i>2023</i>	<i>2022</i>
Assets		
Current assets		
Cash and cash equivalents	13,303	35,668
Accounts receivable	15,885	22,882
Income taxes receivable	1,710	1,280
Unbilled revenue	5,795	6,495
Prepaid expenses and other assets	3,454	2,758
	<u>40,147</u>	<u>69,083</u>
Non-current assets		
Investments	2,215	736
Advances	930	241
Property and equipment	1,894	2,035
Right-of-use assets	20,583	5,345
Intangible assets	157	190
Goodwill	11,263	8,928
Deferred income taxes	7,454	4,730
Total assets	<u>84,643</u>	<u>91,288</u>
Liabilities		
Current liabilities		
Accounts payable	4,425	4,021
Compensation payable	25,889	43,866
Lease liability	2,527	1,817
	<u>32,841</u>	<u>49,704</u>
Non-current liabilities		
Compensation payable	950	2,105
Lease liability	19,465	4,414
	<u>53,256</u>	<u>56,223</u>
Equity attributable to owners of the Company		
Share capital	12,554	12,554
Contributed surplus	15,219	15,045
Accumulated other comprehensive income	1,906	960
Retained earnings	1,708	6,506
Total equity	<u>31,387</u>	<u>35,065</u>
Total liabilities and equity	<u>84,643</u>	<u>91,288</u>

THE CALDWELL PARTNERS INTERNATIONAL INC.

CONSOLIDATED INTERIM STATEMENTS OF EARNINGS

	Three months ended		Nine months ended	
	May 31		May 31	
(unaudited - in \$000s Canadian, except per share amounts)	2023	2022	2023	2022
Revenues				
Professional fees	25,936	41,705	71,075	119,827
Direct expense reimbursements	220	168	572	419
	26,156	41,873	71,647	120,246
Cost of sales expenses				
Cost of sales	21,126	32,180	60,318	92,883
Reimbursed direct expenses	220	168	572	419
	21,346	32,348	60,890	93,302
Gross profit	4,810	9,525	10,757	26,944
Selling, general and administrative	3,825	7,318	14,984	17,092
Restructuring expenses	-	-	2,530	-
Acquisition-related expenses	-	504	879	1,995
	3,825	7,822	18,393	19,087
Operating profit (loss)	985	1,703	(7,636)	7,857
Finance expenses (income)				
Interest expense on lease liability	382	102	518	321
Investment income	(1,513)	(15)	(1,731)	(22)
Foreign exchange income	68	73	85	39
Earnings (loss) before income tax	2,048	1,543	(6,508)	7,519
Income tax expense (recovery)	583	187	(1,710)	1,916
Net earnings (loss) for the year attributable to owners of the Company	1,465	1,356	(4,798)	5,603
Earnings (loss) per share				
Basic and Diluted	\$0.057	\$0.053	(\$0.185)	\$0.218
Diluted	\$0.056	\$0.052	(\$0.185)	\$0.216

CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE EARNINGS

(unaudited - in \$000s Canadian)

	Three months ended		Nine months ended	
	May 31		May 31	
	2023	2022	2023	2022
Net earnings (loss) for the period	1,465	1,356	(4,798)	5,603
Other comprehensive income (loss):				
Items that may be reclassified subsequently to net earnings				
(Loss) gain on marketable securities	(8)	53	(19)	(39)
Cumulative translation adjustment	(7)	(113)	965	8
Comprehensive earnings (loss) for the year attributable to owners of the Company	1,450	1,296	(3,852)	5,572

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 nine month period ended May 31, 2022	5,603	-	-	-	-	5,603
Employee share option plan share issue	-	397	(34)	-	-	363
Share-based payment expense	-	-	13	-	-	13
Loss on marketable securities available for sale	-	-	-	-	(39)	(39)
Change in cumulative translation adjustment	-	-	-	8	-	8
Balance - May 31, 2022	3,931	12,554	15,042	223	(50)	31,700
Balance - August 31, 2022	6,506	12,554	15,045	1,043	(83)	35,065
Net loss for the nine month period ended May 31, 2023	(4,798)	-	-	-	-	(4,798)
Share-based payment expense	-	-	174	-	-	174
Loss on marketable securities available for sale	-	-	-	-	(19)	(19)
Change in cumulative translation adjustment	-	-	-	965	-	965
Balance - May 31, 2023	1,708	12,554	15,219	2,008	(102)	31,387

THE CALDWELL PARTNERS INTERNATIONAL INC.

CONSOLIDATED INTERIM STATEMENTS OF CASH FLOW

(unaudited - in \$000s Canadian)

	<i>Nine months ended</i>	
	<i>May 31</i>	<i>May 31</i>
	<i>2023</i>	<i>2022</i>
Cash flow provided by (used in)		
Operating activities		
Net (loss) earnings for the period	(4,798)	5,603
Add (deduct) items not affecting cash		
Depreciation of property and equipment	377	281
Depreciation of right-of-use assets	1,454	1,581
Amortization of intangible assets	41	38
Amortization of advances	581	539
Interest expense on lease liabilities	518	321
Share based payment expense	174	13
Gain on unrealized foreign exchange on subsidiary loans	(52)	(60)
Gain related to equity accounted associate, net of related losses	(1,482)	-
Right-of-use asset impairment	297	-
Changes in working capital	(14,947)	(9,091)
Net cash used in operating activities	(17,837)	(775)
Investing activities		
Acquisition of business, net of cash acquired	(2,179)	(314)
Investment in convertible promissory note	-	(631)
Purchase of property and equipment	(201)	(291)
Payment of advances	(1,200)	(350)
Repayment of advances	211	-
Net cash used in investing activities	(3,369)	(1,586)
Financing activities		
Decrease (increase) in restricted cash	-	2,627
Payment of lease liabilities	(1,762)	(1,755)
Proceeds from share issuance under employee stock option plan	-	363
Sublease payments received	-	29
Payment of loans payable	-	(176)
Net cash (used in) provided by financing activities	(1,762)	1,088
Effect of exchange rate changes on cash and cash equivalents	603	163
Net decrease in cash and cash equivalents	(22,365)	(1,110)
Cash and cash equivalents, beginning of year	35,668	29,214
Cash and cash equivalents, end of period	13,303	28,104