

## FOR IMMEDIATE RELEASE

# CALDWELL REPORTS SECOND QUARTER RESULTS

Toronto - April 11, 2024 - Talent acquisition firm The Caldwell Partners International Inc. (TSX: CWL; OTCQX: CWLPF) today issued its financial results for the fiscal 2024 second quarter ended February 29, 2024. 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	
	2.29.24	2.28.23	2.29.24	2.28.23
Professional fees - Caldwell	14,946	16,705	29,112	33,680
Professional fees - IQTalent <sup>1</sup>	2,741	4,745	5,911	11,459
Consolidated professional fees	17,687	21,450	35,023	45,139
Direct expense reimbursements	179	133	378	352
Revenues	17,866	21,583	35,401	45,491
Cost of sales	14,061	18,266	29,105	39,191
Reimbursed direct expenses	179	133	378	352
Gross profit	3,626	3,184	5,918	5,948
Selling, general and administrative expenses <sup>2</sup>	4,783	6,070	9,305	11,159
Restructuring (income) expenses <sup>3</sup>	-	-	(7,979)	2,530
Acquisition-related expenses <sup>4</sup>	-	204	-	879
Operating profit (loss)	(1,157)	(3,090)	4,592	(8,620)
Finance expenses (income)	83	56	495	(64)
Earnings (loss) before tax	(1,240)	(3,146)	4,097	(8,556)
Income tax expense (recovery)	(375)	(826)	1,184	(2,293)
Net earnings (loss) after tax	(865)	(2,320)	2,913	(6,263)
Basic earnings (loss) per share	(\$0.029)	(\$0.090)	\$0.099	(\$0.242)

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 \$12 in the current quarter compared to a benefit of \$344 in the same quarter last year.

3) Restructuring income of \$7,979 in the first half of the current year includes separation expense of \$1,089 for management staff reductions at IQTalent, more than offset by a net gain on lease termination of \$9,068 as IQTalent negotiated a termination of its Nashville leased facility resulting in a recovery of lease impairment charges expensed in the fourth quarter of the prior year. Restructuring expenses of \$2,530 in the first quarter of the prior year include \$2,264 of separation 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 were fully amortized into income as at 12/31/22.



“We saw modest sequential improvement in our results, as the softness in executive search bookings that we experienced in the first quarter dampened our second quarter revenue,” said John Wallace, chief executive officer. “There has been a measurable uplift in new executive search bookings and activity so far this calendar year and we therefore anticipate significantly higher revenue in the third quarter.”

“The increased confidence we’ve seen coming into the new calendar year from Caldwell’s executive level clients has led to a strong upturn in new bookings, as they look to fill out their executive teams. There are still suppressed hiring levels at the mid-level, which is impacting IQTalent on a more prolonged basis than Caldwell. Positively, beginning next quarter, IQTalent will realize the benefit of significant cost reduction initiatives. The Nashville office lease termination and the right sizing of software license agreements to reduced headcount levels will further align our cost structure with current revenue levels.”

Wallace added: “Our executive search team has leveraged their wealth of experience and knowledge to navigate what has been a challenging market. We do expect higher search volumes as hiring demand continues to improve. Our clients appreciate our ability to support their talent acquisition requirements across every level, ensuring a seamless experience. By continuing to expand and strengthen our coverage across industry sectors and functional roles, and leverage opportunities for both business segments to collaborate, we anticipate continued growth for the remainder of the year.”

## **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](http://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](http://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.*

For further information, please contact:

**Investors:**

Chris Beck, President, and Chief Financial Officer

[cbeck@caldwell.com](mailto:cbeck@caldwell.com)

+1 (617) 934-1843

**Media:**

Caroline Lomot, Director of Marketing

[clomot@caldwell.com](mailto:clomot@caldwell.com)

+1 (516) 830-3535



# THE CALDWELL PARTNERS INTERNATIONAL INC.

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(unaudited - in \$000s Canadian)

	<i>As at</i> <i>February 29</i> <i>2024</i>	<i>As at</i> <i>August 31</i> <i>2023</i>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	7,560	22,053
Accounts receivable	12,083	12,886
Income taxes receivable	290	197
Unbilled revenue	6,171	8,237
Prepaid expenses and other assets	1,884	2,712
	<b>27,988</b>	<b>46,085</b>
Non-current assets		
Prepaid expenses and other assets	299	593
Investments	1,831	2,039
Advances	682	811
Deferred income taxes	7,583	8,676
Property and equipment	1,688	1,779
Right-of-use assets	6,046	13,305
Intangible assets	115	142
Goodwill	11,240	11,214
	<b>57,472</b>	<b>84,644</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable	1,519	3,181
Compensation payable	17,641	28,384
Other liabilities	-	687
Lease liability	1,611	2,788
	<b>20,771</b>	<b>35,040</b>
Non-current liabilities		
Compensation payable	485	1,948
Other liabilities	-	921
Lease liability	5,436	19,011
	<b>26,692</b>	<b>56,920</b>
Equity attributable to owners of the Company		
Share capital	15,392	15,392
Contributed surplus	15,413	15,282
Accumulated other comprehensive income	1,859	1,847
Deficit	(1,884)	(4,797)
	<b>30,780</b>	<b>27,724</b>
<b>Total equity</b>	<b>30,780</b>	<b>27,724</b>
<b>Total liabilities and equity</b>	<b>57,472</b>	<b>84,644</b>

# THE CALDWELL PARTNERS INTERNATIONAL INC.

## CONSOLIDATED STATEMENTS OF EARNINGS

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>February 29,</i>	<i>February 28,</i>	<i>February 29,</i>	<i>February 28,</i>
<i>(unaudited - in \$000s Canadian, except per share amounts)</i>	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
Revenues				
Professional fees	17,687	21,450	35,023	45,139
Direct expense reimbursements	179	133	378	352
	17,866	21,583	35,401	45,491
Cost of sales expenses				
Cost of sales	14,061	18,266	29,105	39,191
Reimbursed direct expenses	179	133	378	352
	14,240	18,399	29,483	39,543
Gross profit	3,626	3,184	5,918	5,948
Selling, general and administrative	4,783	6,070	9,305	11,159
Restructuring and other (income) expense	-	-	(7,979)	2,530
Acquisition-related expenses	-	204	-	879
	4,783	6,274	1,326	14,568
Operating profit (loss)	(1,157)	(3,090)	4,592	(8,620)
Finance expenses (income)				
Interest expense on lease liability	105	66	502	136
Investment (income) expense	(65)	(57)	(55)	(217)
Foreign exchange loss (income)	43	47	48	17
Earnings (loss) before income tax	(1,240)	(3,146)	4,097	(8,556)
Income tax expense (recovery)	(375)	(826)	1,184	(2,293)
Net earnings (loss) for the period attributable to owners of the Company	(865)	(2,320)	2,913	(6,263)
Earnings (loss) per share				
Basic	(\$0.029)	(\$0.090)	\$0.099	(\$0.242)
Diluted	(\$0.029)	(\$0.090)	\$0.098	(\$0.242)

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS

(unaudited - in \$000s Canadian)

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>February 29,</i>	<i>February 28,</i>	<i>February 29,</i>	<i>February 28,</i>
	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
Net earnings (loss) for the period	(865)	(2,320)	2,913	(6,263)
Other comprehensive income (loss):				
Items that may be reclassified subsequently to net earnings				
(Loss) gain on marketable securities	31	(7)	36	(11)
Cumulative translation adjustment	(27)	157	(24)	972
Comprehensive earnings (loss) for the period attributable to owners of the Company	(861)	(2,170)	2,925	(5,302)

# THE CALDWELL PARTNERS INTERNATIONAL INC.

## CONSOLIDATED 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) Gain on Marketable Securities	Total Equity
<b>Balance - August 31, 2022</b>	<b>6,506</b>	<b>12,554</b>	<b>15,045</b>	<b>1,043</b>	<b>(83)</b>	<b>35,065</b>
Net loss for the six month period ended February 28, 2023	(6,263)	-	-	-	-	(6,263)
Share-based payment expense	-	-	109	-	-	109
Loss on marketable securities available for sale	-	-	-	-	(11)	(11)
Change in cumulative translation adjustment	-	-	-	972	-	972
<b>Balance - February 28, 2023</b>	<b>243</b>	<b>12,554</b>	<b>15,154</b>	<b>2,015</b>	<b>(94)</b>	<b>29,872</b>
<b>Balance - August 31, 2023</b>	<b>(4,797)</b>	<b>15,392</b>	<b>15,282</b>	<b>1,886</b>	<b>(39)</b>	<b>27,724</b>
Net earnings for the six month period ended February 29, 2024	2,913	-	-	-	-	2,913
Share-based payment expense	-	-	131	-	-	131
Gain on marketable securities available for sale	-	-	-	-	36	36
Change in cumulative translation adjustment	-	-	-	(24)	-	(24)
<b>Balance - February 29, 2024</b>	<b>(1,884)</b>	<b>15,392</b>	<b>15,413</b>	<b>1,862</b>	<b>(3)</b>	<b>30,780</b>

# THE CALDWELL PARTNERS INTERNATIONAL INC.

## CONSOLIDATED STATEMENTS OF CASH FLOW

(unaudited - in \$000s Canadian)

	Six months ended	
	February 29, 2024	February 28, 2023
Cash flow provided by (used in)		
Operating activities		
Net (loss) earnings for the period	2,913	(6,263)
Add (deduct) items not affecting cash		
Depreciation of property and equipment	192	223
Depreciation of right-of-use assets	937	987
Amortization of intangible assets	27	27
Amortization of advances	248	408
Interest expense on lease liabilities	502	136
Share based payment expense	131	109
Gain on unrealized foreign exchange on subsidiary loans	(37)	(68)
Losses related to equity accounted associate	246	-
Right-of-use asset impairment	-	297
(Gain) loss on lease modification, net	(7,741)	-
Changes in working capital	(10,458)	(18,847)
Net cash used in operating activities	(13,040)	(22,991)
Investing activities		
Acquisition of business, net of cash acquired	-	(2,179)
Purchase of property and equipment	(211)	(59)
Payment of advances	(21)	(1,186)
Repayment of advances	-	211
Sale of marketable securities	68	-
Purchase of marketable securities	(64)	-
Net cash used in investing activities	(228)	(3,213)
Financing activities		
Payment of lease liabilities	(1,175)	(1,231)
Sublease payments received	16	-
Net cash used in financing activities	(1,159)	(1,231)
Effect of exchange rate changes on cash and cash equivalents	(66)	588
Net decrease in cash and cash equivalents	(14,493)	(26,847)
Cash and cash equivalents, beginning of year	22,053	35,668
Cash and cash equivalents, end of period	7,560	8,821