

## FOR IMMEDIATE RELEASE

# CALDWELL REPORTS THIRD QUARTER RESULTS

Toronto - July 11, 2024 - Talent acquisition firm The Caldwell Partners International Inc. (TSX: CWL; OTCQX: CWLPF) today issued its financial results for the fiscal 2024 third quarter ended May 31, 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		Nine Months Ended	
	5.31.24	5.31.23	5.31.24	5.31.23
Professional fees - Caldwell	26,400	21,488	55,512	55,168
Professional fees - IQTalent <sup>1</sup>	2,838	4,448	8,749	15,907
Consolidated professional fees	29,238	25,936	64,261	71,075
Direct expense reimbursements	279	220	657	572
Revenues	29,517	26,156	64,918	71,647
Cost of sales	21,993	21,126	51,098	60,318
Reimbursed direct expenses	279	220	657	572
Gross profit	7,245	4,810	13,163	10,757
Selling, general and administrative expenses <sup>2</sup>	4,849	3,825	14,154	14,984
Restructuring (income) expenses <sup>3</sup>	-	-	(7,979)	2,530
Acquisition-related expenses <sup>4</sup>	-	-	-	879
Operating profit (loss)	2,396	985	6,988	(7,636)
Finance expenses (income)	37	(1,063)	532	(1,128)
Earnings (loss) before tax	2,359	2,048	6,456	(6,508)
Income tax expense (recovery)	613	583	1,797	(1,710)
Net earnings (loss) after tax	1,746	1,465	4,659	(4,798)
Basic earnings (loss) per share	\$0.059	\$0.057	\$0.158	(\$0.185)


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

2) Selling, general and administrative expenses include an expense of \$80 related to share-based compensation as a result of share price increase in the current quarter, compared to a benefit of \$784 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 expensed as at 12/31/22.

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“Our team delivered significant revenue growth in the third quarter,” said John Wallace, chief executive officer. “Caldwell saw an 77% increase in professional fees over our second quarter, which we are attributing to two factors. First, a general strengthening of executive confidence in the economy has many companies starting to implement suppressed growth plans. Second, we’re seeing a loosening up of the pent-up demand that grew over the last 18 months from a ‘wait and see’ approach towards the trajectory of the economy and financial markets. With much of this pent-up demand having moved through our execution cycle, we anticipate revenue in the fourth quarter will ease from the third quarter, while still above our first two quarters’ performances.”

“The increased demand and resulting growth we experienced at the executive level has not yet filtered down to IQTalent, where revenue remained stable sequentially from quarter to quarter, while our operating results showed continuing improvement. Historically, our IQTalent clients were generally VC-backed firms in the technology sector, where we continue to see reduced hiring demand. IQTalent’s model is one of on-demand support to augment in-house teams, and most clients are hiring modestly enough to fully manage their talent acquisition needs without external support.”

“Overall, we are confident that a general baseline of recovery has begun - our business is cyclical, and it is now trending up. New partner recruitment continues, which will prepare us for sustainable growth in the executive search market. We have announced three partner hires since the second quarter and expect to expand the partner team through the remainder of the calendar year, to include functional and industry areas where we require additional coverage.”

## **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.*

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# THE CALDWELL PARTNERS INTERNATIONAL INC.

## CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(unaudited - in \$000s Canadian)

	<i>As at</i> <i>May 31</i> <i>2024</i>	<i>As at</i> <i>August 31</i> <i>2023</i>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	17,340	22,053
Accounts receivable	13,613	12,886
Income taxes receivable	266	197
Unbilled revenue	7,297	8,237
Prepaid expenses and other assets	1,932	2,712
	<b>40,448</b>	<b>46,085</b>
<b>Non-current assets</b>		
Prepaid expenses and other assets	274	593
Investments	1,850	2,039
Advances	844	811
Deferred income taxes	7,151	8,676
Property and equipment	1,721	1,779
Right-of-use assets	5,747	13,305
Intangible assets	102	142
Goodwill	11,286	11,214
<b>Total assets</b>	<b>69,423</b>	<b>84,644</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable	2,839	3,181
Compensation payable	26,489	28,384
Other liabilities	-	687
Lease liability	1,700	2,788
	<b>31,028</b>	<b>35,040</b>
<b>Non-current liabilities</b>		
Compensation payable	561	1,948
Other liabilities	-	921
Lease liability	5,151	19,011
	<b>36,740</b>	<b>56,920</b>
<b>Equity attributable to owners of the Company</b>		
Share capital	15,392	15,392
Contributed surplus	15,477	15,282
Accumulated other comprehensive income	1,952	1,847
Deficit	(138)	(4,797)
<b>Total equity</b>	<b>32,683</b>	<b>27,724</b>
<b>Total liabilities and equity</b>	<b>69,423</b>	<b>84,644</b>

## THE CALDWELL PARTNERS INTERNATIONAL INC.

### CONSOLIDATED INTERIM STATEMENTS OF EARNINGS

<i>(unaudited - in \$000s Canadian, except per share amounts)</i>	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>May 31,</i>		<i>May 31,</i>	
	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
Revenues				
Professional fees	29,238	25,936	64,261	71,075
Direct expense reimbursements	279	220	657	572
	29,517	26,156	64,918	71,647
Cost of sales expenses				
Cost of sales	21,993	21,126	51,098	60,318
Reimbursed direct expenses	279	220	657	572
	22,272	21,346	51,755	60,890
Gross profit	7,245	4,810	13,163	10,757
Selling, general and administrative	4,849	3,825	14,154	14,984
Restructuring and other (income) expense	-	-	(7,979)	2,530
Acquisition-related expenses	-	-	-	879
	4,849	3,825	6,175	18,393
Operating profit (loss)	2,396	985	6,988	(7,636)
Finance expenses (income)				
Interest expense on lease liability	108	382	610	518
Investment income	(65)	(1,513)	(120)	(1,731)
Foreign exchange loss	(6)	68	42	85
Earnings (loss) before income tax	2,359	2,048	6,456	(6,508)
Income tax expense (recovery)	613	583	1,797	(1,710)
Net earnings (loss) for the period attributable to owners of the Company	1,746	1,465	4,659	(4,798)
Earnings (loss) per share				
Basic	\$0.059	\$0.057	\$0.158	(\$0.185)
Diluted	\$0.059	\$0.056	\$0.158	(\$0.185)

### CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE EARNINGS

*(unaudited - in \$000s Canadian)*

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>May 31,</i>		<i>May 31,</i>	
	<i>2024</i>	<i>2023</i>	<i>2024</i>	<i>2023</i>
Net earnings (loss) for the period	1,746	1,465	4,659	(4,798)
Other comprehensive income (loss):				
Items that may be reclassified subsequently to net earnings				
(Loss) gain on marketable securities	(1)	(8)	35	(19)
Cumulative translation adjustment	94	(7)	70	965
Comprehensive earnings (loss) for the period attributable to owners of the Company	1,839	1,450	4,764	(3,852)

## 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) 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 nine months 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
<b>Balance - May 31, 2023</b>	<b>1,708</b>	<b>12,554</b>	<b>15,219</b>	<b>2,008</b>	<b>(102)</b>	<b>31,387</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 nine months ended May 31, 2024	4,659	-	-	-	-	4,659
Share-based payment expense	-	-	195	-	-	195
Gain on marketable securities available for sale	-	-	-	-	35	35
Change in cumulative translation adjustment	-	-	-	70	-	70
<b>Balance - May 31, 2024</b>	<b>(138)</b>	<b>15,392</b>	<b>15,477</b>	<b>1,956</b>	<b>(4)</b>	<b>32,683</b>

# 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>2024</i>	<i>2023</i>
Cash flow provided by (used in)		
Operating activities		
Net (loss) earnings for the period	4,659	(4,798)
Add (deduct) items not affecting cash		
Depreciation of property and equipment	305	377
Depreciation of right-of-use assets	1,259	1,454
Amortization of intangible assets	41	41
Amortization of advances	419	581
Interest expense on lease liabilities	610	518
Share based payment expense	195	174
Gain on unrealized foreign exchange on subsidiary loans	(85)	(52)
Gain related to equity securities obtained through search activities	(28)	-
Net losses (gain) related to equity accounted associate	263	(1,482)
Right-of-use asset impairment	-	297
Net gain on lease modification	(7,741)	-
Changes in working capital	(2,164)	(14,947)
Net cash used in operating activities	(2,267)	(17,837)
Investing activities		
Acquisition of business, net of cash acquired	-	(2,179)
Purchase of property and equipment	(354)	(201)
Payment of advances	(579)	(1,200)
Repayment of advances	-	211
Sale of marketable securities	68	-
Purchase of marketable securities	(64)	-
Net cash used in investing activities	(929)	(3,369)
Financing activities		
Payment of lease liabilities	(1,510)	(1,762)
Sublease payments received	16	-
Net cash used in financing activities	(1,494)	(1,762)
Effect of exchange rate changes on cash and cash equivalents	(23)	603
Net decrease in cash and cash equivalents	(4,713)	(22,365)
Cash and cash equivalents, beginning of year	22,053	35,668
Cash and cash equivalents, end of period	17,340	13,303