

FOR IMMEDIATE RELEASE

CALDWELL REPORTS FOURTH QUARTER AND FULL YEAR RESULTS

Toronto - November 28, 2023 - Talent acquisition firm The Caldwell Partners International Inc. (TSX: CWL; OTCQX: CWLPF) today issued its financial results for the fiscal 2023 fourth quarter and full year ended August 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		Twelve Months Ended	
	8.31.23	8.31.22	8.31.23	8.31.22
Professional fees - Caldwell	21,934	23,580	77,102	103,964
Professional fees - IQTalent ¹	3,924	12,153	19,831	51,596
Consolidated professional fees	25,858	35,733	96,933	155,560
Direct expense reimbursements	295	186	868	605
Revenues	26,153	35,919	97,801	156,165
Cost of sales	20,394	28,028	80,712	120,911
Reimbursed direct expenses	295	186	868	605
Gross profit	5,464	7,705	16,221	34,649
Selling, general and administrative expenses ²	4,235	4,356	19,218	21,448
Restructuring expenses ³	8,061	-	10,591	-
Acquisition-related expenses ⁴	-	616	879	2,611
Operating (loss) profit	(6,832)	2,733	(14,467)	10,590
Finance (income) expenses ⁵	596	(458)	(531)	(120)
(Loss) earnings before tax	(7,428)	3,191	(13,936)	10,710
Income tax expense (recovery)	(923)	616	(2,633)	2,532
Net earnings (loss) after tax	(6,505)	2,575	(11,303)	8,178
Basic earnings (loss) per share	(\$0.248)	\$0.100	(\$0.432)	\$0.318

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 \$43 in the current quarter compared to a benefit of \$1,319 in the same quarter last year.

3) Restructuring expenses of \$10,591 include \$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 in the first quarter and a charge of \$8,061 related to the decision to sublease IQTalent's Nashville premises in the fourth quarter.

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.

5) Finance income for the current year includes a one-time gain of \$1,625 from the spin-off of IQTalent's software business into IQRecruit Inc., effective 3/1/23, net of our pro-rata share of IQRecruit's year-to-date losses of \$302. Please refer to our MD&A and annual consolidated Financial Statements for the years ended 8/31/23 and 8/31/22 filed on www.sedar.com for further details.

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“Fiscal 2023 was a challenging year,” said John Wallace, chief executive officer. “We are a talent acquisition services firm fueled by hiring demand, and we saw a significant pullback in hiring at our clients that impacted both of our businesses.”

“In our executive search segment, Caldwell’s fourth quarter revenue of \$21.9 million represents a sequential quarterly increase of 2.3% and another profitable quarter. Our executive search team continues to leverage their experience and expertise to push through a slower market, resulting in positive outcomes. We look forward to leveraging our all-time high partner count at Caldwell when hiring demand returns to historically normal levels.”

“In our on-demand talent acquisition support segment, IQTalent had the dual challenge of being an on-demand business with a heavy weighting in the technology sector, which has been the hardest hit sector during this negative economic cycle. Consequently, we saw both sequential and year-over-year decreases in revenue for the quarter. As hiring demand fell, leadership implemented significant restructuring initiatives to right size our staff to match revenue levels. We took a significant lease impairment charge to our IQTalent Nashville office of \$8.1 million in the fourth quarter, reflecting the scaling back of our real estate footprint and intent to sublease two-thirds of our office space to match the reduced size of our operations. We are currently negotiating an opportunity to terminate our lease in its entirety which, if successful, may result in a reversal of up to the \$8.1 million charge in fiscal 2024. We cannot accurately predict the likelihood of that transaction closing at this time; as such, we have reflected traditional sublease market rates to calculate the charge in our presented financials. We have also proactively adjusted our IQTalent leadership team structure in October, which now reflects a leaner team and stronger go-to-market strategy. With these measures completed, we are positioned for profitable growth with a return of hiring demand.”

Wallace continued: “We continue to benefit from a solid balance sheet, cash, and liquidity position that has given us the financial flexibility to navigate through this past fiscal year while still allowing us to implement our strategic growth plans. We are confident in the strength of our company, our team, our service offerings, our balance sheet 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 services and cross-collaborating between our two business segments, we expect to continue to grow both businesses together.”

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 STATEMENTS OF FINANCIAL POSITION

(in \$000s Canadian)

	As at August 31 2023	As at August 31 2022 adjusted
Assets		
Current assets		
Cash and cash equivalents	22,053	35,668
Accounts receivable	12,886	22,882
Income taxes receivable	197	1,280
Unbilled revenue	8,237	6,495
Prepaid expenses and other assets	2,712	2,758
	46,085	69,083
Non-current assets		
Prepaid expenses and other assets	593	-
Investments	2,039	736
Advances	811	241
Deferred income taxes	8,676	4,730
Property and equipment	1,779	2,035
Right-of-use assets	13,305	21,256
Intangible assets	142	190
Goodwill	11,214	8,928
Total assets	84,644	107,199
Liabilities		
Current liabilities		
Accounts payable	3,181	4,021
Compensation payable	28,384	43,866
Other liabilities	687	-
Lease liability	2,788	1,817
	35,040	49,704
Non-current liabilities		
Compensation payable	1,948	2,105
Other liabilities	921	-
Lease liability	19,011	20,325
	56,920	72,134
Equity attributable to owners of the Company		
Share capital	15,392	12,554
Contributed surplus	15,282	15,045
Accumulated other comprehensive income	1,847	960
(Deficit) Retained earnings	(4,797)	6,506
Total equity	27,724	35,065
Total liabilities and equity	84,644	107,199

THE CALDWELL PARTNERS INTERNATIONAL INC.

CONSOLIDATED STATEMENTS OF EARNINGS

Twelve months ended
August 31

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

	2023	2022
Revenues		
Professional fees	96,933	155,560
Direct expense reimbursements	868	605
	97,801	156,165
Cost of sales expenses		
Cost of sales	80,712	120,911
Reimbursed direct expenses	868	605
	81,580	121,516
Gross profit	16,221	34,649
Selling, general and administrative	19,218	21,448
Restructuring expenses	10,591	-
Acquisition-related expenses	879	2,611
	30,688	24,059
Operating profit (loss)	(14,467)	10,590
Finance expenses (income)		
Interest expense on lease liability	898	419
Realized gain on lease modification	-	(182)
Investment income	(1,635)	(129)
Foreign exchange loss (income)	206	(228)
Earnings (loss) before income tax	(13,936)	10,710
Income tax expense (recovery)	(2,633)	2,532
Net earnings (loss) for the year attributable to owners of the Company	(11,303)	8,178
Earnings (loss) per share		
Basic	(\$0.432)	\$0.318
Diluted	(\$0.432)	\$0.315

CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS

(in \$000s Canadian)

Twelve months ended
August 31

	2023	2022
Net earnings (loss) for the period	(11,303)	8,178
Other comprehensive income (loss):		
Items that may be reclassified subsequently to net earnings		
(Loss) gain on marketable securities	44	(72)
Cumulative translation adjustment	843	828
Comprehensive earnings (loss) for the year attributable to owners of the Company	(10,416)	8,934

THE CALDWELL PARTNERS INTERNATIONAL INC.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(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 year	8,178	-	-	-	-	8,178
Employee share option plan share issue	-	397	(34)	-	-	363
Share-based payment expense	-	-	16	-	-	16
Loss on marketable securities available for sale	-	-	-	-	(72)	(72)
Change in cumulative translation adjustment	-	-	-	828	-	828
Balance - August 31, 2022	6,506	12,554	15,045	1,043	(83)	35,065
Net loss for the year	(11,303)	-	-	-	-	(11,303)
Share issuance in the year	-	2,838	-	-	-	2,838
Share-based payment expense	-	-	237	-	-	237
Gain on marketable securities available for sale	-	-	-	-	44	44
Change in cumulative translation adjustment	-	-	-	843	-	843
Balance - August 31, 2023	(4,797)	15,392	15,282	1,886	(39)	27,724

THE CALDWELL PARTNERS INTERNATIONAL INC.

CONSOLIDATED STATEMENTS OF CASH FLOW

(in \$000s Canadian)

	Twelve months ended August 31	
	2023	2022
Cash flow provided by (used in)		
Operating activities		
Net (loss) earnings for the period	(11,303)	8,178
Add (deduct) items not affecting cash		
Depreciation of property and equipment	450	421
Depreciation of right-of-use assets	2,168	2,095
Amortization of intangible assets	54	51
Amortization of advances	699	705
Interest expense on lease liabilities	898	419
Share based payment expense	237	16
(Gain) loss on unrealized foreign exchange on subsidiary loans	25	(320)
Gain related to equity accounted associate, net of related losses	(1,323)	-
Right-of-use asset impairment and disposal	6,750	-
Gain on early termination of lease	-	(182)
Changes in working capital	(9,878)	(4,282)
Net cash used in operating activities	(11,223)	7,101
Investing activities		
Acquisition of business, net of cash acquired	(2,494)	(314)
Investment in convertible promissory note	-	(655)
Purchase of property and equipment	(167)	(466)
Payment of advances	(1,200)	(609)
Repayment of advances	211	-
Proceeds from sale of marketable securities	54	127
Net cash used in investing activities	(3,596)	(1,917)
Financing activities		
Decrease in restricted cash	-	2,624
Payment of lease liabilities	(2,222)	(2,341)
Sublease payments received	48	29
Payment of loans payable	-	(176)
Proceeds from share issuance under employee stock option plan	-	363
Issuance of shares net of direct expenses	2,838	-
Net cash (used in) provided by financing activities	664	499
Effect of exchange rate changes on cash and cash equivalents	540	771
Net (decrease) increase in cash and cash equivalents	(13,615)	6,454
Cash and cash equivalents, beginning of year	35,668	29,214
Cash and cash equivalents, end of period	22,053	35,668