

# CALDWELL ANNUAL GENERAL MEETING

**Starting soon!**

*February 13, 2024*

Elias Vamvakas

Chair of the Board

## **Agenda**

- Introduction
- Approval of minutes of last year's meeting
- Approval of audited financial statements
- Election of Board Directors
- Appointment of auditors
- Termination of meeting
- Presentation by management
  - John Wallace - Chief Executive Officer
  - Chris Beck - President, Caldwell and Chief Financial Officer
- Shareholder Q&A

## Election of Directors



**Elias  
Vamvakas**

Director and Chair of the  
Board



**Chris Beck**

Director and President,  
Caldwell and Chief Financial  
Officer



**Terry  
Grayson-  
Caprio**

Director and Chair of the  
Compensation Committee



**Darcy  
Morris**

Director and Chair of the  
Investment Committee



**John  
Wallace**

Director and Chief Executive  
Officer



**John  
Young**

Director and Chair of the  
Nominating and Corporate  
Governance Committee



**Rosemary  
Zigrossi**

Director and Chair of the  
Audit Committee

- Appointment of Directors

## Appointment of Auditors



- It is proposed that KPMG be appointed as auditors of the Corporation

# Management Presentation

John Wallace  
Chief Executive Officer

**FORWARD  
LOOKING  
STATEMENTS**

We endeavour to be open and informative in our presentations.

However, we are not always correct in our expectations, and many circumstances can cause our forecasts and opinions to change; possibly materially so.

Any statements that we make today that may be considered to be forward-looking are based on current expectations that are subject to the significant risks and uncertainties described in our news releases and regulatory filings including our Annual Information Form and Annual and Interim Management Discussion and Analyses available at [www.sedar.com](http://www.sedar.com). Please refer to these. We assume no obligation to update any forward-looking statements or to update the reasons why actual results could differ from those reflected in the forward-looking statements unless required to do so under applicable securities laws.

## **FORWARD LOOKING STATEMENTS (CONT.)**

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.

Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management, are inherently subject to significant legal, business, economic and competitive uncertainties and contingencies. Material assumptions supporting these forward-looking statements include, among other things: assumptions regarding the number of clients and growth of the Company’s market, the price of the Company’s services; that expansion will occur and result in greater branding and business opportunities, that the Company will be able to obtain any necessary financing on acceptable terms, successful expansion to new markets, and assumptions regarding our management team’s ability to implement our business plan, and general economic and financial market conditions.

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.

No forward-looking statement or projections can be guaranteed. Accordingly, you should not place undue reliance on any forward-looking statements or information. The reader is further cautioned that the preparation of the financial forecast included in this presentation requires the management of the Company to make certain assumptions, judgments and estimates that affect the forecast of financial results, including sales, profit and costs. These estimates may change, having either a negative or positive effect on actual results as further information becomes available, and as the economic environment changes. No statement in this document is intended to be nor may be construed as a profit forecast.

The Company’s forward-looking statements are expressly qualified in their entirety by this cautionary statement.

## Disclaimer

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Historical statements contained in this presentation regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. In this regard, certain financial information contained herein has been extracted from, or based upon, information available in the public domain and/or provided by the Company. In particular, historical results of the Company should not be taken as a representation that such trends will be replicated in the future.



**A SPECIAL  
THANK YOU**

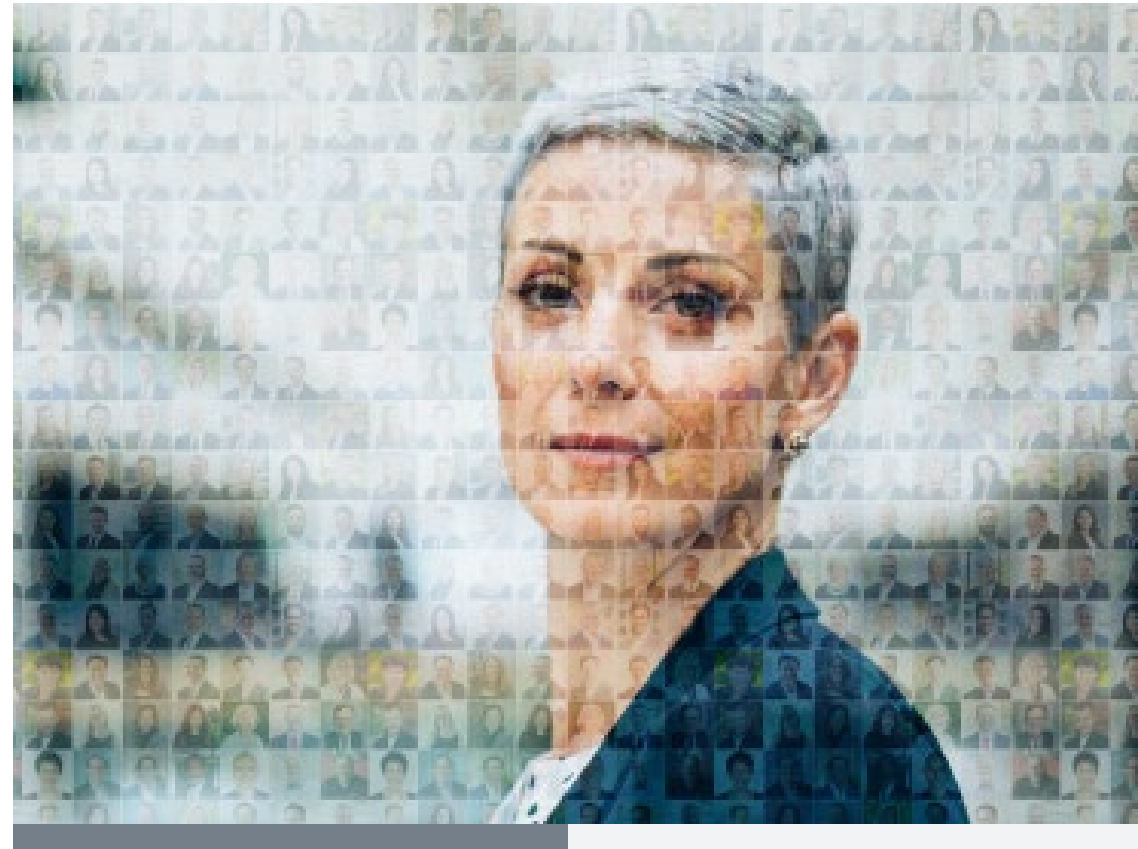
**PAUL DAOUST**

Director and Chair of the Compensation Committee



## WHO WE ARE

- Caldwell is a technology-powered talent acquisition firm, leveraging the latest innovations in AI to offer an integrated spectrum of retained executive search and on-demand talent acquisition support services.
- We believe talent transforms, and our purpose is to enable organizations to thrive and succeed by helping them identify, recruit and retain the best people.
- We're focused on building a talent acquisition destination for clients and employees.



## CALDWELL TODAY

## Seamless talent acquisition

- We operate through two distinct segments - retained executive search and analytics solutions are conducted as **Caldwell**, and support of clients' in-house recruitment needs are conducted as **IQTalent**.



## **Presentation Overview**

A challenging hiring market:

- Record fiscal 2022 (12 months ending 8/31/2022)
- Material reduction in hiring demand industry-wide during fiscal 2023
  - IQTP impacted more rapidly and severely than Caldwell due to VC/tech weighting and on-demand/hourly nature of business model
  - Caldwell also negatively impacted, but less so as executive hiring continued
- Actions taken at IQTalent to adjust to reduced client hiring demand throughout fiscal 2023 (12 months ending 8/31/2023).
- Continued reductions in both business segments in Q1 fiscal 2024 (three months ending 11/30/2023).
- Caldwell also enacted cost and staff reductions during fiscal 2023 and Q1 fiscal 2024 with our compensation plans providing more shock absorption than IQTalent.

## **Presentation Overview**

### The bright spots

- Successfully negotiated termination of IQTalent Nashville lease agreement Q1 fiscal 2024 (three months ending 11/30/2023), providing significant expense relief
- IQTalent experiencing daily billing rate has been stable since beginning of December
- Acquisition of The Counsel Network in October 2022 has been a tremendous addition for us in the Canadian search market and performing well
- Caldwell executive search volumes remain suppressed, but Partner count remains near all-time high with the same team in place when we posted record results in fiscal 2022
- Searches and business are out there to win with an executive search market still over \$5 billion in North America alone



# Caldwell Executive Search

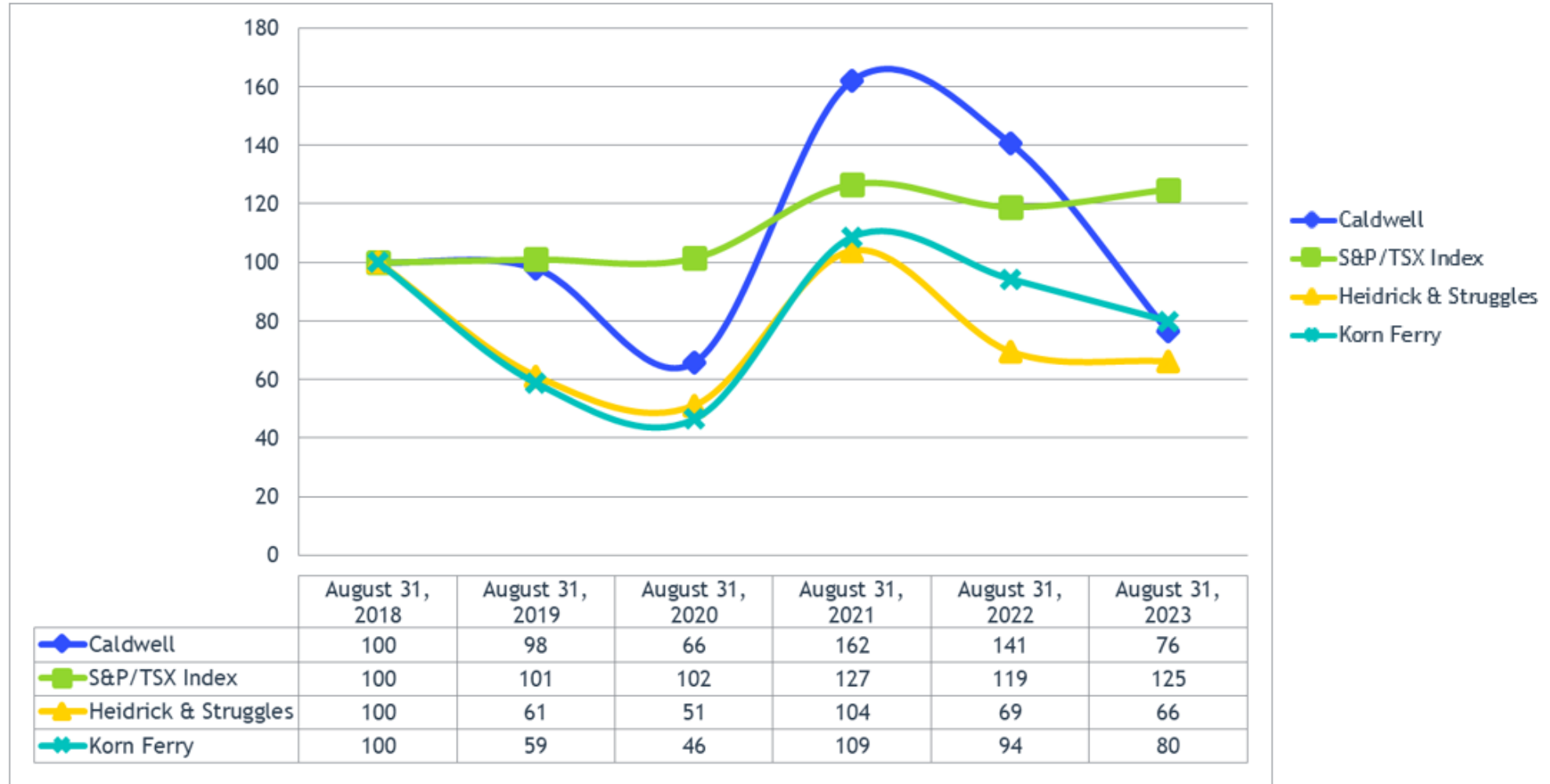
Chris Beck  
President, Caldwell and  
Chief Financial Officer

- Exiting the pandemic, we experienced a “post-pandemic surge” of hiring activity. We anticipated this elevated demand would ease back to historical norms.
- We experienced a significant reduction in our client’s hiring demands during Q1 fiscal 2023 (three months ending 11/30/2022)--a pullback to below historical norm levels.
- We have a significant variable component in our compensation plans which offsets a significant amount of revenue decline—to a point.
- A positive key metric change remains in our partner headcount, which is the fundamental driver of our long-term growth—more partners, more revenue capacity.
- Diversification of practices has also been a benefit.

## General Market Environment

vs.

## Executive Search / Hiring Environment



(1) Assumes that the initial value of the investment on the Toronto Stock Exchange in the Corporation's Common Shares was \$100 on August 31, 2018 and that all dividends were reinvested.

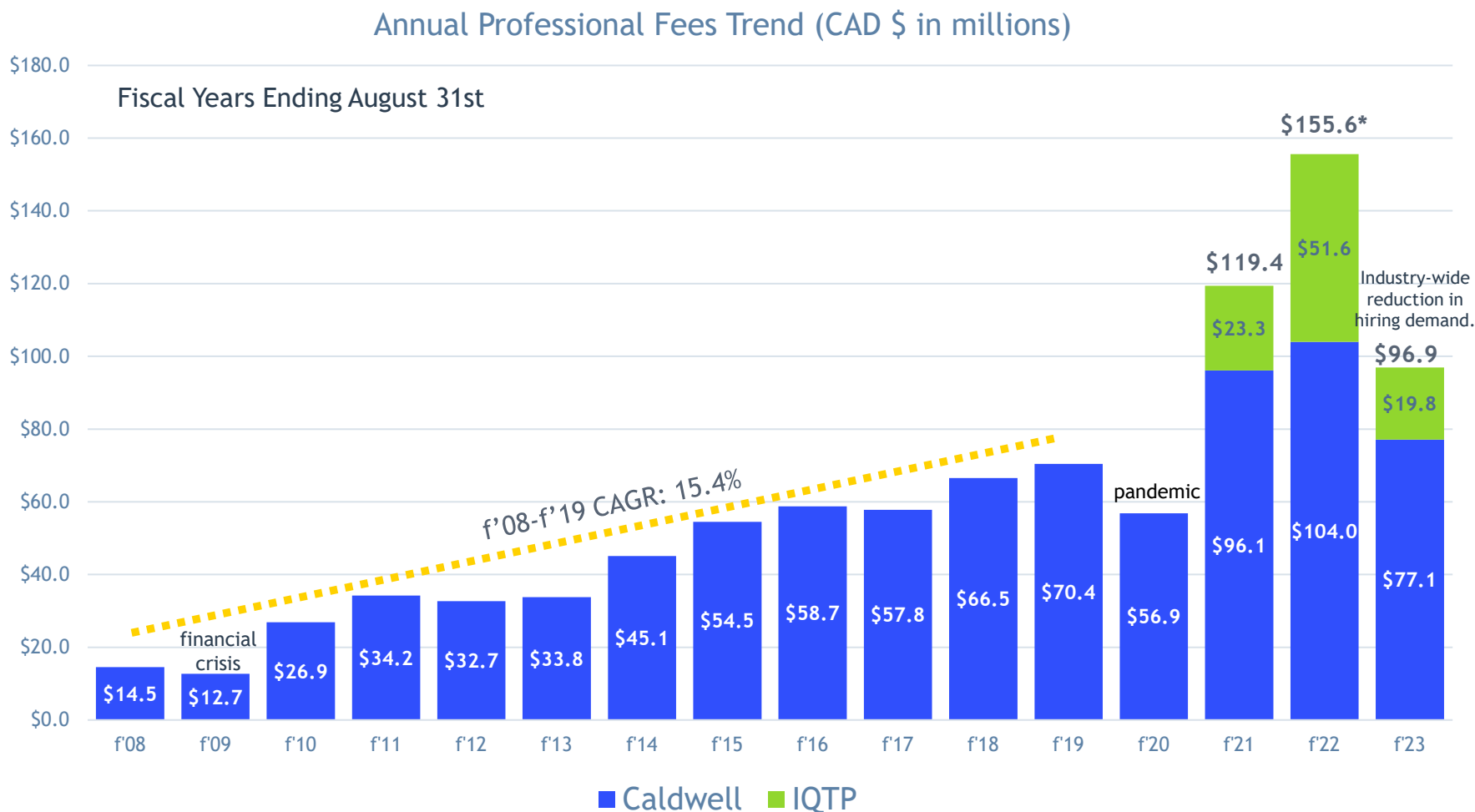


## HISTORICAL REVENUE TREND

Caldwell's executive search operations had historical CAGR of 15.4% coming into the pandemic and acquisition of IQTalent

Accelerated growth experienced with post-pandemic hiring surge and acquisition of IQTalent

Significant fall-off in hiring demand seen industry-wide beginning summer/fall 2022.

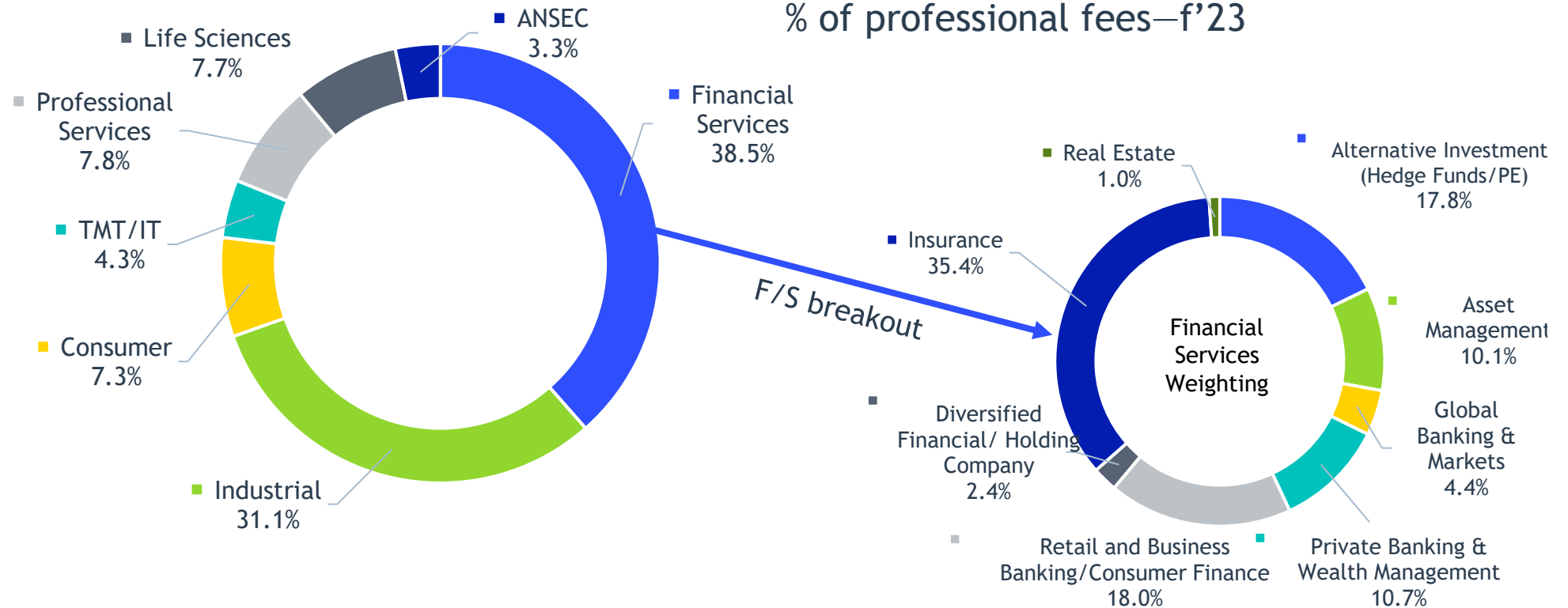


Note: f'21 IQTalent revenue of \$23.3 million represents an eight-month ownership period since acquired on 12/31/2021.

## APPENDIX:

## CALDWELL EXECUTIVE SEARCH

## PRACTICE DIVERSIFICATION



### \$ professional fees change f'22 to f'23

Practice	Change
Industrial	10.8%
ANSEC	6.5%
Life Sciences	-7.5%
Professional Services	-22.4%
Financial Services	-35.1%
Consumer	-37.6%
TMT/IT	-61.7%
<b>Total Professional Fees</b>	<b>-25.8%</b>

ANSEC = Academic, Non-Profit, Social Enterprise & Culture

## BUSINESS MODEL

### EXECUTIVE SEARCH BUSINESS MODEL



**# OF SEARCHES  
PER PARTNER**

Our partners are hunter/market makers with deep relationships. We provide the technology, process and support teams to bring better candidates forward faster, reducing search completion times to maximize the number of searches partners can work on at once (lower days to close = increased annual search capacity).



**AVERAGE FEE  
PER SEARCH**

Executive search is competitive, but the core fee structure in the industry (1/3 of the placed executive's total compensation) has sustained well. Since it's a percentage, our fees rise in tandem with wage inflation. Senior roles in larger companies generally earn more compensation so we have focused on moving higher and higher into the C-suite.



**# OF PARTNERS  
/ PRINCIPALS**

We attract highly experienced partners with our collaborative culture, reduced off-limits restrictions and compensation plan. For high caliber partners (\$1.5M+ in revenue) we have an industry-leading compensation plan, which is both an attraction and retention device. With our growth in size, we are better able to develop our associates and consultants into new partners.



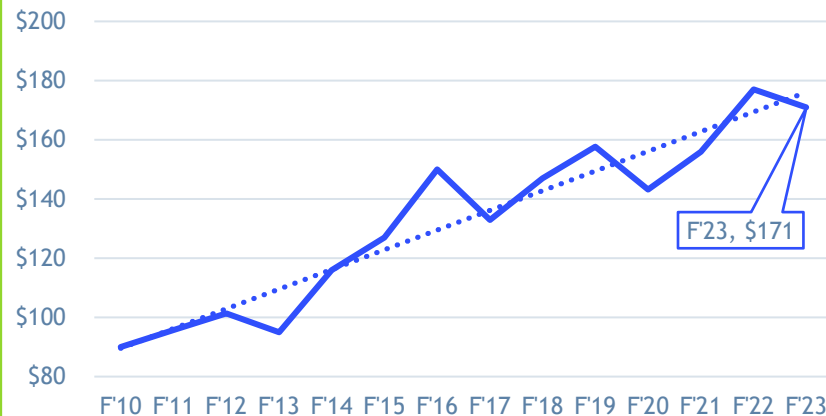
**REVENUE**

## METRICS

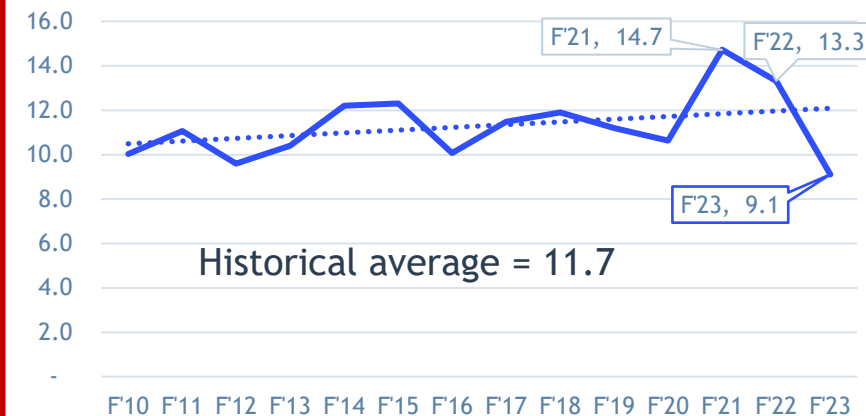
### CALDWELL EXECUTIVE SEARCH

Please refer to the “non-GAAP and other financial measures” section in the F’23 annual Md&A filed on [www.sedarplus.ca](http://www.sedarplus.ca) for details on these key metrics.

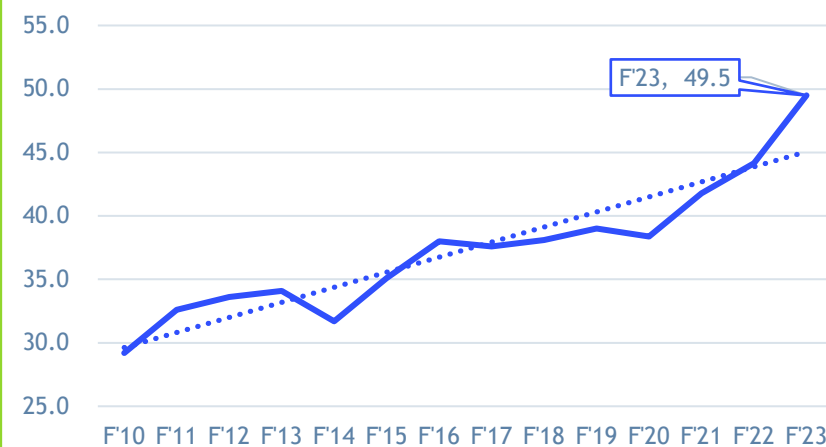
Average Fee per Assignment (CAD \$000s)



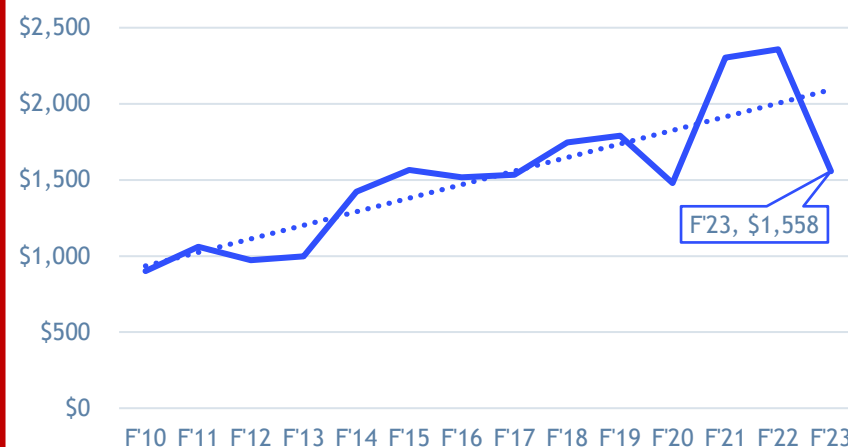
# of Assignments per Partner per Year



Average # of Partners



Average Revenue per Partner (CAD \$000s)



## Down-cycle Impact

### Caldwell (executive search)

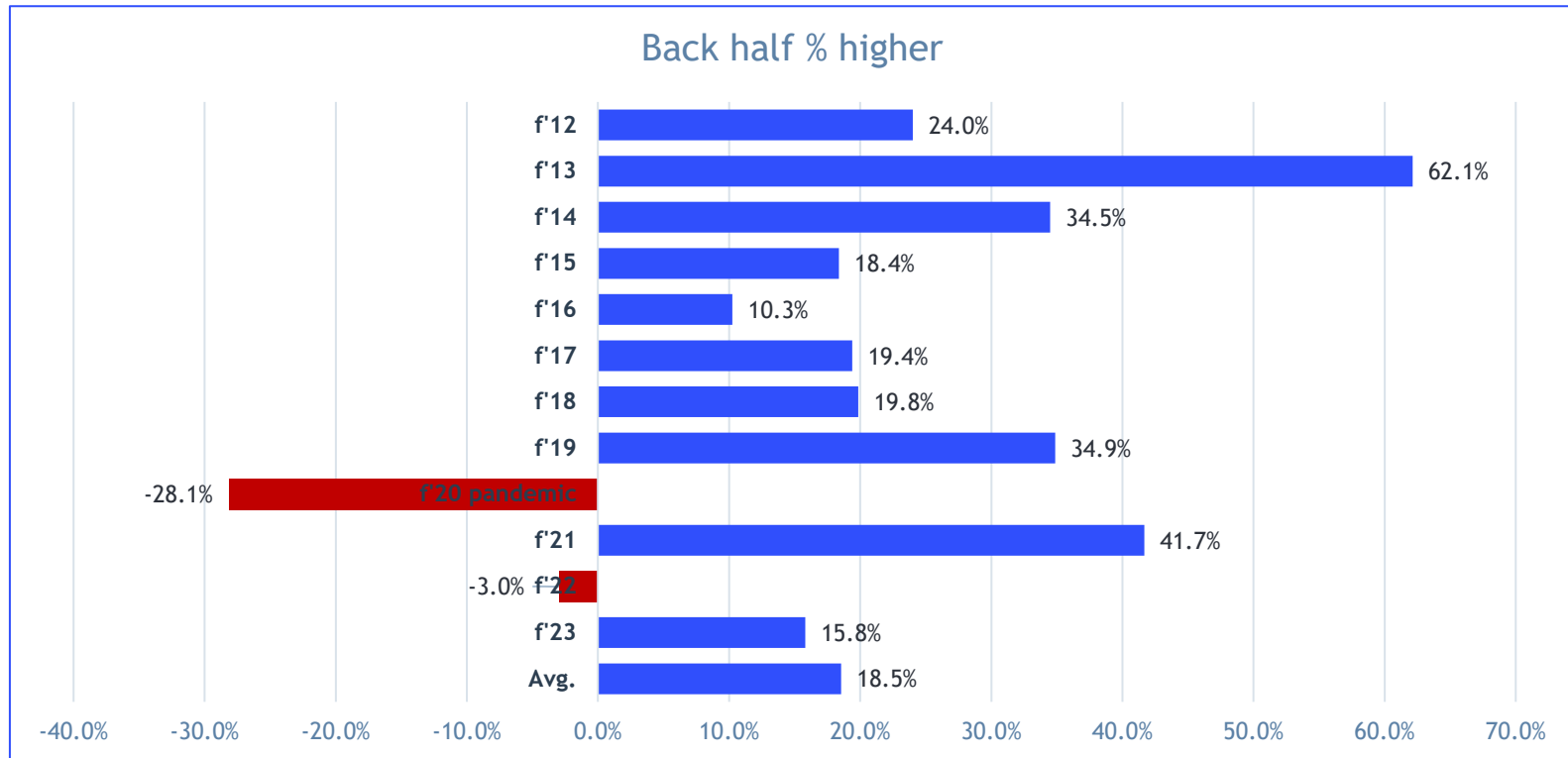
Revenue Quantification of Current Cyclical Suppressed Hiring Demand	
Average search volume/partner/year trailing 10 years (f'14 to f'23)	11.7
Search volume/partner/year actual f'23	9.1
Temporary cycle hiring demand decline/partner/year	(2.6)
Current # of partners	49
Annual # of search volume lift from cycle recovery	127
Average search fee (CAD\$)	\$171,000
Revenue lift from cycle recovery with current partner base	\$21,785,400

Historical average search volumes are 28.6% higher than f'23 levels of 9.1 searches per partner.

The anticipated variable margin on the above is anticipated to be approximately 30%.

## Executive Search Seasonality

**Back half of  
fiscal year  
traditionally  
significantly  
higher than  
first half**



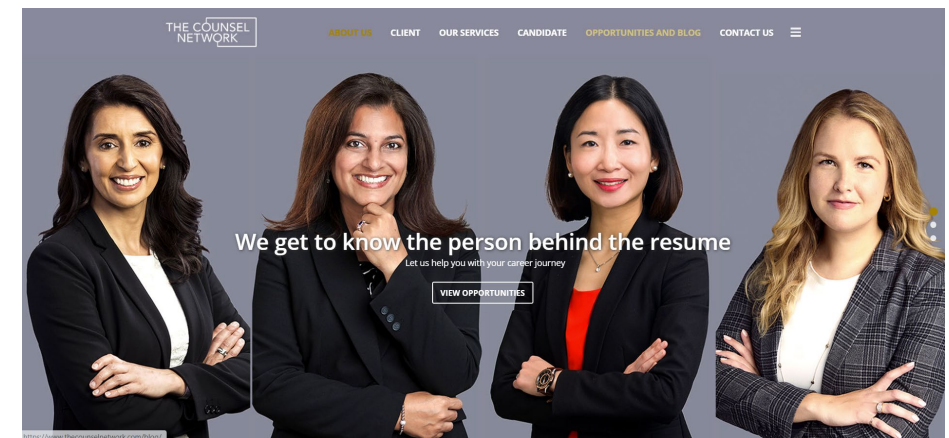
Based on the aggregate value of new searches booked in fiscal period.

- Fiscal front half = 9/1 to 2/28
- Fiscal back half = 3/1 to 8/31

- \$3 to \$4 million Canadian boutique focused on the legal industry:
  - Law firms (partners, associates, infrastructure/administrative roles)
  - Corporate in-house counsel
- 2 partners—Dal Bhathal (Toronto) and Sameera Sereda (Calgary)
- 9 total employees
- <https://www.thecounselnetwork.com/>



Canada's leader in lawyer recruitment.™





**Lindsay Lane  
Caldwell**



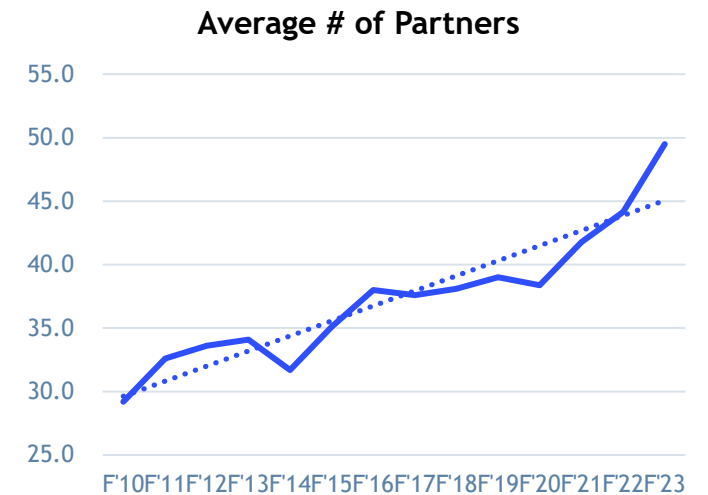
**Miriam Leung  
Caldwell**



**Rajiv Lulla  
Caldwell**



**Tisha MacEacheron  
Caldwell Advance**





## NORTH AMERICAN MARKET SHARE

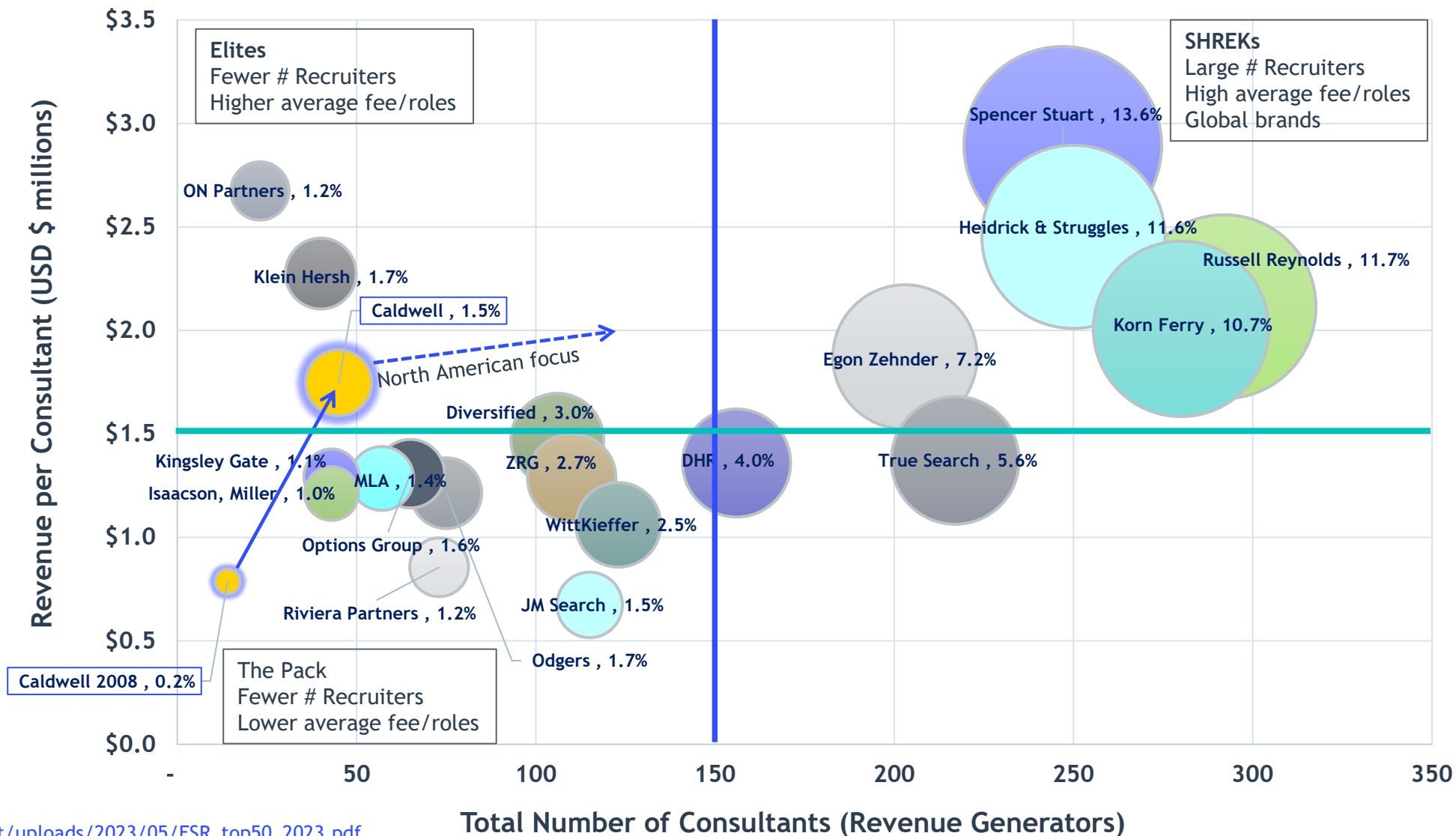
**Top 20 search firms**  
**\$4.6 billion**

**Next 30 search firms**  
**\$0.7 billion**

**Top 50 search firms**  
**\$5.3 billion**

**Excludes market share held by firms below the top 50.**

## North American Market Share--Top 50 Outsourced Executive Search Firms



Source: Hunt Scanlon

Top 50 Recruiters Report—2023

[https://huntscanlon.com/wp-content/uploads/2023/05/ESR\\_top50\\_2023.pdf](https://huntscanlon.com/wp-content/uploads/2023/05/ESR_top50_2023.pdf)

Korn Ferry adjusted to only Executive Search for fiscal year ending 4/30/23

Caldwell consolidated but excludes IQTalent revenue

## OPPORTUNITY

- Accelerating ability to attract partners to executive search as brand recognition has increased with our growth.
- Caldwell's historical revenue growth rate of 15.4% achieved with a primarily organic growth focus.
- Target EBITDA margins of 8-10% for Caldwell in a normal demand market
- In a current hiring demand down-cycle, but near all-time high partner base and therefore positioned for a rebound when historical hiring demand returns.
- \$22 million of revenue rebound with an approximate 30% variable margin is anticipated when *normal* hiring levels return.
- Continue expansion of an *elite* executive search firm with complementary on-demand talent acquisition augmentation.

**IQTalent**

John Wallace

## **IQTALENT**

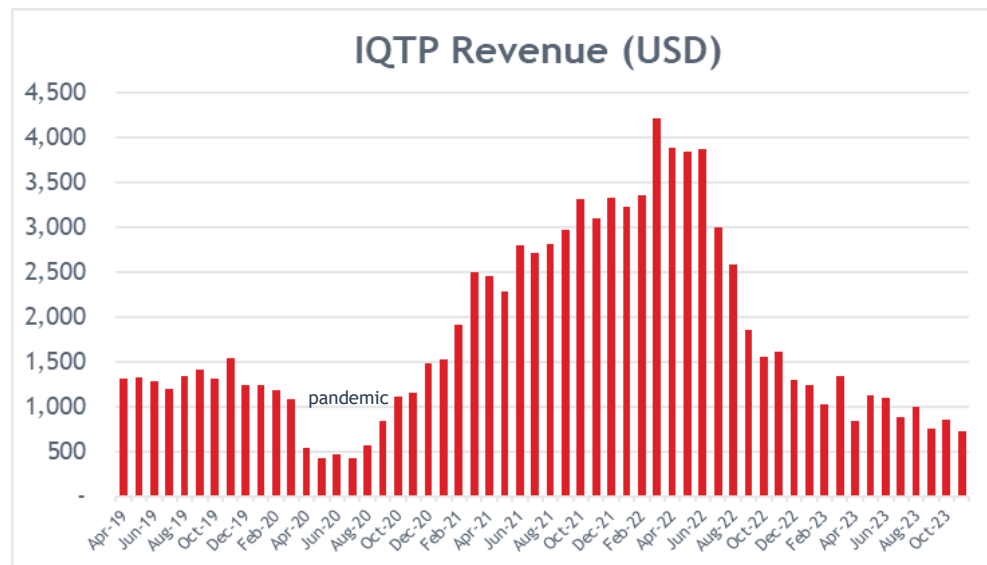
### **WHAT HAPPENED?**

- Record fiscal 2022 (12 months ending 11/30/2022): \$40 million USD revenue
- Predominance of clients had been in the tech sector, supporting their in-house recruiting
- Revenue decline began as a technology sector pull-back
- As revenue declined, we reduced our contracted workforce
- By late fall 2022, primarily only employees remained...demand continued to drop
- Cost base has very little variable compensation to offset revenue declines—enacted 20% salary reductions across entire organization
- As revenue continued to decline furloughs and layoffs of employees began, and other costs were taken out of the business

## IQTALENT GROWTH PATH

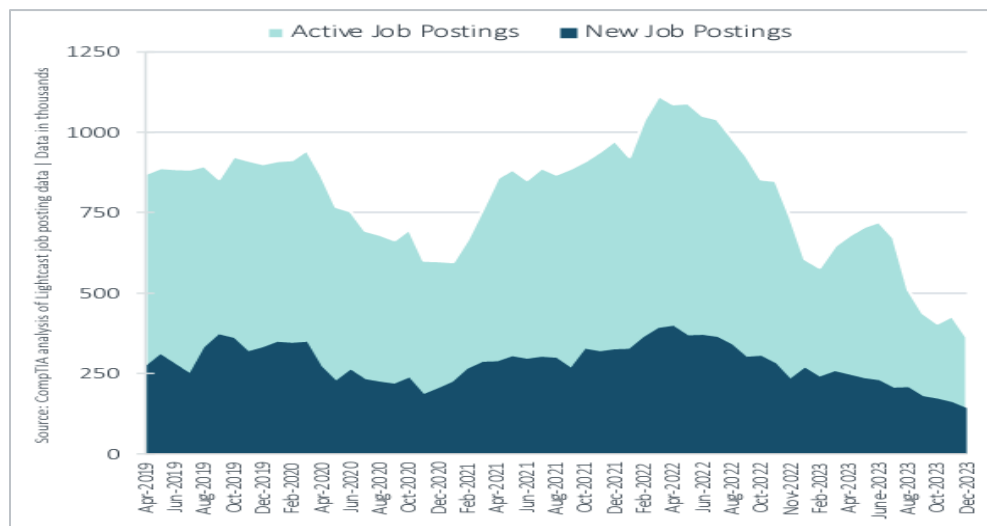
## LONG-TERM GROWTH ACROSS INTERMITTENT CYCLICAL DOWNTURNS

## PATTERN FOLLOWED US TECH JOB POSTINGS BY MONTH



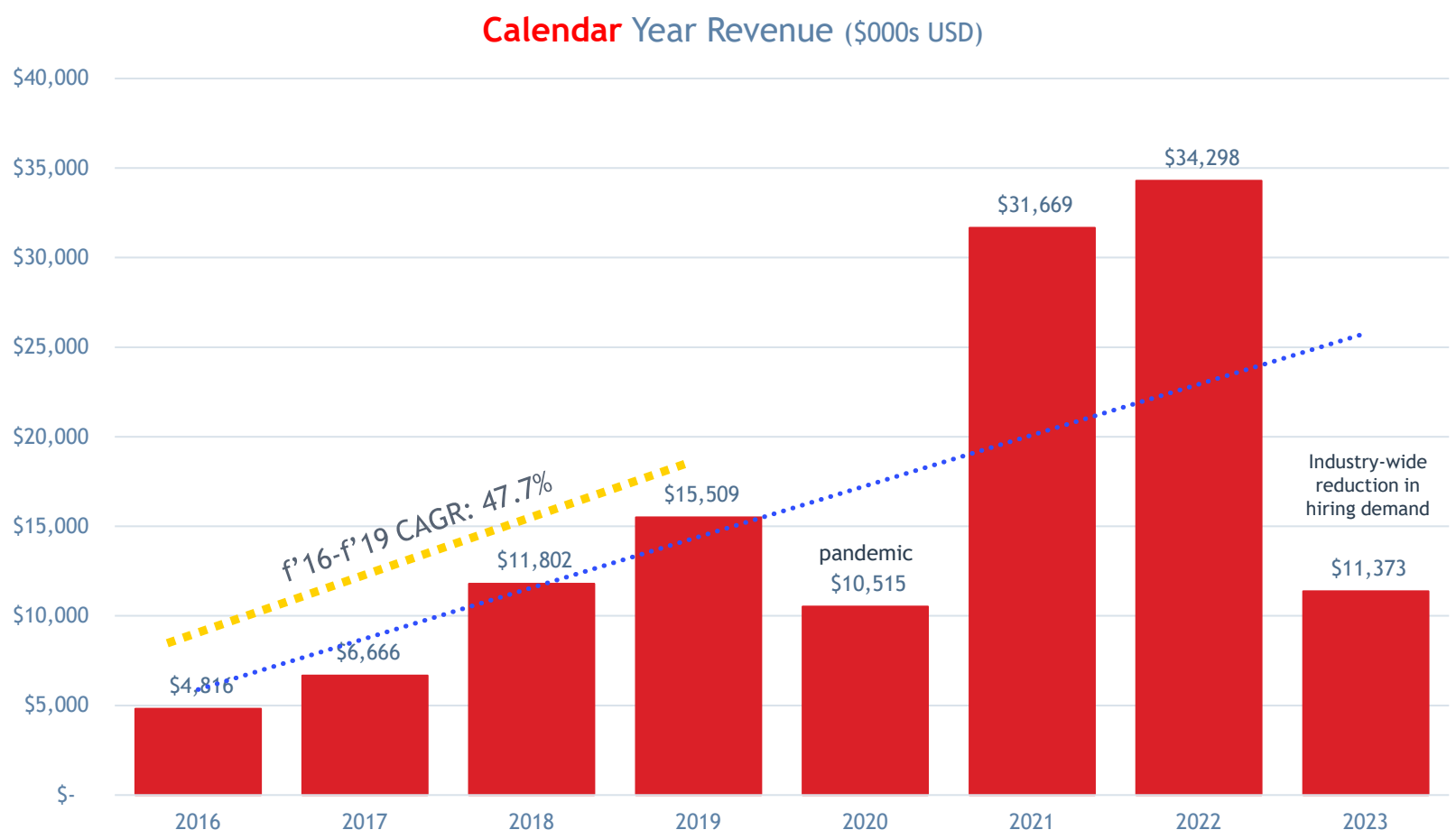
### IQTalent Monthly Revenue Trend

- Mirrors monthly trend of tech job posting (below)
- Technology represented over 60% of revenue historically, now down to less than 30%



### Monthly Trend of Technology Occupation Job Postings

Source: CompTIA analysis of Lightcast job posting data. Volume in 000s.



Caldwell acquired IQTalent on December 31, 2020.  
Above results include unaudited pre-acquisition calendar year periods.

## **IQTALENT**

### **WHERE ARE WE NOW AND WHERE ARE WE GOING?**

- Enacted cost-cutting measures to break even and bring the cost of service margins in line.
- Tech sector clients down to less than 30% of revenue.
- Diversifying client base into healthcare, manufacturing, industrial.
- Spun-out IQRecruit (candidate research software platform).
- Successfully negotiated a full termination of our Nashville lease at no cost to exit. Will remain virtual until our revenue growth trend has returned.
- Manage through the current macroeconomic environment.
- Added to the business development function.



# SUMMARY





North American  
market size:  
>\$5 billion USD\*

\* Source: Hunt Scanlon Top 50 Recruiters Report—2023

- Continue focus on growing in the “elite” market quadrant—top of the house executive searches with high average fee.
- Organic growth supplemented with boutique acquisitions primarily in United States; 125 partners billing \$2.0 million = \$250 million+ North American executive search business.
- **North American Caldwell goals are not dependent on international expansion or IQTalent expansion.**

North American  
market size:  
>\$4 billion USD\*

- Focus on North American opportunity.
- Expand sales force and further leverage relationship engine of Caldwell executive search team.
- Broaden service offering through recruitment process outsourcing (RPO) model.
- Build/leverage/acquire contractor talent pool to supplement our US workforce to enhance margins.

\* Source: Employment Outlook, Recruitment Process Outsourcing Association, BLS, ILO, Company Websites, and Grand View Research



**QUESTIONS?**



**TRANSFORMING THE  
WORLD OF TALENT**