



50+ YEARS OF INNOVATION IN EXECUTIVE SEARCH

At Caldwell, our purpose is your mission.

**We partner with you to design and build
extraordinary leadership teams who change the world.**



ANNUAL REPORT 2025

WE BELIEVE TALENT TRANSFORMS

Caldwell is an elite executive search firm trusted by established and growth-focused companies alike. For more than 50 years, we have partnered with clients to design and build extraordinary leadership teams. Our partners don't just place executives— they challenge assumptions, enable strategy, and prioritize long-term fit.

Built on repeat clients and referrals, Caldwell delivers clarity and results without arrogance or shortcuts. Our suite of services includes executive and board level search, as well as talent strategy and assessment tools that help organizations hire the right people, then manage and inspire them to achieve maximum business results. For clients seeking substance over scale, we're the confident voice that listens—and leads.

At Caldwell, our purpose is your mission.

Caldwell Partners' common shares are listed on The Toronto Stock Exchange (TSX: CWL) and trade on the OTCQX Market (OTCQX: CWLPF).



www.caldwell.com

@CaldwellSearch

Dear Shareholders, Clients, and Friends:

Fiscal 2025 was a year of recovery and renewed momentum for Caldwell. After two years of volatility and subdued hiring activity across the talent landscape, we saw organizations re-engage decisively on leadership priorities. That shift toward action, clarity, and growth defined our year and reaffirmed the importance of the work we do.

Across Caldwell and IQTalent, our teams delivered meaningful improvements in both revenue and profitability. We deepened the quality and performance of our partner group, strengthened relationships with the organizations we serve, and made strategic investments in technology and talent. Our disciplined execution and focus on cost management allowed us to navigate continued macroeconomic and geopolitical volatility while laying the foundation for the next phase of growth and profitability.

As the year progressed, we saw confidence return to the markets we serve. Clients moved from hesitation to commitment, recognizing that strong leadership is the most important differentiator in a complex environment. Our advisory work helping boards and executives make the leadership choices that shape their organizations has never been more relevant.

Fiscal 2025 also represented an important step forward in aligning our business with our renewed purpose: “At Caldwell, our purpose is your mission - we partner with clients to design and build extraordinary leadership teams who change the world.” This purpose is why we come to work with energy every day. It is reflected in everything we do, from how we advise organizations to how we collaborate across our brands and invest in our people and technology.

At Caldwell, we continued to invest in excellence by bringing on high-impact partners who deepen our expertise and align with our culture of collaboration and performance. At IQTalent, we executed a thoughtful realignment of our cost structure, improved profitability, and strengthened our position as a trusted, flexible talent solutions provider for organizations of all sizes.

We also took a fresh look at our capital allocation strategy and commitment to shareholder returns. We instated a quarterly dividend and commenced a share buyback program through our normal course issuer bid, underscoring the confidence of our Board and leadership team in the company’s long-term potential and our commitment to providing value to shareholders.

As we enter fiscal 2026, our priorities remain clear: to grow strategically, operate with discipline and profitability, and deepen the impact we make for our clients and

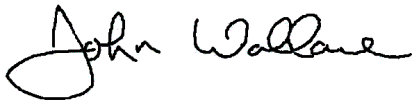


shareholders. We will continue to integrate technology and data into our processes, broaden collaboration across our teams, and invest in our people, who are the core of our success.

The world of work continues to evolve, and leadership decisions are becoming more complex and consequential. Our role is to help organizations navigate that complexity with clarity, purpose, and confidence. This is where Caldwell excels and where we see tremendous opportunity in the years ahead.

We are proud of what our teams accomplished this year and deeply grateful for their commitment and professionalism. To our shareholders and clients, thank you for your continued trust and partnership. Together, we are shaping the future of leadership - one decision, one relationship, and one success story at a time.

With sincere appreciation,



John Wallace
Chair of the Board



Chris Beck
Chief Executive Officer



THE CALDWELL PARTNERS INTERNATIONAL INC

**For the years ended August 31, 2025
and August 31, 2024**



Management Discussion and Analysis

["MD&A"]

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

PRESENTATION

The following discussion and analysis, prepared on November 20, 2025, should be read in conjunction with our consolidated annual audited financial statements and related notes and our Annual Information Form for the year ended August 31, 2025. Unless otherwise noted, all currency amounts are provided in thousands of Canadian dollars (except per share amounts). All references to quarters or years are for the fiscal periods unless otherwise noted. Unless otherwise noted as a non-GAAP financial measure or other operating measure, financial results are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

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; future performance and profitability of IQTalent’s business; 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.

COMPANY DESCRIPTION

The Caldwell Partners International Inc. (the “Company”) is a technology-powered talent acquisition firm specializing in recruitment at all levels. We leverage the latest innovations in artificial intelligence to offer an integrated spectrum of services delivered by teams with deep knowledge in their respective areas, allowing us to have a more significant impact on our clients’ long-term success. Services include candidate research and sourcing through to full lifecycle 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.

The Company’s common shares are listed on the Toronto Stock Exchange (TSX: CWL) and also trade on the OTCQX Market in the United States (OTCQX: CWLPF). Please visit our website at www.caldwell.com for further information.

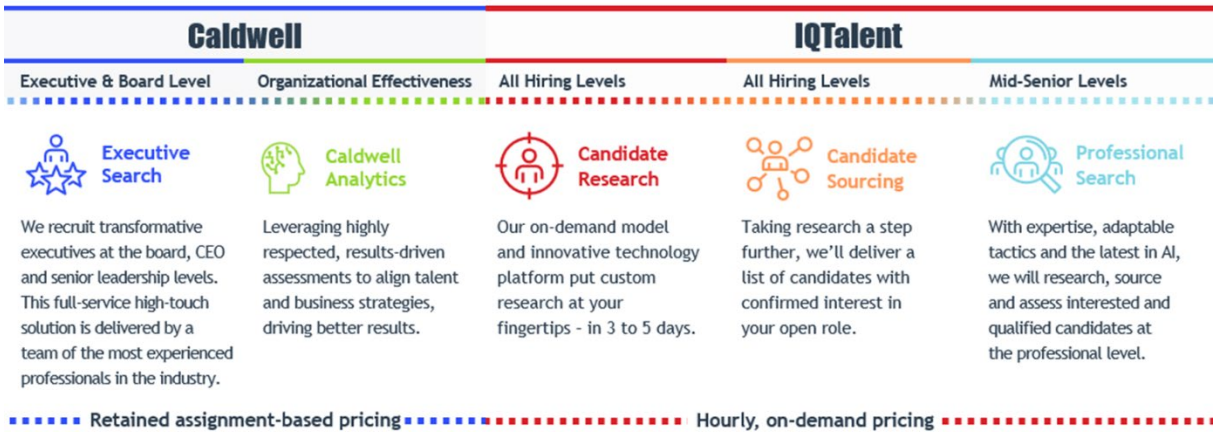
BUSINESS SEGMENTS

Identification of Segments

We operate through two distinct segments - retained executive search and analytics solutions are conducted as **Caldwell**, and on-demand talent acquisition augmentation solutions are conducted as **IQTalent**. The services Caldwell offers, the nature of its clients and its pricing and delivery model are uniform across geographies, and those geographies are largely interconnected in economic cycles. We therefore measure the key metrics and reporting of Caldwell as one segment. IQTalent’s business is managed and measured separately from Caldwell with unique branding, operations and pricing. As a result, we operate with two distinct business segments differentiated by brand, services, operations and pricing models.



The following chart explains the spectrum of services we offer our clients:



Together, Caldwell and IQTalent are transforming the world of talent. IQTalent’s unique service model and innovative use of technology paired with Caldwell’s expertise, network and resources allows us to have a greater impact on our clients’ long-term success.

Our strategy for our two segments working in tandem is for IQTalent to be a constant presence at our clients, providing recurring talent acquisition support, with Caldwell engaged for higher-end retained executive searches not undertaken by our clients’ in-house teams. Together we provide seamless support for the talent acquisition needs at all levels for our clients who benefit from an increasingly diversified mix of products and services, with cross-collaboration opportunities between the two business segments expected to amplify our long-term success. We will continue to review business and technology acquisition opportunities that align with client-driven talent offerings and our belief that Talent Transforms.

Segment Operating Characteristics

Revenue

Caldwell

Caldwell operates with partners in Canada, the United States and Europe, with functional currencies being the Canadian dollar, US dollar and British pound. We take pride in delivering an unmatched level of service and expertise to our clients from multiple locations throughout the world, including Atlanta, Boston, Calgary, Charleston, Chicago, Dallas, Denver, Dubai, Houston, London, Los Angeles, Miami, Nashville, New York, Park City, Philadelphia, San Francisco, Stamford, Toronto, Vancouver, and Zurich.

Caldwell’s executive search revenue and operating income are difficult to predict and have historically varied significantly from quarter to quarter. There is no discernible seasonality in our business on a quarterly basis, although historically, we have had lower revenue in the first and second quarters compared to the third and fourth quarters. Over the past ten years, revenue in the second





half of the year has increased over the first half by an average of 21%. Adjusting for the pandemic in fiscal 2020, this metric grows to 27%.

Our capacity to generate revenue increases with the number of partners and depends on the fees we can charge, as well as our partners' productivity, which is significantly influenced by competition and general economic hiring conditions. Additionally, given our relatively small partner base, we have limited diversification, and consequently, results may fluctuate significantly from quarter to quarter. We provide fully-retained executive search and bill our clients based on a fee of approximately one-third of a placed executive's compensation.

IQTalent

IQTalent provides on-demand talent acquisition augmentation as a managed service to our clients, who are typically in-house talent acquisition departments. We provide candidate research and sourcing at all talent levels and full lifecycle recruiting services at the professional level, with revenue generated per labour hour. Services are on-demand and usually with no long-term contractual commitments, and can vary significantly from quarter to quarter and with economic cycles or macroeconomic events. As services are billed to clients on an hourly basis, revenue fluctuates based on the number of business days. There are 252 business days in fiscal 2025, with 62 days (24.6%) in the first quarter, 62 days (24.6%) in the second quarter, 64 days (25.4%) in the third quarter and 64 days (25.4%) in the fourth quarter. Fiscal 2024 had 252 business days, with 62 days (24.6%) in the first quarter, 61 days (24.2%) in the second quarter, 65 days (25.8%) in the third quarter and 64 days (25.4%) in the fourth quarter.

IQTalent's capacity to generate revenue increases with the size of fully trained research, sourcing and recruitment staff. Third-party contractors are used to manage fluctuations in customer demand. Staffing needs are dependent on the pipeline of active and potential business opportunities available to generate billable hours. Active accounts and potential new business in the pipeline are managed by senior leadership and are influenced significantly by competition and general economic hiring conditions.

From time-to-time, IQTalent provides certain research services to support Caldwell's executive search teams. The pricing of these services is in line with other third parties of similar size. IQTalent and Caldwell recognize these fees in their revenue and cost of sales, respectively. Such amounts are eliminated upon consolidation.

Cost of Sales

Caldwell

Cost of sales for executive search fluctuates with professional fees. It comprises partner compensation, related search delivery personnel compensation and the direct costs of providing our search services, much of which relates to candidate databases and research tools. Compensation costs include fixed salaries, variable incentive compensation and related employee benefits and payroll taxes.

Our partners are paid a set level of base compensation referred to as draws. Variable incentive compensation is based on a percentage of collected professional fees attributed to each partner, based on a tiered commission grid. The higher a partner's collected professional fees in a fiscal year, the higher the partner's earning percentage. In aggregate, as Annualized Professional Fees per Partner



increases, compensation tiers and expense also increase. Please see the discussion on Non-GAAP measures for further details on this metric. The partners' variable compensation incentives are credited first to draw amounts already paid as an advance, with any excess due as a commission payment. A deficit occurs when a partner's variable compensation earned is less than their draw. The full draw amount is expensed each period. Additionally, any excess variable compensation is expensed and accrued for future payment. Deficit amounts within a fiscal year may be recouped in subsequent quarters if a partner earns enough variable compensation over the remainder of the year to credit against any deficit which has already been expensed. Deficits at the end of each fiscal year are not brought forward into future fiscal years for recoupment. In periods of organic growth, as new partner hires transition, deficits may increase.

In aggregate and over time, these costs are largely variable to professional fees, with fluctuations arising from changes in incentive compensation based on the Average Professional Fees per Partner and the leverage impact of certain fixed support costs during periods of rapid growth or decline. Please see the discussion on Non-GAAP measures for further details on the Average Professional Fee per Partner metric.

Costs associated with direct expense reimbursements are recorded separately as reimbursed direct expenses.

IQTalent

Cost of sales for on-demand recruiting services is comprised of research, sourcing and recruitment staff compensation, including benefits and payroll taxes and third-party contractor fees. Employees are primarily salaried with traditional bonus plans tied to company and individual performance. As a result, in the short term, IQTalent's cost of sales is more fixed in nature than Caldwell's. Other direct costs of providing our services are primarily related to candidate databases and research tools.

Staffing levels are actively managed with the utilization of hourly capacity, a key operating metric. To help manage demand fluctuations, we also maintain a network of experienced non-employee contracted professionals. Although the overall cost of contracted professionals in the United States is higher than employees, when demand exceeds the available hours of employed staff, the contracted professional network allows us to scale to meet our clients' service delivery needs.

Contractors are generally paid for actual hours worked that fluctuate each period relative to the number of working business days. In contrast to salaried employees, the cost of contractors is variable to revenue.

Selling, general and administrative

Selling, general and administrative expenses are similar in nature across Caldwell and IQTP, consisting of items such as occupancy, information technology, marketing, professional and other operating costs. We have consolidated certain support functions such as finance, accounting, payroll, information technology and marketing. We allocate shared support costs from Caldwell to IQTalent in the segmented statements of earnings based on the incremental direct cost of managing IQTalent. Costs related to our status and operation as a public company are not allocated to IQTalent.



NON-GAAP FINANCIAL MEASURES AND OTHER OPERATING MEASURES

Certain non-GAAP financial measures and other operating measures are used to manage the business and explain the results of operations. Such measures do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. Non-GAAP measures and other operating measures used herein have been calculated on a consistent basis for the periods presented and include the following defined terms:

Caldwell

- **Average Fee per Assignment:** Professional fees from executive search for a given period divided by the related Number of Assignments. This metric is used to identify and track price trends as a key driver of our professional fees in executive search. It is impacted by both economic and competitive conditions as well as the seniority level of searches undertaken. Please note that over short periods of time and during periods of rapid revenue growth or decline, Average Fee per Assignment can be a trailing indicator of the ultimate actual average fee per search, as the number of searches booked precedes the recognition of the associated search revenue.
- **Average Number of Partners:** The number of active executive search revenue-producing partners at the beginning of a period plus the number of active executive search revenue-producing partners at the end of each month during the period, divided by the related number of months. The Average Number of Partners is indicative of our capacity to generate professional fees in executive search. Principals are excluded from this metric as they are generally newly-promoted and are yet establishing themselves in the market as revenue-producers. The expectation is for principals to progress to partners over time.
- **Annualized Professional Fees per Partner:** Professional fees from executive search divided by the Average Number of Partners; and if an interim period, annualized to a full year. The Annualized Revenue per Partner is indicative of how well our partners are performing as a whole. This performance is driven by the Number of Assignments performed and the Average Fee per Assignment. Annualized Professional Fees per Partner also impacts our cost of sales as the more an individual partner bills, the higher commission tier they are paid. As the Annualized Professional Fees per Partner rises, compensation expense as a percentage of professional fees also generally rises.
- **Number of Assignments:** The number of new executive search assignments contracted for during a period. This metric shows the search volume and is one of the drivers of professional fees in executive search.
- **Number of Assignments per Partner:** The Number of Assignments divided by the Average Number of Partners. This metric analyzes our partner productivity and utilization and is a measure used to identify and track volume trends in executive search as one of the key drivers of our professional fees.

IQTalent

- **Average Fees Billed per Business Day:** IQTalent professional fees for a given period divided by the Number of Business Days in the period. This metric is used to identify and track price and volume trends in this segment as one of the key drivers of professional fees. It is impacted by market pricing and the Average Number of Active Clients.

- **Number of Business Days:** The aggregate number of weekday days in a period less any US holidays. This metric represents days of work that can be performed for and billed to IQTalent clients in a period and is a key driver of professional fees in this segment.
- **Proportion of Contract Professionals:** A measure used to identify and track the average proportion of labour in cost of sales performed by non-employee contract professionals in the IQTalent segment. This is a driver of direct costs and gross margin as contracted professionals in the United States typically cost more than employees.
- **Utilization Rate:** The total number of hours IQTalent clients are billed during a period divided by the total number of labour hours paid. The metric is used to identify and track how efficiently resources are being deployed in the IQTalent on-demand talent acquisition augmentation managed services business.
- **Average Number of Active Clients:** The sum of the number of unique IQTalent clients, for which there have been billable services performed, in each period, divided by the total number of periods. The metric is used to identify and track the size of our customer base in the IQTalent segment.
- **Average Revenue per Active Client:** Professional fees for a given period divided by the Average Number of Active Clients for that period. This metric is used to identify and track the average revenue-generating value of our clients in the IQTalent segment.

Consolidated

- **Unencumbered Cash:** A measure used to identify cash available for growth and strategic initiatives, as well as a source of funding during any periods of negative cash flow from operations, calculated as the net of (i) total current assets, less (ii) total current liabilities. Unencumbered cash is an approximation; actual cash and cash equivalents can be lower than unencumbered cash.
- **Average Period End Share Price:** The volume-weighted average share price in Caldwell stock for the last ten business days of the month. This metric drives the Share Price Impact on Operating Profit.
- **Share Price Impact on Operating Profit:** The change in operating profit during a period resulting from the increase or decrease in share-based expenses solely the result of changes in share price during the period.

SELECTED FINANCIAL INFORMATION

The following table summarizes selected financial information for the three fiscal years ended August 31. Please refer to the Non-GAAP Financial Measures and Other Operating Measures section in this MD&A for defined terms:

(\$000s except dividends and earnings per share)	2025		2024		2023
Caldwell professional fees	\$	91,251	\$	74,669	\$ 77,102
IQTalent professional fees ¹	\$	12,004	\$	11,643	\$ 19,831
Professional fees	\$	103,255	\$	86,312	\$ 96,933
Total revenue	\$	104,057	\$	87,151	\$ 97,801
Operating profit (loss)	\$	3,735	\$	7,059	\$ (14,467)
Net earnings (loss) for the year attributable to owners of the Company	\$	2,562	\$	4,188	\$ (11,303)
Basic earnings (loss) per share	\$	0.087	\$	0.142	\$ (0.432)
Diluted earnings (loss) per share	\$	0.086	\$	0.141	\$ (0.432)
Total assets ²	\$	80,766	\$	68,752	\$ 85,703
Total non-current financial liabilities	\$	6,109	\$	5,550	\$ 21,880
Unencumbered Cash ³	\$	12,809	\$	9,585	\$ 9,563
Cash dividends per share	\$	0.01	\$	-	\$ -
Period-end average share price	\$	0.70	\$	0.84	\$ 1.41
Caldwell key performance indicators ³					
Period end number of partners		48		49	49
Average Number of Partners		50.6		46.4	49.5
Annualized Professional Fees per Partner	\$	1,803	\$	1,609	\$ 1,558
Number of Assignments		576		475	451
Number of Assignments per Partner		11.4		10.2	9.1
Average Fee per Assignment	\$	158	\$	157	\$ 171
IQTalent key performance indicators ³					
Average Fees Billed per Business Day	\$	48	\$	46	\$ 79
Number of Business Days		252		252	251
Proportion of Work Performed by Contract Professionals		32%		15%	10%
Capacity Utilization Rate		92%		92%	86%
Average Number of Active Clients		40		54	80
Average Revenue per Active Client	\$	300	\$	216	\$ 248

¹ IQTP professional fees are net of elimination for intercompany revenue of \$23, \$36, and \$193 for 2025, 2024, and 2023 respectively

² Prior period amounts restated to conform to presentation changes related to unbilled revenue and deferred revenue

³ Please refer to the section on Non-GAAP Financial Measures and Other Operating Measures



EXECUTIVE SUMMARY OF OPERATING RESULTS AND BUSINESS OUTLOOK

After record-breaking growth in fiscal 2022, fiscal 2023 and 2024 were impacted by overall suppressed hiring demand with significant quarterly volatility. Fiscal 2025 showed a resilient return in hiring demand with significant improvements in revenue and profitability at both Caldwell and IQTalent, despite macroeconomic and political uncertainties. The positive trend was most evident in our fourth-quarter results.

Caldwell

- Caldwell's professional fees for the fourth quarter were \$27.7 million – a 44.4% increase from the same period last year. This increase was driven by increases in the Annualized Professional Fees Per Partner and Number of Assignments per Partner. We had experienced a significant pull-back in hiring activity in the fourth quarter of 2024, whereas the fourth quarter of 2025 was more in line with our historical seasonal trends.
- Caldwell's full-year professional fees were \$91.3 million - a 22.2% increase from last year. We experienced notable increases in the Number of Assignments per Partner and Annualized Professional Fees per Partner.
- Caldwell's operating profit of \$1.9 million in the fourth quarter compared favourably to break-even operating profit in the same quarter last year, resulting from higher revenue and gross profit in the current year.
- Caldwell's full-year operating profit was \$3.7 million, compared to an operating profit of \$1.0 million last year, resulting from higher revenue and gross profit in the current year.
- Caldwell's new search volumes in the fourth quarter of the current year will pull through favourably to the prior year as revenue is recognized during our first quarter ending November 30, 2026.

IQTalent

- IQTalent's professional fees for the fourth quarter were \$3.7 million - a 28.3% increase from the same period last year. This was driven by several larger projects, which led to an increase in the Average Revenue per Client.
- IQTalent's full-year professional fees were \$12.0 million - an increase of 3.1% from last year. After significant revenue declines through 2024, revenue stabilized, driven by an increase in the Average Revenue per Client, partially offset by a decrease in the Average Number of Active Clients. We benefited from several larger projects in the fourth quarter of the current year. While some of these projects are expected to finish in the first quarter of fiscal 2026, those clients have indicated expectations to re-engage early in calendar 2026.
- IQTalent's operating profit in the fourth quarter was \$0.6 million, compared to a break-even operating profit in the same quarter last year.
- IQTalent's full-year operating profit, excluding other expenses of \$0.3 million, was \$0.3 million, compared to last year's operating loss of \$1.9 million, excluding other income of \$7.9 million.

- IQTalent's significant improvement in profitability on both a full-year and fourth quarter basis, was driven by our continued cost-discipline efforts. This included separating with approximately 8% of IQTalent's workforce in the third quarter of this year, as well as consolidating expenses related to our tools and subscriptions. We have also transitioned to a higher percentage of contractors, allowing us to respond more effectively to revenue volatility.

We believe in the strength of our company, team, service offerings, balance sheet, and future. For fiscal 2026, we remain focused on continued partner growth and delivering value to our shareholders through increased profitability and a disciplined capital allocation strategy.

On November 20, 2025, the Board of Directors declared a quarterly dividend, with a payment of \$0.01 (one cent) per Common Share payable to holders of Common Shares of record on December 1, 2025 and to be paid on December 19, 2025.

Please refer to a complete list of risk factors set forth in this MD&A.

SUMMARY OF QUARTERLY RESULTS

We monitor our consolidated business results based on reviewing select financial information. The following are select financial line items for the most recent eight quarters, derived from the unaudited interim period financial statements, and do not represent a complete statement of earnings:

	2024				2025			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Professional Fees - Caldwell	\$ 14,166	\$ 14,946	\$ 26,400	\$ 19,157	\$ 18,389	\$ 20,190	\$ 25,010	\$ 27,662
Professional Fees - IQTalent	\$ 3,170	\$ 2,741	\$ 2,838	\$ 2,894	\$ 2,766	\$ 2,797	\$ 2,727	\$ 3,714
Consolidated Professional Fees	\$ 17,336	\$ 17,687	\$ 29,238	\$ 22,051	\$ 21,155	\$ 22,987	\$ 27,737	\$ 31,376
Direct expense reimbursements	\$ 199	\$ 179	\$ 279	\$ 182	\$ 205	\$ 171	\$ 194	\$ 232
Revenue	\$ 17,535	\$ 17,866	\$ 29,517	\$ 22,233	\$ 21,360	\$ 23,158	\$ 27,931	\$ 31,608
Cost of sales	\$ 15,044	\$ 14,061	\$ 21,993	\$ 17,522	\$ 16,943	\$ 18,187	\$ 21,402	\$ 24,512
Reimbursed direct expenses	\$ 199	\$ 179	\$ 279	\$ 182	\$ 205	\$ 171	\$ 194	\$ 232
Gross profit	\$ 2,292	\$ 3,626	\$ 7,245	\$ 4,529	\$ 4,212	\$ 4,800	\$ 6,335	\$ 6,864
Gross profit as a %ge of Professional Fees	13.2%	20.5%	24.8%	20.5%	19.9%	20.9%	22.8%	21.9%
Selling, general and administrative	\$ 4,522	\$ 4,783	\$ 4,849	\$ 4,458	\$ 4,193	\$ 5,449	\$ 4,375	\$ 4,347
Other (income) expenses	\$ (7,979)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 112	\$ -
Net operating profit (loss)	\$ 5,749	\$ (1,157)	\$ 2,396	\$ 71	\$ 19	\$ (649)	\$ 1,848	\$ 2,517
Finance expenses (income)	\$ 412	\$ 83	\$ 37	\$ 278	\$ (486)	\$ (354)	\$ 725	\$ 118
Net earnings (loss) before tax	\$ 5,337	\$ (1,240)	\$ 2,359	\$ (207)	\$ 505	\$ (295)	\$ 1,123	\$ 2,399
Income tax expense (recovery)	\$ 1,559	\$ (375)	\$ 613	\$ 264	\$ 40	\$ (84)	\$ 282	\$ 932
Effective income tax rate	29.2%	30.2%	26.0%	(127.5%)	7.9%	28.5%	25.1%	38.8%
Net earnings (loss) after tax	\$ 3,778	\$ (865)	\$ 1,746	\$ (471)	\$ 465	\$ (211)	\$ 841	\$ 1,467
Basic earnings (loss) per share	\$ 0.128	\$ (0.029)	\$ 0.059	\$ (0.016)	\$ 0.016	\$ (0.007)	\$ 0.028	\$ 0.050
Fully diluted earnings (loss) per share	\$ 0.128	\$ (0.029)	\$ 0.059	\$ (0.016)	\$ 0.016	\$ (0.007)	\$ 0.028	\$ 0.050

¹ IQTalent professional fees are shown net of the elimination of intercompany revenue.

² Finance expenses and income include interest expenses related to lease liabilities, investment income and expenses and impact of foreign exchange translation.

Notable financial items have impacted on the above quarterly results. This chart should be read in conjunction with each quarter's MD&A as filed on SEDAR to better understand the impact of such items.

BUSINESS SEGMENT KEY PERFORMANCE INDICATORS

We also measure certain key performance indicators (“KPIs”) for each of our business segments. Please refer to the Non-GAAP Financial Measures and Other Operating Measures section in this MD&A for defined terms. The following are select KPIs for the most recent eight quarters:

Caldwell:

	2024				2025			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Professional Fees - Caldwell	\$ 14,166	\$ 14,946	\$ 26,400	\$ 19,157	\$ 18,389	\$ 20,190	\$ 25,010	\$ 27,662
Period-end Number of Partners	44	45	47	49	50	53	51	48
Average Number of Partners	46.3	44.5	46.0	48.0	50.3	51.0	52.0	49.5
Annualized Professional Fees per Partner	\$ 1,224	\$ 1,343	\$ 2,296	\$ 1,596	\$ 1,462	\$ 1,584	\$ 1,924	\$ 2,235
Number of Assignments	93	121	166	95	133	129	135	179
Number of Assignments per Partner	2.0	2.7	3.6	2.0	2.6	2.5	2.6	3.6
Average Fee per Assignment	\$ 152	\$ 124	\$ 159	\$ 202	\$ 138	\$ 157	\$ 185	\$ 155

IQTalent:

	2024				2025			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Professional Fees - IQTalent	\$ 3,170	\$ 2,741	\$ 2,838	\$ 2,894	\$ 2,766	\$ 2,797	\$ 2,727	\$ 3,714
Number of Business Days	62	61	65	64	62	62	64	64
Average Fees Billed per Business Day	\$ 51	\$ 45	\$ 44	\$ 45	\$ 45	\$ 45	\$ 43	\$ 58
Proportion of Contract Professionals	7%	10%	17%	24%	23%	19%	34%	53%
Utilization Rate	93%	89%	94%	93%	93%	91%	91%	93%
Average Number of Active Clients	54	62	53	46	40	43	37	38
Average Revenue per Active Client	\$ 59	\$ 44	\$ 54	\$ 63	\$ 69	\$ 65	\$ 74	\$ 98

Consolidated:

	2024				2025			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Unencumbered Cash	\$ 8,530	\$ 7,217	\$ 9,420	\$ 9,585	\$ 10,228	\$ 8,982	\$ 11,104	\$ 12,809
Average Period End Share Price	\$ 0.73	\$ 0.71	\$ 0.78	\$ 1.03	\$ 1.11	\$ 1.04	\$ 0.76	\$ 0.70
Share Price Impact on Operating Profit	\$ 155	\$ 12	\$ (80)	\$ (211)	\$ (63)	\$ 32	\$ 315	\$ 121

OPERATING RESULTS AND DISCUSSION OF CHANGES TO PRIOR YEAR

Our presentation currency is the Canadian dollar. Segment discussions within are in Canadian dollars at foreign exchange rates in effect during the respective periods. The following charts provide a reconciliation of the Company's consolidated statements of earnings by business line segment to the consolidated results:

	Three months ended August 31, 2025			
	Caldwell	IQTalent	Elimination	Total
Professional fees	27,662	3,714	-	31,376
Direct expense reimbursements	232	-	-	232
Revenues	27,894	3,714	-	31,608
Cost of sales	21,945	2,567	-	24,512
Reimbursed direct expenses	232	-	-	232
Gross profit	5,717	1,147	-	6,864
Gross profit as a % of professional fees	20.7%	30.9%	-	21.9%
Selling, general and administrative	3,848	499	-	4,347
Other (income) expenses	-	-	-	-
Acquisition-related expenses	-	-	-	-
Operating profit	1,869	648	-	2,517
Interest expense on lease liability	91	-	-	91
Investment (income) expense	(527)	484	-	(43)
Foreign exchange loss	48	22	-	70
Earnings before tax	2,257	142	-	2,399
Income tax expense	497	435	-	932
Net earnings for the period	1,760	(293)	-	1,467

	Three months ended August 31, 2024			
	Caldwell	IQTalent	Elimination	Total
Professional fees	19,157	2,894	-	22,051
Direct expense reimbursements	182	-	-	182
Revenues	19,339	2,894	-	22,233
Cost of sales	15,397	2,125	-	17,522
Reimbursed direct expenses	182	-	-	182
Gross profit	3,760	769	-	4,529
Gross profit as a % of professional fees	19.6%	26.6%	-	20.5%
Selling, general and administrative	3,716	742	-	4,458
Operating profit	44	27	-	71
Interest expense on lease liability	105	-	-	105
Investment (income) expense	(584)	571	-	(13)
Foreign exchange loss	186	-	-	186
Profit (loss) before tax	337	(544)	-	(207)
Income tax expense	180	84	-	264
Net earnings (loss) for the period	157	(628)	-	(471)

	Twelve months ended August 31, 2025			
	Caldwell	IQTalent	Elimination	Total
Professional fees	91,251	12,027	(23)	103,255
Direct expense reimbursements	802	-	-	802
Revenues	92,053	12,027	(23)	104,057
Cost of sales	71,949	9,118	(23)	81,044
Reimbursed direct expenses	802	-	-	802
Gross profit	19,302	2,909	-	22,211
Gross profit as a % of professional fees	21.2%	24.2%		21.5%
Selling, general and administrative	15,746	2,618	-	18,364
Other (income) expense	(163)	275	-	112
Operating profit	3,719	16	-	3,735
Interest expense on lease liability	388	-	-	388
Investment and other (income) expense	(2,166)	1,770	-	(396)
Foreign exchange (income) expense	(11)	22	-	11
Earnings income (loss) before tax	5,508	(1,776)	-	3,732
Income tax (recovery) expense	1,251	(81)	-	1,170
Net earnings (loss) for the period	4,257	(1,695)	-	2,562

	Twelve months ended August 31, 2024			
	Caldwell	IQTalent	Elimination	Total
Professional fees	74,669	11,679	(36)	86,312
Direct expense reimbursements	839	-	-	839
Revenues	75,508	11,679	(36)	87,151
Cost of sales	59,073	9,583	(36)	68,620
Reimbursed direct expenses	839	-	-	839
Gross profit	15,596	2,096	-	17,692
Gross profit as a % of professional fees	20.9%	17.9%		20.5%
Selling, general and administrative	14,605	4,007	-	18,612
Other (income) expense	-	(7,979)	-	(7,979)
Operating profit	991	6,068	-	7,059
Interest expense on lease liability	380	335	-	715
Investment (income) expense	(2,092)	1,959	-	(133)
Foreign exchange loss	228	-	-	228
Earnings before tax	2,475	3,774	-	6,249
Income tax expense	686	1,375	-	2,061
Net earnings for the period	1,789	2,399	-	4,188

Our presentation currency is the Canadian dollar. Our functional currencies follow the geographies of our subsidiaries and include the Canadian dollar, the US dollar and the British pound. Approximately 77% of our revenue was in the functional currency of the US dollar for fiscal 2025. The following table summarizes the foreign exchange rates impacting the business during fiscals 2025 and 2024 according to geographic segment and relative to the Canadian dollar:

Functional Currency

	F25		F24	
	<u>Q4</u>	<u>Year-to-date</u>	<u>Q4</u>	<u>Year-to-date</u>
United States				
US dollar - average	1.37	1.40	1.37	1.36
US dollar - period end	1.37	1.37	1.35	1.35
Europe				
British pound - average	1.85	1.82	1.76	1.72
British pound - period end	1.85	1.85	1.77	1.77

To better explain our operating result changes, the following charts show the impact that fluctuations in exchange rates had on our business relative to the prior year. The results from our Caldwell and IQTalent segments are reflected as follows:

	Three months ended Aug 31,					
	2025 As Reported	FX ¹	Constant Currency	2024 As Reported	\$ variance	% variance
Caldwell						
Professional fees	27,662	(86)	27,576	19,157	8,419	43.9%
Direct expense reimbursements	232	(2)	230	182	48	26.4%
Revenues	27,894	(88)	27,806	19,339	8,467	43.8%
Cost of Sales	21,945	(59)	21,886	15,397	6,489	42.1%
Reimbursed direct expenses	232	(2)	230	182	48	26.4%
Gross profit	5,717	(27)	5,690	3,760	1,930	51.3%
Gross margin	20.7%	31.4%	20.6%	19.6%		
Selling, general and administrative	3,848	(38)	3,810	3,716	94	2.5%
Operating profit	1,869	11	1,880	44	1,836	4172.7%

¹ Impact of adjusting foreign exchange rates to fiscal 2024 actual rates

	Twelve months ended August 31,					
	2025 As Reported	FX ¹	Constant Currency	2024 As Reported	\$ variance	% variance
Caldwell						
Professional fees	91,251	(2,009)	89,242	74,669	14,573	19.5%
Direct expense reimbursements	802	(16)	786	839	(53)	-6.3%
Revenues	92,053	(2,025)	90,028	75,508	14,520	19.2%
Cost of Sales	71,949	(1,637)	70,312	59,073	11,239	19.0%
Reimbursed direct expenses	802	(16)	786	839	(53)	-6.3%
Gross profit	19,302	(372)	18,930	15,596	3,334	21.4%
Gross margin	21.2%	18.5%	21.2%	20.9%		
Selling, general and administrative	15,746	(376)	15,370	14,605	765	5.2%
Other income	(163)	7	(156)	-	(156)	n/a
Operating profit	3,719	(3)	3,716	991	2,725	275.0%

¹ Impact of adjusting foreign exchange rates to fiscal 2024 actual rates

Three months ended August 31,						
IQTalent	2025		Constant Currency	2024		
	As Reported	FX ¹		As Reported	\$ variance	% variance
Professional fees	3,714	(13)	3,701	2,894	807	27.9%
Revenues	3,714	(13)	3,701	2,894	807	27.9%
Cost of Sales	2,567	(12)	2,555	2,125	430	20.2%
Gross profit	1,147	(1)	1,146	769	377	49.0%
Gross margin	30.9%	7.7%	31.0%	26.6%		
Selling, general and administrative	499	(1)	498	742	(244)	-32.9%
Operating profit	648	-	648	27	621	2300.0%

¹ Impact of adjusting foreign exchange rates to fiscal 2024 actual rates

Twelve months ended August 31,						
IQTalent	2025		Constant Currency	2024		
	As Reported	FX ¹		As Reported	\$ variance	% variance
Professional fees	12,027	(282)	11,745	11,679	66	0.6%
Revenues	12,027	(282)	11,745	11,679	66	0.6%
Cost of Sales	9,118	(229)	8,889	9,583	(694)	-7.2%
Gross profit	2,909	(53)	2,856	2,096	760	36.3%
Gross margin	24.2%	18.8%	24.3%	17.9%		
Selling, general and administrative	2,618	(74)	2,544	4,007	(1,463)	-36.5%
Other expenses (income)	275	(7)	268	(7,979)	8,247	-103.4%
Operating profit	16	28	44	6,068	(6,024)	-99.3%

¹ Impact of adjusting foreign exchange rates to fiscal 2024 actual rates

REVENUE

PROFESSIONAL FEES

Fourth Quarter Professional Fees

Consolidated:

Professional fees for the fourth quarter of 2025 increased 42.3% over the same period last year to \$31,376 (2024: \$22,051). Caldwell's professional fees increased 44.4% to \$27,662 (2024: \$19,157) and IQTalent's professional fees increased 28.3% to \$3,714 (2024: \$2,894).

Caldwell:

Exchange rate changes over the prior year had a favourable impact of \$86. On a constant currency basis, Caldwell's professional fees for the fourth quarter of 2025 increased 43.9% over the same period last year to \$27,576 (2024: \$19,157). The change in professional fees resulted from:

- An 88.4% increase in the Number of Assignments to 179 (2024: 95), the result of:
 - A higher Number of Assignments per Partner at 3.6 (2024: 2.0); and
 - A higher Average Number of Partners at 49.5 (2024: 48.0); partially offset by,
- A lower Average Fee per Assignment of \$156 at constant currency (2024: \$202)



IQTalent (before eliminating intercompany):

Exchange rate changes over the prior year had a favourable impact of \$13. On a constant currency basis, IQTalent's professional fees for the fourth quarter of 2025 increased 27.9% over the same period last year to \$3,701 (2024: \$2,894). The increase in professional fees on a constant currency basis resulted from higher Average Fees Billed per Business Day in the fourth quarter of 2025 of \$58 (2024: \$45) driven by a higher Average Revenue per Active Client of \$97 at constant currency (2024: \$63), and partially offset by a lower Average Number of Active Clients of 38 (2024: 46).

Year-to-Date Professional Fees

Consolidated:

Professional fees for the year ended August 31, 2025 increased 19.6% to \$103,255 (2024: \$86,312). Caldwell's professional fees increased 22.2% to \$91,251 (2024: \$74,669) and IQTalent's professional fees increased 2.8% to \$12,004 (net of eliminating intercompany of \$23) (2024: \$11,679, net of \$36 in eliminating intercompany).

Caldwell:

Exchange rate changes over the prior year had a favourable impact of \$2,009. On a constant currency basis, professional fees for the year increased 19.5% over the same period last year to \$89,242 (2024: \$74,669). The change in professional fees resulted from:

- A 21.3% increase in the Number of Assignments to 576 (2024: 475), the result of:
 - A higher Number of Assignments per Partner at 11.4 (2024: 10.3), and;
 - A higher Average Number of Partners at 50.6 (2024: 46.4), which increases the fee-producing base; partially offset by,
- A lower Average Fee per Assignment of \$155 at constant currency (2024: \$157)

IQTalent (before eliminating intercompany):

Exchange rate changes over the prior year had a favourable impact of \$282. On a constant currency basis, professional fees for the year increased 0.6% to \$11,745 (2024: \$11,679). The increase in professional fees on a constant currency basis resulted from higher Average Fees Billed per Business Day in fiscal 2025 of \$47 (2024: \$46), a higher Average Revenue per Active Client of \$294 (2024: \$216), partially offset by a lower Average Number of Active Clients of 40 (2024: 54).

DIRECT EXPENSE REIMBURSEMENTS

Direct expenses incurred and billed to clients during the fourth quarter of fiscal 2025 were \$232 (2024: \$182). Year-to-date direct expenses incurred and billed to clients were \$802 (2024: \$839). Expense reimbursements all pertain to Caldwell. Direct expenses include partner and candidate travel and accommodation costs, and costs of services such as background checks. As direct expense reimbursements equal the expenses incurred, there is no direct impact on our profitability caused by fluctuations in these expenses.



COST OF SALES

Fourth Quarter Cost of Sales

Consolidated:

Cost of sales for the fourth quarter of 2025 increased 39.9% over the same period last year to \$24,512 (2024: \$17,522). On a segment basis, Caldwell's cost of sales increased 42.5% to \$21,945 (2024: \$15,397), and IQTalent's increased 20.8% to \$2,567 (2023: \$2,125). As a percentage of professional fees, consolidated cost of sales decreased to 78.1% in the fourth quarter of 2025 from 79.5% in the same period last year.

Caldwell (before eliminating intercompany):

Exchange rate changes over the same period last year had an unfavourable impact of \$59. On a constant currency basis, Caldwell's fourth quarter cost of sales increased 42.1% to \$21,886 (2024: \$15,397). Cost of sales as a percentage of professional fees decreased to 79.4% in the fourth quarter of 2025 from 80.4% in the same period last year due to the following factors:

- Lower partner support personnel compensation and search delivery materials as a percentage of professional fees (decrease of 6.6% as a percentage of professional fees). Non-partner personnel costs and search delivery costs are semi-fixed and tend to decrease as a percentage of professional fees during periods of revenue increase, partially offset by
- Higher partner compensation as a percentage of professional fees resulting from an increase in average partner compensation tiers in the current period, driven by higher Annualized Professional Fees per Partner (increase of 5.6% as a percentage of professional fees).

IQTalent:

Exchange rate changes over the same period last year had an unfavourable impact of \$12. On a constant currency basis, IQTalent's fourth quarter cost of sales increased by 20.2% to \$2,555 (2024: \$2,125). Cost of sales as a percentage of professional fees decreased to 69.0% in the fourth quarter of 2025 from 73.4% in the same period last year due to the following factors:

- Lower costs as a percentage of professional fees related to research materials (decrease of 3.0% of professional fees) driven by our efforts to consolidate costs related to licenses and other tools.
- Lower costs as a percentage of professional fees related to consultants (decrease of 2.8% of professional fees), partially offset by
- Higher costs related to referral fees (increase of 1.4% of professional fees) driven by our efforts to grow revenue.

Year-to-Date Cost of Sales

Consolidated:

Cost of sales for the year increased 18.1% to \$81,044 (2024: \$68,620). On a segment basis, Caldwell's cost of sales increased 21.8% to \$71,949 (2024: \$59,073) while IQTalent's decreased 4.7% to \$9,095



(\$9,118 less \$23 of eliminated intercompany costs) (2024: \$9,583 less \$36 of eliminated intercompany costs). As a percentage of professional fees, cost of sales decreased to 78.5% from 79.5% last year.

Caldwell:

Exchange rate changes over the prior year had an unfavourable impact of \$1,637. On a constant currency basis, cost of sales for the year increased 19.0% to \$70,312 (2024: \$59,073). As a percentage of professional fees, cost of sales decreased to 78.8% from 79.1% in the same period last year, as a result of the following factors:

- Lower partner support personnel compensation and search delivery materials as a percentage of professional fees (decrease of 3.5% as a percentage of professional fees). Non-partner personnel costs and research materials are semi-fixed and tend to fall as a percentage of professional fees during periods of revenue increase; partially offset by,
- Higher partner compensation from higher average commission tiers on higher Annualized Professional Fees per Partner (increase of 3.2% as a percentage of professional fees).

IQTalent (before eliminating intercompany):

Exchange rate changes over the prior year had an unfavourable impact of \$229. On a constant currency basis, IQTalent's cost of sales for the year decreased by 7.2% to \$8,889 (2024: \$9,583). Cost of sales as a percentage of professional fees decreased to 75.7% in the current year from 82.1% last year due to the following factors:

- Lower costs as a percentage of professional fees related to research materials (decrease of 5.0% of professional fees) driven by our efforts to consolidate costs related to licenses and other tools.
- Lower costs as a percentage of professional fees related to consultants (decrease 1.7% of professional fees); partially offset by,
- Higher referral fees as a percentage of professional fees (increase of 0.3% of professional fees).

GROSS PROFIT

Fourth Quarter Gross Profit

On a consolidated basis, gross profit increased 51.6% from the same period last year to \$6,864 (2024: \$4,529). As a percentage of professional fees, gross margin increased to 21.9% from 20.5%.

Caldwell's gross profit increased to \$5,717 (2024: \$3,760), and the gross profit as a percentage of professional fees increased to 20.7% (2024: 19.6%). The increase in Caldwell's gross profit in the current quarter was driven by professional fees increasing faster than the cost of sales, some of which are semi-fixed in nature, as discussed above.

IQTalent's gross profit increased to \$1,147 (2024: \$769) and the gross profit as a percentage of professional fees increased to 30.9% (2024: 26.6%). The increase in IQTalent's gross margin was driven by the impact of actions taken to consolidate costs related to our research materials and tools, as well as personnel costs.

Year-to-Date Gross Profit

On a consolidated basis, gross profit increased 25.5% to \$22,211 (2024: \$17,692). As a percentage of professional fees, gross margin increased to 21.5% from 20.5%.

Caldwell's gross profit increased to \$19,302 (2024: \$15,596) while the gross profit as a percentage of professional fees increased to 21.2% (2024: 20.9%). The increase in Caldwell's gross profit in the current quarter was driven by professional fees increasing faster than the cost of sales, some of which are semi-fixed in nature, as discussed above.

IQTalent's gross profit was \$2,909 (2024: \$2,096) while the gross profit as a percentage of professional fees increased to 24.2% (2024: 17.9%). The increase in IQTalent's gross margin was driven by the impact of actions taken to consolidate costs related to our research materials and tools, as well as personnel costs.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (SG&A)

Fourth Quarter SG&A

Consolidated:

In the fourth quarter, SG&A decreased 2.5% to \$4,347 (2024: \$4,458) over the same period last year. On a segment basis, Caldwell's SG&A increased 3.6% to \$3,848 (2024: 3,716), and IQTalent's SG&A decreased 32.7% to \$499 (2024: \$742).

Caldwell:

Exchange rate changes had an unfavourable impact of \$38. On a constant currency basis fourth quarter SG&A increased 2.5% to \$3,810 (2024: \$3,716). The \$94 constant currency increase resulted from the following:

Unfavourable variances:

- Higher expenses related to marketing and business development activities (\$213)
- Higher expenses related to legal expenses and consulting (\$90)
- Miscellaneous net unfavourable variances across smaller cost areas (\$51)

Favourable variances:

- Lower share-based compensation expense (\$260), the result of:
 - Relative changes to our share price during each period resulting in a favourable variance (\$332)
 - PSU and DSU expenses can be significantly impacted by changes in the weighted average share price at the end of each period.
 - In the fourth quarter of the current year, an 8% decrease in the weighted average share price from \$0.76 at May 31, 2025 to \$0.70 at August 31, 2025 decreased costs by \$121.
 - In the previous year, a 32% increase in the weighted average share price from \$0.78 at May 31, 2024 to \$1.03 at August 31, 2024 increased costs by \$211.
 - The combination of these movements resulted in a favourable variance of \$332 year-over-year.
 - An increase in the PSU performance factor in the current year resulted in net unfavourable variances (\$72)



IQTalent:

Exchange rate changes had an unfavourable impact of \$1. On a constant currency basis fourth quarter SG&A was \$498 (2024: \$742). The \$244 constant currency decrease was primarily the result of:

- Lower corporate compensation expenses resulting from management and service delivery staff reductions (\$140)
- Lower office and communications expenses driven by a lower headcount (\$37)
- Lower general corporate support costs driven by a lower headcount (\$80)
- Miscellaneous net unfavourable variances across smaller cost areas (\$13).

Year-to-Date SG&A

Consolidated:

SG&A for the year ended August 31, 2025 decreased 1.3% to \$18,364 (2024: \$18,612). On a segment basis, Caldwell's SG&A increased 7.8% to \$15,746 (2024: \$14,605), and IQTalent's SG&A decreased 34.7% to \$2,618 (2024: \$4,007).

Caldwell:

Exchange rate changes had an unfavourable impact of \$376. On a constant currency basis SG&A increased 5.2% to \$15,370 (2024: \$14,605). The \$765 constant currency increase resulted from the following:

Unfavourable variances:

- Higher expenses related to a firm-wide partner conference (\$649), held in January 2025. We did not hold a partner conference last year
- Higher expenses related to professional fees such as audit, legal, consulting and insurance (\$345)
- Higher compensation expenses related to salary increases and promotions (\$300)

Favourable variances:

- Lower share-based compensation expense (\$179), the result of:
 - Relative changes to our share price during each period resulting in a favourable variance (\$529)
 - PSU and DSU expense can be significantly impacted by changes in the weighted average share price at the end of each period.
 - In the current year, the weighted average share price decreased 32% from \$1.03 at the end of last year to \$0.70 at the end of the current year, decreasing costs by \$405.
 - Last year, the weighted average share price increased 14% from \$0.90 at the end of fiscal 2023 to \$1.03 at the end of fiscal 2024, increasing costs by approximately \$124.
 - The combination of these two movements resulted in a net \$529 favourable variance.
 - Partially offset by an increase in the PSU factor, resulting in an unfavourable variance (\$350).
- Lower partner recruitment expenses, driven by the timing of new partner hires (\$341)
- Miscellaneous net favourable variances across smaller cost areas (\$9)

IQTalent:

Exchange rate changes had an unfavourable impact of \$74. On a constant currency basis, SG&A decreased 36.5% to \$2,544 (2024: \$4,007). The \$1,463 constant currency decrease is the result of:

- Lower office expenses as a result of transitioning to remote work after exiting the Nashville lease on February 29, 2024 (\$737)
- Lower corporate compensation expenses resulting from management and service delivery staff reductions (\$554)
- Lower general corporate support costs driven by a lower headcount (\$132)
- Miscellaneous net favourable expenses across smaller cost areas (\$40)

OTHER INCOME AND EXPENSES

	Twelve months ended August 31	
	2025	2024
Separation payments	275	1,089
Exit of leased facilities	324	(9,068)
Employee retention tax credits	(487)	-
Other expense (income), net	112	(7,979)

Separation payments

In the third quarter of 2025, we separated with approximately 8% of IQTalent's workforce, reducing management staffing and excess client service capacity. This resulted in the recognition of \$275 in severance expenses, presented as part of Other Income and Expenses.

On October 6, 2023, we announced that David Windley was stepping down as President of IQTalent and resigning from the Caldwell Board of Directors. Related separation payments totaling \$1,089 were recognized as part of restructuring expenses in the first quarter of fiscal 2024. As of May 31, 2025, all amounts had been settled.

Exit of leased facilities

Following the end of the COVID-19 pandemic, we shifted our Toronto office to a hybrid work environment, requiring a smaller office footprint. As a result, in May 2025, we finalized the sublease of our Toronto office for the remainder of the head lease term. The sublease was classified as a finance sublease. We derecognized \$1,502 of the related right-of-use asset and \$560 of fixed assets, and recognized a sublease asset of \$1,883, as well as a brokerage fee payable of \$145. The net impact was a loss of \$324, presented as part of Other Income and Expenses on the consolidated interim statement of earnings.

On November 30, 2023, we negotiated a full penalty-free termination of IQTalent's leased facilities in Nashville. As a result, in the first quarter of fiscal 2024, IQTalent derecognized the related lease liability, right-of-use asset, fixed assets, and other liabilities for direct charges related to the space, less certain professional fees related to the lease and its termination. This resulted in a net lease termination gain of \$9,068. IQTalent recognized expenses of \$236 related to other direct charges such as operating expenses payable to the landlord and certain professional fees. Consistent with the termination agreement, IQTalent vacated the space on February 29, 2024.



Employee Retention Tax Credits

In May 2025, notice was received from the US tax authorities that they had approved the Company for a refund of \$575 related to Employee Retention Tax Credits (ERTC), a refundable tax credit established under the CARES Act (Coronavirus Aid, Relief, and Economic Security Act) in response to the COVID-19 pandemic. The application involved detailed documentation to establish that the Company met the criteria established for calendar years 2020 and 2021. Receipt of the credits was subject to review by the Internal Revenue Service (IRS), and was recognized in Other Expense and Income when approved by the IRS in May 2025. Direct expenses of \$88, including consulting fees, were also recognized in Other Expense and Income. Interest income of \$89 was recognized in Investment and other income. The total receivable of \$664 is presented in Prepaid and Other assets on the balance sheet.

OPERATING PROFIT

Fourth Quarter Operating Profit

Consolidated operating profit was \$2,517 (2024: operating profit of \$71). The \$2,446 favourable change relates to an increase in gross profit of \$2,335 and a decrease in SG&A of \$111, all of which are discussed in further detail above. On a segment basis, Caldwell generated an operating profit of \$1,869, (2024: operating profit of \$44) and IQTalent generated an operating profit of \$648 (2024: operating profit of \$27).

Year-to-Date Operating Profit

Consolidated operating profit was \$3,735 (2024: operating profit of \$7,059). The \$3,324 unfavourable change relates to a decrease in other income of \$8,091, partially offset by an increase in gross profit of \$4,519 and a decrease in general and administrative expenses of \$248, all discussed in further detail above.

On a segment basis, Caldwell generated an operating profit of \$3,719 (2024: operating profit of \$991) and IQTalent generated an operating profit of \$16 (2024: operating profit of \$6,068).

INVESTMENT AND OTHER INCOME

We currently invest cash balances in highly-liquid cash equivalent investments including term deposits, certificates of deposit and cash savings accounts. These investments generate interest income.

Certain investments are generated from search services with clients in the form of equity grants in the client company. For such grants, compensation equal to 65% of the investment is paid to the respective search partner upon monetization of the investment. All rights to the partners' 65% of the equity instruments are transferred and assigned beneficially to the respective partner, and a partner's entitlement to any amounts upon liquidation is not contingent upon being employed at the time of liquidation. As a result, the gross asset value and compensation payable are offset, with the investment recorded at the net amount to which we have economic rights.

We have designated the client equity investments within marketable securities at fair value through OCI. As a result, these marketable securities are recorded at fair value, with gains and losses recorded



in other comprehensive income. Our policy regarding client equity investments within marketable securities is to sell the investments as soon as we are reasonably able to do so.

On March 1, 2023, we announced the spin-off of its software business from its IQTalent business segment, into a newly formed entity, IQRecruit, Inc., which subsequently changed its name to HootRecruit Inc. (“HootRecruit”), in exchange for approximately 41.9% of the new entity. As at August 31, 2025, our ownership interest has been diluted to 28.6% as a result of ongoing issuances in which we did not participate, while our voting rights are limited to 20% in accordance with the shareholder agreement. We continue to have significant influence over this investment, and account for it using the equity method. As required by the equity method of accounting, the carrying amount of the equity investment has been adjusted to reflect the Company’s share of HootRecruit’s loss, as well as any dilution gains or losses, which are presented as part of investment income. Please see note 4 to the consolidated interim financial statements for details. IQTalent was a user and client of the HootRecruit platform through a licensing arrangement that management believes approximated an arm’s length transaction. This arrangement was terminated in March 2025.

For the fourth quarter of 2025, we reported investment income of \$43 (2024: investment income of \$13) consisting of interest on term deposits of \$84 (2024: \$163), partially offset by our proportionate share of IQRecruit’s losses of \$41 (2024: \$150). For the fourth quarter of 2025 we recognized as part of other comprehensive income net realized gains or losses of \$nil (2024: \$nil) and unrealized gains or losses on marketable securities of \$nil (2024: gains of \$nil).

For the year ended August 31, 2025, we reported investment and other income of \$396 (2024: investment income \$133) consisting of interest on term deposits of \$420 (2024: \$545), interest of \$89 on the refund related to the ERTC issued by the IRS, discussed in the preceding section (2024: \$nil), partially offset by our proportionate share of IQRecruit’s losses of \$113 (2024: loss of \$412). For the year ended August 31, 2025, we recognized as part of other comprehensive income net realized gains or losses of \$nil (2024: \$nil) and unrealized gains on marketable securities of \$1 (2024: gains of \$35).

INCOME TAXES

Our effective tax rate on a consolidated basis has been historically high relative to the statutory tax rates we experience in each of our geographies. This was primarily the result of earnings before tax generated in the US and Canada where we are in tax-paying situations, and losses before tax in the UK where, due to the uncertainty of utilizing losses against future taxable income, we have not recognized deferred tax assets. Our income tax expense therefore effectively represents the tax on our US and Canadian operations. In periods when the UK is profitable, we do not need to recognize tax expense until our historical tax loss carryforwards have been fully utilized, or until we recognize UK deferred tax assets on the loss carryforwards once we can demonstrate sustainable taxable income in the UK. Therefore, in periods where the UK generates profit, we incur lower than expected taxes based on statutory tax rates.

IQTalent files a consolidated tax return with Caldwell in the United States.

A net income tax expense of \$932 was recorded in the fourth quarter of 2025 (2024: expense of \$264). The effective income tax rate for the fourth quarter of 2025 was 38.8% (2024: 127.5%). The detailed calculation of deferred tax assets and liabilities is prepared at year-end. Deferred taxes are adjusted for non-deductible expenses and adjustments related to prior year taxes and are recorded in the fourth quarter.



On a segment basis, Caldwell had fourth-quarter income tax expense of \$497 (2024: \$180). IQTalent had fourth-quarter income tax expense of \$435 (2024: \$84).

Income tax expense for the year ended August 31, 2025 was \$1,170 (2024: expense of \$2,061). The effective income tax rate for the year was 31.4% (2024: 33.0%), reflecting the impact of certain permanent differences arising from non-deductible expenses.

On a segment basis, Caldwell had full-year income tax expense of \$1,251 (2024: expense of \$686) and IQTalent recorded a tax recovery of \$81 (2024: expense of \$1,375).

NET EARNINGS AND BASIC EARNINGS PER SHARE

Net earnings for the fourth quarter of 2025 was \$1,467 (\$0.050 basic earnings per share) compared to net loss of \$471 (\$0.016 basic loss per share) in the same period last year.

Net earnings for the year ended August 31, 2025 was \$2,562 (\$0.087 basic earnings per share) compared to net earnings of \$4,188 (\$0.142 basic earnings per share) in the same period last year.

DIVIDENDS

Effective November 19, 2024, with a view toward maximizing investor returns, the Board of Directors reinstated a quarterly dividend of 0.25 cents per Common Share (one-quarter of a cent per Common Share). Since then, the Company has declared four quarterly dividends through August 31, 2025, with total dividends declared of one dollar per Common Share, or \$296 in total.

On November 20, 2025, the Board of Directors declared a dividend of \$0.01 per Common Share (one cent per Common Share), payable to holders of Common Shares of record on December 1, 2025, to be paid on December 19, 2025.

LIQUIDITY AND CAPITAL RESOURCES

We maintain cash balances at various financial institutions and in various geographies through our subsidiaries. While we can move funds between geographies and legal entities, certain dividend taxes may be applicable, including a five percent tax on dividends paid from the United States to Canada. Additionally, to lend or dividend funds between our legal entities, each entity must maintain certain statutory liquidity levels.

As at August 31, 2025, we had cash and cash equivalents of \$16,436 (August 31, 2024: \$19,634) and term deposits of \$4,123 (2024: \$nil) that mature in December 2025. The \$3,198 decrease in cash and cash equivalents was driven by \$3,629 in net cash generated from operating activities, offset by \$4,832 of cash used in investing activities, including the purchase of term deposits and \$2,066 used in financing activities which includes payment of lease liabilities.

Our cash and compensation payable balances fluctuate significantly from period to period based on commission payment timing per our executive search business's compensation plans. Compensation payable is generally at its lowest after the largest deferred compensation payments are made at the end of each February and generally grows during subsequent periods. The compensation payable is funded by our cash and accounts receivable balances, which build during the same cycle as the compensation liability and are similarly reduced as cash is used to meet the compensation liability.

As a result, the cash balances and compensation payable typically move together. Given these trends, we use the non-GAAP measure of Unencumbered Cash as a more consistent measure of the cash we have available for growth and strategic initiatives.

Unencumbered Cash is defined in the section on Non-GAAP Financial Measures and Other Operating Measures of this document. The following chart sets forth the calculation of Unencumbered Cash and provides a reconciliation to cash and cash-equivalents:

	<i>as at</i>		
	<i>August 31</i>	<i>August 31</i>	<i>increase/</i>
	<i>2025</i>	<i>2024</i>	<i>(decrease)</i>
Current assets			
Cash and cash equivalents	16,436	19,634	(3,198)
Term Deposit	4,123	-	4,123
Accounts receivable	18,637	12,664	5,973
Income taxes receivable	159	177	314
Unbilled revenue	9,248	5,859	3,389
Sublease Asset	323	-	323
Prepaid expenses and other assets	3,568	2,327	1,241
Total current assets	52,494	40,661	11,833
Current liabilities			
Accounts payable	3,263	3,409	(146)
Dividends Payable	74	-	74
Deferred revenue	3,846	-	3,846
Compensation payable	30,771	26,023	4,748
Lease liabilities	1,731	1,644	87
Total Current liabilities	39,685	31,076	8,609
Total Unencumbered Cash	\$12,809	\$9,585	\$3,556

Unencumbered cash of \$12,809 at August 31, 2025 does not reflect \$4,431 (August 31, 2024: \$4,722) in net current deferred tax assets that are required to be aggregated with long-term deferred tax assets and presented as non-current in our consolidated statements of financial position.

Accounts receivable were \$18,637 at August 31, 2024, up \$5,973 from \$12,664 at the end of fiscal 2024, due to higher professional fees in the fourth quarter of fiscal 2025, which were up 42.3% over the same period last year. Days sales outstanding was 49 days at August 31, 2025, down from 52 days at August 31, 2024. Days sales outstanding is calculated by dividing accounts receivable as at the end of the period, adjusted for the amount of deferred revenue, by the quarter-to-date average daily revenue. Our allowance for professional fee adjustments was \$651 at August 31, 2025 compared to \$1,380 at August 31, 2024.

Our investment in property and equipment at August 31, 2025 was \$1,131, down \$567 from \$1,698 at the end of fiscal 2024. This reflects additions of \$391, impairment of \$560, depreciation expense of \$414 and exchange rate fluctuations of \$18. Impairment related to furniture and equipment and leasehold assets in the subleased Toronto office. See note 5 of the consolidated annual financial statements for details.

At August 31, 2025, our right-of-use assets were \$4,623, down \$783 from \$5,406 at the end of fiscal 2024, reflecting impairment of \$1,502 related to the subleased Toronto office, additions of \$1,956, depreciation expense of \$1,316 and exchange rate fluctuations of \$79. See note 12 of the consolidated annual financial statements for details.

At August 31, 2025, our lease liability was \$7,169, up \$667 from \$6,502 at the end of fiscal 2024, reflecting additions of \$1,925, lease payments of \$1,766, interest and accretion expense of \$388 and foreign exchange fluctuations of \$120. See note 12 of the consolidated annual financial statements for details.

Total liabilities were \$45,794 at August 31, 2025, an increase of \$9,168 from \$36,626 at the end of fiscal 2024. The increase is driven by compensation payable and deferred revenue.

Shareholders' equity at August 31, 2025 was \$34,972 an increase of \$2,846 from \$32,126 at the end of 2024. The increase reflects net earnings of \$2,562, an increase to contributed surplus from share-based payments of \$259 and currency translation gains on consolidation of \$400, partially offset by dividends of \$296, repurchase of shares of \$78 and unrealized losses on marketable securities of \$1.

Contractual Obligations

The below table summarizes the maturity of our contractual commitment by fiscal year.

	Total	2026	2027	2028	2029	Thereafter
Accounts Payable	3,263	3,263	-	-	-	-
Compensation Payable	31,442	30,771	227	122	-	322
Lease Liability	7,169	1,731	1,856	1,594	1,257	731
Total	41,874	35,765	2,083	1,716	1,257	1,053

In addition to the above, we also have a contractual obligation to compensate certain partners with time-based milestone bonuses, which will result in a total outlay of approximately \$1,190 over the next three years. This includes payments to partners with signed contracts that are scheduled to start in fiscal 2026. These bonuses are conditional on their continued employment with us. The total of these bonuses is being recognized as a straight-line compensation expense over the total timeframe to which they are related. Cash outlays for our contractual obligations and commitments identified above are expected to be funded by cash on hand and cash generated by operating activities in the outlay's respective year.

OUTSTANDING SHARES

As of August 31, 2025, the Company's authorized share capital consists of an unlimited number of Common Shares, of which 29,470,832 are issued and outstanding (August 31, 2024: 29,558,932), including 3,300 treasury shares purchased for cancellation (August 31, 2024: nil). The treasury shares



were cancelled in September 2025. The holders of Common Shares are entitled to share equally, share for share, in all dividends declared by the Company and equally in the event of a liquidation, dissolution or winding-up of the Company or other distribution of the assets among shareholders.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

We make estimates and assumptions concerning the future that will, by definition, seldom equal actual results. The following are the estimates and judgments applied by management that most significantly affect the Company's consolidated financial statements. These estimates and judgments have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The following discussion sets forth management's most significant estimates and assumptions in determining the value of assets and liabilities, and the most significant judgments in applying accounting policies.

Revenue recognition

The Company's method of revenue recognition for the Caldwell executive search segment requires it to estimate the expected average performance period and the percentage of completion, based on the proportion of the estimated effort to fulfill the Company's obligations throughout the expected average performance period for its executive searches. Differences between the estimated percentage of completion and the amounts billed will give rise to a deferral of revenue to a future period. Changes in the average performance period or the proportion of effort expended throughout the performance period for its executive searches could lead to an under or overvaluation of revenue for the reporting period.

The Company's method of revenue recognition for the Caldwell executive search segment also requires it to estimate the total expected revenue at the beginning of each contract, which requires the Company to estimate uptick revenue on open searches, based on historic uptick rates. Changes in average uptick rates on executive searches could lead to an under or overvaluation of revenue for the reporting period.

Further information on unbilled and deferred revenue is included in note 14 in the consolidated annual financial statements.

Allowance for professional fee adjustments and doubtful accounts

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance model in determining the loss for all accounts receivable. Accounts receivable have been grouped based on shared credit risk characteristics and the days past due to measure expected credit losses. Substantial judgment is involved based on the circumstances of individual accounts and the estimated performance of the portfolio. The majority of accounts provided for result from client concessions to maintain a positive brand in the marketplace and relationships with client contacts based on circumstances unique to each search. While there are some accounts that are provided for due to credit reasons, it is often difficult to completely isolate provisions between client concessions and credit risk. Provision amounts are therefore aggregated as Professional Fee Adjustments.

Compensation accruals

Partner commissions for the Caldwell executive search segment are based on a per partner basis on amounts billed during the reporting period and collected within a stipulated timeframe. These



collections are then subject to a commission grid that escalates as the individual's billings and collections increase. Assumptions are made regarding each partner's full period billings and collections, which are then subject to the related commission tier to accrue compensation expense throughout the year. Additionally, management short term incentive plans are tied primarily to the revenue and operating results of the Company for a respective fiscal year and management long term incentive plans are tied both to the Company's share price as well as operating results over a three-year period. Full year partner collection results, actual operating results and changes in share price that differ from management's current estimates may affect the results of operations in future periods.

Impairment of goodwill

The Company tests at least annually whether goodwill is subject to any impairment in accordance with the accounting policy. Various assumptions are made in performing this test, including estimates of future revenue streams, operating costs and discount rates. These assumptions are disclosed in note 7 of the consolidated financial statements. Future results that differ from management's current estimates may affect the results of operations in future periods.

Valuation of equity interests in clients

It can be difficult to obtain valuation information on equity interests held in clients. Equity instruments are most often in privately held companies without a specific obligation to share ongoing business performance and valuation information. The Company values such interests in accordance with its financial instruments policy with available information. As a result, the actual valuation of these interests could differ materially from current estimates.

RECENT ACCOUNTING PRONOUNCEMENTS

Accounting standards issued but not yet applied

Presentation and disclosure in financial statements (IFRS 18)

IFRS 18 was issued in April 2024 and applies to an annual reporting period beginning on or after 1 January 2027. The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.

IFRS 18 promotes a more structured income statement. In particular, it introduces a newly defined 'operating profit' subtotal and a requirement for all income and expenses to be classified into three new distinct categories, namely operating, investing and financing, based on a company's main business activities. Companies often use 'non-GAAP' information to explain their financial performance because it allows them to tell their own story and provides investors with useful insight into a company's performance. IFRS 18 requires some of these 'non-GAAP' measures to be reported in the financial statements. To provide investors with better insight into financial performance, the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether material information is included in the primary financial statements or is further disaggregated in the notes.



The Company intends to adopt these amendments in its consolidated financial statements for the annual period beginning September 1, 2027. The Company is assessing the impact of this standard on its reporting.

RISKS AND UNCERTAINTIES

Any investment in the Company's securities is speculative and may involve risk. Before investing in the Company's securities, prospective investors should carefully consider, in light of their own financial circumstances and objectives, the risk factors summarized below, as well as the other information contained and incorporated by reference into this MD&A and our Annual Information Form. Other risks not currently known or deemed to be material may also impact our business. Our business and financial results could be materially adversely affected by any of these risks. The Board of Directors includes in its mandate and the charters of its committees the responsibility to oversee the mitigating factors associated with each identified risk factor.

The ability to attract and retain experienced search professionals is critical to our business

We compete with other executive recruitment firms for experienced consultants. Attracting and retaining consultants in our industry is important because consultants have primary responsibility for client relationships, and the loss of consultants often leads to the loss of client relationships. While we believe we offer one of the most competitive compensation plans in the industry, and that our size and platforms allow freedom for our partners to operate in the marketplace, the ability to continue to generate revenue and profits will depend on our ability to attract and retain key professionals. Additionally, we may pay hiring bonuses to attract new partners who may be forgoing their accrued bonuses at their predecessor firms to join us. The aggregate of these amounts can be significant, and we expect to continue issuing these types of payments as we continue to grow.

Exposure to departing partners taking our clients to another firm

Our success depends upon our ability to develop and maintain strong, long-term relationships with our clients. In many cases, one or two partners have primary responsibility for a client relationship. When a partner leaves one executive search firm and joins another, clients who have established relationships with the departing partner may move their business to the partner's new employer. We may also lose clients if the departing partner has widespread name recognition or a reputation as a specialist in executing searches in a specific industry or management function. If we fail to retain important client relationships when a partner departs our firm, our business, financial condition, and operating results may be adversely affected. Multiple partners leaving within a short time could increase the impact. We attempt to mitigate this risk by maintaining strong relationships with our partners and providing contractual client and employee non-solicitation covenants in our offer of employment letters with our partners.



Performance of the US, Canadian and international economies

Our revenue is affected by global economic conditions and economic activity in the regions where we operate. In particular, the extent and length of economic slowdowns may have a negative impact on our revenue. During economic or hiring demand slowdowns, companies may hire fewer employees which may harm our financial condition. We mitigate this risk to some extent by seeking diversity within our revenue base across geographies, industries and functions. In addition, much of our compensation is performance-based and variable to revenue, resulting in a natural cost offset during periods of revenue decline.

Technological advances may significantly disrupt the labour market and weaken demand for human capital at a rapid rate

Our success is directly dependent on our clients' demands for talent. As technology continues to evolve, more tasks currently performed by people may be replaced by automation, robotics, machine learning, artificial intelligence and other technological advances outside of our control. This trend poses a risk to the human resource industry as a whole, particularly in lower-skill job categories that may be more susceptible to such replacement. We attempt to mitigate this risk by reviewing emerging technologies we may leverage in our search process and focusing on the most senior tier of executive placements, where technological disruption is expected to have limited impact.

Competition from other companies directly or indirectly engaged in talent acquisition

The talent acquisition business is highly competitive in terms of both pricing and winning new engagements. The level of our future profits will depend on our ability to retain our established client base, attract new clients and maintain fee levels. Some of our competitors possess greater resources and greater name recognition and may be further along in developing and designing technology solutions to meet client requirements. One area in which we mitigate competitive risk with our larger competitors is by having fewer client non-solicitation arrangements. It is standard practice in the industry to provide clients with a non-solicitation right ranging in scope from the placed executive to the entire client organization, known as "off-limits" protection. If too many off-limit arrangements are created, the ability to broadly and effectively source candidates for prospective client engagements becomes impeded.

Cybersecurity requirements, vulnerabilities, threats and attacks

Increased global cybersecurity vulnerabilities, threats, and more sophisticated and targeted cyber-related attacks pose a risk to our systems and networks' security and the confidentiality, availability, and integrity of the data we maintain from our clients, candidates, and employees. We have a program in place to detect and respond to data security incidents. However, we remain potentially vulnerable to additional known or unknown threats. We also have access to sensitive, confidential or personal data or information subject to privacy and security laws, regulations and client-imposed controls. Despite our efforts to protect sensitive, confidential or personal data or information, we may be vulnerable to security breaches, theft, lost data, employee errors and/or malfeasance that could potentially lead to the compromising of sensitive, confidential or personal data or information, improper use of our systems or networks, unauthorized access, use, disclosure, modification or destruction of information. A cyber-related attack could result in other negative consequences, including damage to our reputation or competitiveness, remediation or increased protection costs,



litigation, or regulatory action, which could negatively impact our results of operations. We attempt to mitigate this risk by maintaining and complying with our data privacy policy informing our clients and candidates of how we use their personal information. We additionally utilize a third-party information and security technology company to advise us on risk testing and mitigation to aid our internal information technology staff. We also maintain a cyber-insurance policy that might mitigate certain financial costs if we suffer a breach that causes us to incur financial losses.

Brand reputation

We depend on our overall professional reputation and brand name recognition to secure new engagements and hire qualified consultants. Our success also depends on the individual reputations of our consultants. We obtain many of our new engagements from existing clients or referrals by those clients. A client who is dissatisfied with our work can adversely affect our ability to secure new engagements. Additionally, there has been a marked increase in the use of social media platforms, including blogs, social media websites and other forms of Internet-based communications, which allow individuals access to a broad audience of consumers and other interested persons. The inappropriate or unauthorized use of such media vehicles by our clients or employees could increase our costs, cause damage to our brand, lead to litigation or result in information leakage, including the improper collection or dissemination of personally identifiable information of candidates and clients. Negative or inaccurate posts or comments about us on any social networking platform could damage our reputation, brand image and goodwill. If any of these factors, including poor performance, hurt our reputation, we may experience difficulties competing successfully for new engagements and qualified consultants. Failure to maintain our professional reputation and brand name could seriously harm our business, financial condition, and operating results. We attempt to mitigate this risk by using a client feedback process utilizing the third-party product Net Promoter Score®, which provides feedback on our engagements and highlights dissatisfied clients so that we may respond.

Foreign currency exchange rate risks may affect our financial results

With operations in Canada, the United States and the United Kingdom, we do business in multiple currencies. During the most recently completed fiscal year, 80% of our revenue was generated outside of Canada and transacted in a currency other than the Canadian dollar. Translation of foreign currency financial statements into the Canadian dollar impacts our profitability. Fluctuations in relative currency values, particularly the Canadian dollar strengthening, could hurt our profitability and financial condition.

When we have significant short-term net cash or intercompany loan balances, we move our cash balances by geography and currency to match the respective cash balances to future cash utilization by currency.

Alignment of our cost structure with revenue

We must ensure that our costs and workforce continue to be in proportion to the demand for our services. Failure to align our cost structure and headcount with net revenue could adversely affect our business, financial condition, and operations results. We attempt to mitigate this risk related to short-term revenue shifts by business segment. In our Caldwell business, we tie a large portion of our search professionals' compensation to their individual and team revenue, while senior management's



compensation is tied to consolidated revenue and operating profit. In our IQTalent business, we maintain a portion of our total workforce as hourly contractors allowing us to rapidly increase or reduce our workforce in response to demand shifts. External forces that could impact the cost structure, such as inflation, or wage wars from collective bargaining, could impact our ability to right-size the cost structure in response to lower revenue.

Liability risk in the services we perform

In the normal course of our operations, we become involved in various legal actions, either as plaintiff or defendant, including but not limited to our commercial relationships, employment matters and services delivered, in addition to other events. Such matters include both actual as well as threatened claims.

We are exposed to potential claims concerning the executive search process. For example, a client could assert a claim for matters such as breach of an off-limit agreement or recommending a candidate who subsequently proves to be unsuitable for the position filled. Further, the current employer of a candidate whom we placed could file a claim against us alleging interference with an employment contract, a candidate could assert an action against us for failure to maintain the confidentiality of the candidate's employment search, and a candidate or employee could assert an action against us for alleged discrimination, violations of labour and employment law or other matters.

In various countries, we are subject to data protection laws impacting the processing of candidate information and other regulatory requirements, including the legality of gathering historical compensation data from candidates under an expanding number of equal pay laws.

We attempt to mitigate these risks through onboarding and continuing training for our employees on existing and developing legal guidelines. We engage outside counsel regularly to review our policies and form of contracts. We utilize protective language in our standard client contracts and maintain professional liability insurance in amounts and coverage that we believe are adequate; however, we cannot guarantee that our insurance will cover all claims or that coverage will always be available. Significant uninsured liabilities could harm our business, financial condition and results of operations. Furthermore, even if any action settles within insurance limits, this can increase our insurance premiums. Therefore, there can be no assurance that their resolution will not have a material adverse effect on our financial condition or the results of our operations.

We are subject to risk as it relates to software that we license from third parties

We license software from third parties, much of which is integral to our systems and our business. The licenses are generally terminable if we breach our obligations under the license agreements. If any of these relationships were terminated or any of these parties were to cease doing business or cease to support the applications we currently utilize, we may be forced to spend significant time and money replacing the licensed software. However, the necessary replacements may not be available on reasonable terms, if at all. We mitigate this risk by selecting providers who we believe can continue business into the foreseeable future and reviewing each license agreement for termination clauses to reduce the ease with which such agreements could be terminated by the respective provider.



There may be adverse tax, legal, and other consequences if the workforce at IQTalent that is classified as independent contractors is challenged.

We consider the use of non-employee workers at IQTalent as independent contractors. In general, any time a court or administrative agency determines that we have misclassified an on-demand worker as an independent contractor, we could incur tax and other liabilities for failing to properly withhold or pay taxes on the worker's compensation as well as potential wage and hour and other liabilities depending on the circumstances and jurisdiction.

We may become subject to administrative inquiries and audits concerning the taxation and classification of our contracted workers. There is often uncertainty in the application of worker classification laws, and consequently there is risk to us and to clients that independent contractors could be deemed to be misclassified under applicable law. The tests governing whether a service provider is an independent contractor or an employee are typically highly fact sensitive and vary by governing law. Laws and regulations that govern the status and misclassification of independent contractors are also subject to change as well as to divergent interpretations by various authorities, which can create uncertainty and unpredictability.

A misclassification determination, allegation, claim, or audit involving our contracted workers creates potential exposure for us, including but not limited to reputational harm and monetary exposure arising from or relating to failure to withhold and remit taxes, unpaid wages, and wage and hour laws and requirements (such as those pertaining to minimum wage and overtime); claims for employee benefits, social security contributions, and workers' compensation and unemployment insurance; claims of discrimination, harassment, and retaliation under civil rights laws; claims under laws pertaining to unionizing, collective bargaining, and other concerted activity; and other claims, charges, or other proceedings under laws and regulations applicable to employers and employees, including risks relating to allegations of joint employer liability. Such claims could result in monetary damages (including but not limited to wage-based damages or restitution, compensatory damages, liquidated damages, and punitive damages), interest, fines, penalties, costs, fees (including but not limited to attorneys' fees), criminal and other liability, assessment, injunctive relief, or settlement, all of which could adversely impact our business and results of operations.

We attempt to mitigate our risk of contractor worker classification by using written contractor agreements setting forth the terms of our relationship that we believe lowers our risk of the contractors being classified as employees.

Our inability to successfully recover from a disaster or other business continuity issue could cause material financial loss, loss of human capital, regulatory actions, reputational harm or legal liability

Should we experience a disaster or other business continuity problem, such as an earthquake, hurricane, terrorist attack, security breach, power loss, telecommunications failure or other natural or man-made disaster, our continued success will depend, in part, on the availability of our personnel, our office facilities, and the proper functioning of our computer, telecommunication and other related systems and operations. In such an event, we could experience near-term operational challenges in certain areas of our operations. Our ability to recover from any disaster or other business continuity problem will depend on our ability to protect our technology infrastructure against damage from business continuity events that could have a significant disruptive effect on our operations. We



could potentially lose client data or experience material adverse interruptions to our operations or delivery of services to our clients in a disaster. A disaster on a significant scale or affecting certain of our key operating areas within or across regions, or our inability to successfully recover should we experience a disaster, pandemic or other business continuity problem, could materially interrupt our business operations and cause material financial loss, loss of human capital, regulatory actions, reputational harm, damaged client relationships or legal liability. We mitigate this risk by using reputable, established technology providers for the third-party hosting and managing the servers running our telecommunications infrastructure and our search database information. These third parties do not completely eliminate the above-described risks, however, their financial resources dedicated to protecting, continuity of service, recovery and response to systems continuity are much greater than our own. We also provide all of our employees with laptops or tablet devices that provide continuity of services if our offices are not accessible.

Unfavourable tax law changes and tax authority rulings or other governmental audits or rulings may adversely affect results

We are subject to income taxes in Canada, the United States and various other foreign jurisdictions. Domestic and international tax liabilities are subject to the allocation of income among various tax jurisdictions. Our effective tax rate could be adversely affected by changes in the mix of earnings among countries with differing statutory tax rates or changes in the valuation allowance of deferred tax assets or tax laws. We attempt to mitigate this risk by working with our third-party income tax consultants to regularly review our tax structure and advise optimal tax structures.

We may not be able to integrate or realize the expected benefits from our acquisitions successfully.

Our future success depends on our ability to integrate acquisition targets into our operations successfully. The process of integrating an acquired business subjects us to many risks, including:

- Diversion of management attention
- Amortization of purchase price and intangible assets adversely affect our reported results of operations
- Inability to retain or integrate the management, key personnel and other employees of the acquired business
- Inability to properly integrate businesses resulting in operating inefficiencies
- Inability to establish uniform standards, disclosure controls and procedures, internal control over financial reporting and other systems, procedures and policies promptly
- Inability to retain the acquired company's clients
- Exposure to legal claims for activities of the acquired business before the acquisition
- The incurrence of additional expenses in connection with the integration process

If our acquisitions are not successfully integrated, our business, financial condition and results of operations, and our professional reputation could be materially adversely affected. Further, we cannot guarantee that acquisitions will result in the anticipated financial, operational, or other benefits. Some acquisitions may not be immediately accretive to earnings, and some expansion may result in significant expenditures. We mitigate these risks by formalizing integration plans in key areas



such as accounting, legal and risk functions and performing comprehensive pre-acquisition due diligence reviews. We add staff when we believe needed to accommodate the increased business and support requirements. We also look to structure the purchase price to provide strong incentives for key employees to remain employed, even if this results in some of the purchase price being reflected as compensation expense, adversely impacting our reported operating results.

Businesses we acquire may have liabilities or adverse operating issues that could harm our operating results

Businesses we acquire may have liabilities, adverse operating issues, or both that we either fail to discover through due diligence or underestimate before completing the acquisition. These liabilities or issues may include the acquired business' failure to comply with, or other violations of, applicable laws, rules or regulations or contractual or other obligations or liabilities. As the successor owner, we may be financially responsible for and may suffer harm to our reputation or otherwise be adversely affected by such liabilities or issues. An acquired business also may have problems with internal controls over financial reporting, which could, in turn, cause us to have significant deficiencies or material weaknesses in our internal controls over financial reporting. These and any other costs, liabilities, issues, or disruptions associated with past or future acquisitions, and the related integration, could harm our operating results. We mitigate these risks by performing financial, tax, technology and due diligence on any acquired business, engaging third-party experts when considered necessary to enhance expertise in respective areas of due diligence.

There is volatility of the market price and trading volume of our Common Shares

From time to time, the TSX has experienced significant price and volume volatility unrelated to specific companies' performance which could impact the common shares' market price. Caldwell specifically has generally low trading volumes, and that thin trading market may cause small trades to have significant impacts on the price of our Common Shares. Moreover, our stock's market price may also be adversely affected by factors such as the concentration of Common Shares held by a small number of shareholders and the low number of Common Shares that trade on average on a daily basis. These factors can increase the volatility of the volume of Common Shares offered to be purchased or sold at any particular time. Shares held by Ewing Morris, senior management, and our board of directors total approximately 29.2% of our outstanding Common Shares. While all these parties may be subject to trading restrictions from time to time based on material information they may receive, we have scheduled mandatory timeframes each quarter when we prohibit these parties from trading due to known financial information ("Blackout Periods"). Our Blackout Periods begin immediately with the end of each quarterly financial reporting period and continue until the completion of two business days after our earnings for the respective quarter have been publicly released. As a result, our share float during Blackout Periods is more constrained than periods outside of Blackout Periods. Investors should consider liquidity issues arising from the above share concentrations and trading restrictions.

Our compensation plans and earnings are subject to volatility in our share price

We have Performance Share Units (PSUs) for management and Deferred Share Units (DSUs) for our board of directors. These are notional units that are tied to the value of our Common Shares. In addition, the PSUs are subject to performance factors based on attaining financial goals established for management by the board of directors. These performance factors can increase or decrease the



value of the PSUs. As a result, the exact impact of an increase or decrease to our share price will change each quarter based on the number of outstanding PSUs and DSUs and the current PSU performance factors. For example, based on current performance factors, a \$0.01 change in our share price would result in approximately a \$5 change in compensation expense on a pre-tax basis. We mitigate this risk by tying the PSUs to a performance factor, ensuring that if operating results are below expectations, PSU compensation will be reduced to partially offset a shortfall in financial results.

We invest in marketable securities whose valuations fluctuate

We may invest in marketable securities when we build excess cash balances relative to the current and projected liquidity needs and economic cycles. Marketable securities consist of investments in professionally managed fixed-income funds, from time to time, and certain equity securities obtained through search fees paid partially in the client's equity. The securities are subject to market risk. Should they decline in value, the unrealized losses and potential realized losses could negatively impact our financial position and aggregate operations results. We mitigate the risk in managed funds by investing in relatively conservative investments and engaging professional investment fund advisors independent from us with added oversight from the Board of Directors' Investment Committee. As applicable, we mitigate the risk in equity securities by liquidating our positions as soon as practicable and consider the potential use of hedging derivatives if applicable.

We are increasingly dependent on third parties for the execution of critical functions

We do not maintain all our technology infrastructure components, and we have outsourced certain critical applications or business processes to external providers, including cloud-based services. The failure or inability to perform on the part of one or more of these critical suppliers or partners could cause significant disruptions and increased costs. We attempt to mitigate this risk by using large, well-capitalized service providers when reasonably possible relative to our technology needs.

Impairment of our goodwill, other intangible assets and other long-lived assets

All our acquisitions have been accounted for as purchases and involved purchase prices in excess of tangible asset values, resulting in a significant amount of goodwill and other intangible assets. Goodwill is initially recorded as the excess of amounts paid over the fair value of net assets acquired. While goodwill is not amortized, under generally accepted accounting principles, we perform impairment assessments of the carrying value of our goodwill at least annually, and we review our goodwill, other intangible assets and other long-lived assets for impairment whenever events occur, or circumstances indicate that a carrying amount of these assets may not be recoverable. These events and circumstances include a significant change in business climate, attrition of key personnel, material changes in financial condition or results of operations, a prolonged decline in our stock price and market capitalization, competition, and other factors. We must make assumptions regarding our goodwill and other intangible assets' estimated fair value in performing these assessments. These assumptions include estimates of future market growth and trends, forecasted revenue and costs, capital investments, discount rates, and other variables. If the fair market value of one of our reporting units or other long-term assets is less than the carrying amount of the related assets, we would be required to record an impairment charge. Due to continual changes in the market and general business conditions, we cannot predict whether, and to what extent, our goodwill and long-



lived intangible assets may be impaired in future periods. Any resulting impairment loss could have an adverse impact on our business, financial condition, and operations results.

Our ability to access credit could be limited

Our bank can be expected to enforce the terms of our credit agreement strictly. Although we are currently in compliance with the financial covenants of our revolving credit facility, deterioration of economic conditions may negatively impact our business resulting in our failure to comply with these covenants, which could limit our ability to borrow funds under our credit facility or from other borrowing facilities in the future. The credit agreement with the bank is a demand facility and may also be cancelled at any time by our bank. In such circumstances, we may not be able to secure alternative financing or only be able to do so at significantly higher costs. We attempt to mitigate this risk by only using the credit line to fund temporary cash requirements, negotiating flexible financial covenants to the extent we are able, and working to maintain strong relationships with our banking team.

There may be direct and indirect adverse financial consequences if a financial institution fails where we or a significant number of clients hold uninsured depository balances.

If a financial institution at which we hold our primary cash deposits were to become insolvent it could have a direct material negative impact on our liquidity position, unless we were able to move funds out of the institution prior to its insolvency. Additionally, the failure of a significant financial institution where our clients held, in the aggregate, significant deposits would have a negative impact on our liquidity position indirectly through the potential loss of the clients and our inability to collect on the related accounts receivable. We attempt to mitigate this risk by evaluating our primary depository banking institutions in each region and selecting a bank of high quality and significant size. We also maintain accounts in different geographies at different institutions such that, with little notice, we could transfer funds to an existing open account at another institution.

We have significant shareholder concentration

As of November 20, 2025, approximately 32.0% of our outstanding Common Shares are held by insiders as filed with the System for Electronic Disclosure by Insiders (SEDI). Ewing Morris & Co. Investment Partners Ltd. ("Ewing Morris") is reported to own, directly or indirectly, 13.0% of the outstanding Common Shares. Mr. Darcy D. Morris, CEO of Ewing Morris, is also a director of the Company. While no other party directly or beneficially owns more than 10.0% of our Common Shares, our senior management and remaining directors hold approximately 6.9% of our Common Shares, with a total of 19.9% held by senior management and directors. This concentration of shares could have a material impact on the outcome of any matters brought forth to the shareholders for a vote. While we cannot control how our shareholders vote, we mitigate the effects of controlling interests through our board of directors' governance oversight representing all shareholders, including minority shareholders.

We may be subject to the actions of activist shareholders

Our Board of Directors and management team are committed to acting in all our shareholders' best interest. We value constructive input from investors and regularly engage in dialogue with our shareholders regarding strategy and performance. Activist shareholders who disagree with the composition of the Board of Directors, our strategy or the way the Company is managed may seek to



effect change through various strategies and channels. Responding to shareholder activism can be costly and time-consuming, disrupt our operations, and divert the attention of management and our employees from our strategic initiatives. Activist campaigns can create perceived uncertainties as to our future direction, strategy, or leadership. They may result in the loss of potential business opportunities, harm our ability to retain or attract employees, investors, and customers, and cause our stock price to experience periods of volatility or stagnation.

Our business could be disrupted because of actions of certain stockholders or potential acquirers of the Company

If any of our stockholders commence a proxy contest, advocate for change that is not necessarily in the best interests of the Company and all of its stakeholders, make public statements critical of our performance or business, or engage in other similar activities, or if we become the target of a potential acquisition, which may adversely impact our business because we may have difficulty attracting and retaining employees and clients due to perceived uncertainties as to our future direction and negative public statements about our business. Responding to proxy contests and other similar actions by stockholders may result in us incurring substantial additional costs and significantly divert the attention of management and our employees. Individuals elected to our Board with a specific agenda that does not align with the Company's best interests, the execution of our strategic plan may be disrupted, or a new strategic plan altogether may be implemented, which may have a material adverse impact on our business, financial condition or results of operations. Further, any of these matters or any such actions by stockholders may impact and result in volatility of the price of our common stock.

DISCLOSURE CONTROLS AND PROCEDURES

Our President and Chief Executive Officer, and Vice-President and Chief Financial Officer are responsible for establishing and maintaining our disclosure controls and procedures. In conjunction with the board of directors, the President and Chief Executive Officer, and the Vice-President and Chief Financial Officer review any material information affecting the Company to evaluate and determine the appropriateness and timing of public release.

The President and Chief Executive Officer, and Vice-President and Chief Financial Officer, after evaluating the effectiveness of our disclosure procedures as at August 31, 2025, have concluded that our disclosure controls and procedures are adequate and effective to ensure that material information relating to the Company and its subsidiaries would have been known to them.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is also responsible for establishing and maintaining adequate internal controls over financial reporting. Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes following IFRS.

In designing and evaluating such controls, it should be recognized that due to inherent limitations, any control, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and may not prevent or detect misstatements. Projections of any evaluations of effectiveness to future periods are subject to the risk that controls may become



inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Additionally, management is required to use judgment in evaluating controls and procedures.

Management evaluated the effectiveness of our internal controls' design and operation over financial reporting as at August 31, 2025. Based on that evaluation, the President and Chief Executive Officer, and Vice-President and Chief Financial Officer, concluded that internal controls over financial reporting are effective as at August 31, 2025.

Management has also evaluated whether there were changes in our internal controls over financial reporting during the reporting period ended August 31, 2025 that materially affected, or are reasonably likely to affect, our internal controls over financial reporting. Management has determined that no changes occurred during the year ended August 31, 2025 that would have a material impact.

OTHER INFORMATION

Additional information relating to the Company, including our Annual Information Form, is available on SEDAR+ at www.sedarplus.ca.



THE CALDWELL PARTNERS INTERNATIONAL INC.

**Consolidated Financial Statements
for the years ended August 31, 2025
and August 31, 2024**



The Caldwell Partners International Inc.

Years Ended August 31, 2025 and August 31, 2024

MANAGEMENT'S REPORT TO SHAREHOLDERS

The consolidated financial statements and all information contained in this annual report are the responsibility of management and the Board of Directors of The Caldwell Partners International Inc. and its subsidiaries ("the Company"). The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and, where appropriate, reflect management's best estimates and judgments based on currently available information. The Company has established accounting and reporting systems supported by internal controls designed to safeguard assets from loss or unauthorized use and to ensure the accuracy of the financial records. The financial information presented throughout this annual report is consistent with the consolidated financial statements.

KPMG LLP, an independent firm of chartered professional accountants, has been appointed by the Board of Directors as the external auditor of the Company, effective, March 6, 2020. The Independent Auditor's Report to the Shareholders, which describes the scope of their examination and expresses their opinion, is presented herein. The Audit Committee of the Board of Directors, whose members are not employees of the Company, meets with management and the independent auditors to satisfy itself that the responsibilities of the respective parties are properly discharged and to review the consolidated financial statements before they are presented to the Board of Directors for approval.

/s/ "C. Christopher Beck"

C. Christopher Beck
PRESIDENT AND CHIEF EXECUTIVE OFFICER

/s/ "Shreya Lathia"

Shreya Lathia
VP AND CHIEF FINANCIAL OFFICER

November 20, 2025



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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of The Caldwell Partners International Inc.

Opinion

We have audited the consolidated financial statements of The Caldwell Partners International Inc. (the Entity), which comprise:

- the consolidated statements of financial position as at August 31, 2025 and August 31, 2024
- the consolidated statements of earnings for the years then ended
- the consolidated statements of comprehensive income for the years then ended
- the consolidated statements of changes in equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at August 31, 2025 and August 31, 2024, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended August 31, 2025. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Evaluation of Revenue Recognition for Uptick Revenue

Description of the matter

We draw attention to Note 3 of the financial statements. The Entity has recorded Professional Fees of \$103,255 thousand. Estimated total professional fees for the life of each search include total retainer payments outlined in engagement letters and an estimate of uptick revenue expected to be received at the time of successful placement of a candidate. In most contracts, variable consideration is comprised of uptick revenue and reimbursable direct expenses. The Entity's method of revenue recognition requires it to estimate the total expected revenue at the beginning of each contract. This requires the Entity to estimate uptick revenue on open searches, based on historic uptick rates. Changes in average uptick rates on executive searches could lead to an under or overvaluation of revenue.

Why the matter is a key audit matter

We identified the evaluation of revenue recognition for uptick revenue as a key audit matter. This matter represented an area of significant risk of material misstatement due to the high degree of subjectivity and estimation uncertainty in determining the variable consideration in executive search contracts.

Significant auditor judgment was required to evaluate the results of our procedures regarding the Entity's assumptions in estimating uptick revenue at period end.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

- We assessed the estimate of the uptick rate based on expected inputs and compared the result to the uptick rate determined by the Entity.
- We assessed the amount of uptick revenue earned for a selection of contracts by inspecting source documents and compared the result to the recorded amount.
- For a selection of upticks billed subsequent to year end, we assessed the appropriateness of the designation of the search as open or closed at year-end.



Evaluation of Impairment of Goodwill of the IQ Talent Partners Inc. cash-generating unit

Description of the matter

We draw attention to Notes 3 and 7 to the financial statements. The Entity has goodwill with a carrying amount of \$7,313 thousand for the IQ Talent Partners Inc. cash-generating unit, arising from a historical business combination. The Entity tests at least annually whether goodwill is subject to any impairment. Various assumptions are made in performing this test, including estimates of future revenue streams, operating costs and discount rates.

Why the matter is a key audit matter

We identified the evaluation of impairment of goodwill of the IQ Talent Partners Inc. cash-generating unit as a key audit matter. This matter represented an area of significant risk of material misstatement given the significant judgment and high degree of estimation uncertainty involved in assessing the Entity's significant assumptions. In addition, significant auditor judgment and the involvement of professionals with specialized skills and knowledge was required in performing and evaluating the results of our audit procedures due to the sensitivity of the recoverable amount to minor changes in significant assumptions.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

- We evaluated the revenue growth and operating cost assumptions used in the discounted cash flow estimates by comparing with historical results. We also considered changes or conditions during the year to assess the adjustments made in arriving at the assumptions.
- We involved valuation professionals with specialized skills and knowledge, who compared the discount rate used in the discounted cash flow model against a discount rate range that was independently developed using publicly available data for comparable entities.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.
- the information, other than the financial statements and the auditor's report thereon, included in a document likely to be entitled "Glossary Annual Report".

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.



In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

The information, other than the financial statements and the auditor's report thereon, included in a document likely to be entitled "Glossary Annual Report" is expected to be made available to us after the date of this auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.



As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.



- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

The engagement partner on the audit resulting in this auditor's report is Elliot Marer.

Vaughan, Canada

November 20, 2025

THE CALDWELL PARTNERS INTERNATIONAL INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(\$000s Canadian)

	As at August 31, 2025	As at August 31, 2024
Assets		
Current Assets		
Cash and cash equivalents	16,436	19,634
Term Deposits	4,123	-
Accounts receivable (note 21)	18,637	12,664
Income taxes receivable (note 15)	159	177
Unbilled revenue (note 14)	9,248	5,859
Finance lease receivable (note 12)	323	-
Prepaid expenses and other assets (note 18)	3,568	2,327
	52,494	40,661
Non-current assets		
Prepaid expenses and other assets	312	276
Investments (notes 4 and 21)	1,601	1,682
Advances	1,028	904
Deferred income taxes (note 15)	6,624	6,851
Property and equipment (note 5)	1,131	1,698
Right-of-use assets (note 12)	4,623	5,406
Finance lease receivable (note 12)	1,562	-
Intangible assets (note 6)	34	88
Goodwill (note 7)	11,357	11,186
Total Assets	80,766	68,752
Liabilities		
Current liabilities		
Accounts payable	3,263	3,409
Dividend payable	74	-
Deferred Revenue (note 14)	3,846	-
Compensation payable (note 11)	30,771	26,023
Lease liability (note 12)	1,731	1,644
	39,685	31,076
Non-Current liabilities		
Compensation payable (note 11)	671	692
Lease liability (note 12)	5,438	4,858
	45,794	36,626
Equity attributable to owners of the Company		
Share capital	15,346	15,392
Contributed surplus	15,770	15,541
Treasury shares (note 17)	(2)	-
Accumulated other comprehensive income	2,201	1,802
Retained Earnings (Deficit)	1,657	(609)
Total equity	34,972	32,126
Total liabilities and equity	80,766	68,752

The accompanying notes are an integral part of these consolidated financial statements.

Signed on behalf of the Board:

/s/ "Rosemary Zigrossi"
Rosemary Zigrossi
Chair, Audit Committee

/s/ "John Wallace"
John Wallace
Chair, Board of Directors

THE CALDWELL PARTNERS INTERNATIONAL INC.

CONSOLIDATED STATEMENTS OF EARNINGS

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

	Twelve months ended	
	August 31, 2025	August 31, 2024
Revenues		
Professional fees (note 13)	103,255	86,312
Direct expense reimbursements (note 8)	802	839
	104,057	87,151
Cost of sales expenses		
Cost of sales (note 8)	81,044	68,620
Reimbursed direct expenses (note 8)	802	839
	81,846	69,459
Gross Profit	22,211	17,692
Selling, general and administrative (notes 8 and 9)	18,364	18,612
Other expense/(income) (notes 8 and 10)	112	(7,979)
	18,476	10,633
Operating Profit	3,735	7,059
Finance expense (income)		
Interest expense on lease liability (note 12)	388	715
Investment and other income (note 4)	(396)	(133)
Foreign exchange loss	11	228
Earnings before income tax	3,732	6,249
Income tax expense (note 15)	1,170	2,061
Net earnings for the period attributable to owners of the Company	2,562	4,188
Earnings per share (note 16)		
Basic	\$0.087	\$0.142
Diluted	\$0.086	\$0.141

CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS

(in \$000s Canadian)

	Twelve months ended	
	August 31, 2025	August 31, 2024
Net earnings for the period	2,562	4,188
Other comprehensive income (loss):		
Items that may be reclassified subsequently to net earnings		
(Loss) gain on marketable securities (note 4)	(1)	35
Cumulative translation adjustment	400	(80)
Comprehensive earnings for the period attributable to owners of the company	2,961	4,143

The accompanying notes are an integral part of these consolidated financial statements.

THE CALDWELL PARTNERS INTERNATIONAL INC.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(in \$000s Canadian)

	Retained Earnings (Deficit)	Share Capital	Contributed Surplus	Treasury Shares	Accumulated Other Comprehensive Income (Loss) Cumulative Translation Adjustment	(Loss)Gain on Marketable Securities	Total Equity
Balance - August 31, 2023	(4,797)	15,392	15,282	-	1,886	(39)	27,724
Net earnings for the year ended August 31, 2024	4,188	-	-	-	-	-	4,188
Share-based payment expense (note 17)	-	-	259	-	-	-	259
Gain on marketable securities available for sale (note 4)	-	-	-	-	-	35	35
Change in cumulative translation adjustment	-	-	-	-	(80)	-	(80)
Balance - August 31, 2024	(609)	15,392	15,541	-	1,806	(4)	32,126
Balance - August 31, 2024	(609)	15,392	15,541	-	1,806	(4)	32,126
Net earnings for the year ended August 31, 2025	2,562	-	-	-	-	-	2,562
Share-based payment expense (note 17)	-	-	259	-	-	-	259
Dividend payments declared (note 17)	(296)	-	-	-	-	-	(296)
Loss on marketable securities available for sale (note 4)	-	-	-	-	-	(1)	(1)
Shares cancelled (note 17)	-	(46)	(30)	-	-	-	(76)
Treasury shares (note 17)	-	-	-	(2)	-	-	(2)
Change in cumulative translation adjustment	-	-	-	-	400	-	400
Balance - August 31, 2025	1,657	15,346	15,770	(2)	2,206	(5)	34,972

The accompanying notes are an integral part of these consolidated financial statements.

THE CALDWELL PARTNERS INTERNATIONAL INC.
CONSOLIDATED STATEMENTS OF CASH FLOW
(in \$000s Canadian)

	<i>Twelve months ended</i>	
	<i>August 31, 2025</i>	<i>August 31, 2024</i>
Cash flow provided by (used in)		
Operating activities		
Net earnings for the period	2,562	4,188
Add (deduct) items not affecting cash:		
Depreciation of property and equipment (note 5)	414	428
Depreciation of right-of-use assets (note 12)	1,316	1,586
Amortization of intangible assets (note 6)	56	55
Amortization of advances	800	643
Interest expense on lease liabilities (note 12)	388	715
Share based payment expense (note 17)	259	259
Gain on unrealized foreign exchange on subsidiary loans	(44)	(34)
Gain related to equity securities obtained through search activities	-	(28)
Losses related to equity accounted associate (note 4)	113	412
Impairment of fixed assets (note 10)	560	-
Net gain on recognition of finance lease receivable (notes 10 and 12)	(381)	-
Net gain on lease modification	-	(7,741)
Changes in working capital (note 18)	(2,414)	749
Net cash generated from operating activities	3,629	1,232
Investing activities		
Purchase of property and equipment (note 5)	(391)	(460)
Payment of advances	(1,386)	(1,210)
Repayment of advances	1,068	-
Sale of marketable securities	-	68
Purchase of term deposits	(4,123)	-
Purchase of marketable securities	-	(64)
Net cash used in investing activities	(4,832)	(1,666)
Financing activities		
Payment of lease liabilities (note 12)	(1,766)	(1,930)
Payment of dividends	(222)	-
Purchase of treasury shares (note 17)	(78)	-
Sublease payments received	-	16
Net cash used in financing activities	(2,066)	(1,914)
Effect of exchange rate changes on cash and cash equivalents	71	(71)
Net decrease in cash and cash equivalents	(3,198)	(2,419)
Cash and cash equivalents, beginning of year	19,634	22,053
Cash and cash equivalents, end of period	16,436	19,634

The accompanying notes are an integral part of these consolidated annual financial statements.

THE CALDWELL PARTNERS INTERNATIONAL INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED AUGUST 31, 2025 AND AUGUST 31, 2024

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

1. General Information

The Caldwell Partners International Inc. (the “Company”) 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.

The Company was incorporated by articles of incorporation under the Business Corporations Act (Ontario) on August 22, 1979 and is listed on the Toronto Stock Exchange (symbol: CWL). The shares also trade on the OTCQX Market in the United States (OTCQX: CWLPF). The Company’s head office is located at 130 Adelaide Street West, Suite 2310, Toronto, Ontario. The Company operates in Canada, the United States and Europe.

2. Basis of Presentation

These consolidated financial statements have been prepared in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

The Board of Directors approved these consolidated financial statements for issue effective November 20, 2025.

3. Summary of Material Accounting Policies, Judgments and Estimation Uncertainty

The material accounting policies used in the preparation of these consolidated financial statements are described below.

Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial assets and financial liabilities to fair value.

Consolidation

These consolidated financial statements include the assets and liabilities and results of operations of the Company and its wholly owned subsidiaries. In the United States, the subsidiaries are The Caldwell Partners International Ltd. and IQTalent Partners, Inc. In the United Kingdom, the subsidiary is The Caldwell Partners International Europe, Ltd.

All intercompany transactions and balances are eliminated on consolidation.

Subsidiaries are all those entities over which the Company has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity

and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date control ceases.

Business Combinations

Business combinations resulting in control are accounted for using the acquisition method as of the date when control is transferred to the Company. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued, and liabilities assumed at the date of acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Company's share of the identifiable tangible and intangible net assets acquired is recorded as goodwill. The Company records contingent consideration agreements at fair value, which are classified at fair value through profit or loss with movements in the fair value being recognized within general and administrative expenses in the consolidated statements of earnings. Transaction costs that the Company incurs in connection with a business combination, other than those associated with the issue of debt or equity securities, are expensed as incurred.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing the performance of the operating segments, has been identified as the Chief Executive Officer. The Company operates through two distinct segments - retained executive search and analytics solutions are conducted as *Caldwell*, and on-demand talent acquisition augmentation solutions are conducted as *IQTalent*.

Foreign currency translation

(i) Functional and presentation currency

The financial statements of the parent company and each subsidiary in the consolidated financial statements of The Caldwell Partners International Inc. are measured using the currency of the primary economic environment in which the subsidiary operates (the "functional currency"). The functional and presentation currency of the Company is the Canadian dollar. The functional currency of the subsidiaries located in the United States is the US dollar. The functional currency of the subsidiary located in the United Kingdom is the British pound sterling.

The financial statements of subsidiaries that have a functional currency different from the presentation currency are translated into Canadian dollars as follows: assets and liabilities at the closing rate at the date of the consolidated statements of financial position, and income and expenses at the average rate of the period (as this is considered a reasonable approximation of the actual rates prevailing at the transaction dates). All resulting changes are recognized in other comprehensive income as cumulative translation adjustments.

If the Company disposes of its entire interest in a foreign subsidiary, or loses control over a foreign subsidiary, the foreign currency gains or losses accumulated in other comprehensive income related to the foreign subsidiary are recognized in profit or loss.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of these transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than an entity's functional currency are recognized in the consolidated statements of earnings, within foreign exchange loss (gain).

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held with banks and other short-term highly liquid investments with original maturities of three months or less.

Term Deposits

The Company may, from time to time, invest in certain highly-liquid term deposits with maturity dates more than three months, but less than six months, at the date of acquisition. Term deposits are recorded at their fair value on the date of acquisition and carried at amortized cost.

Advances

Advances are sign-on payments made to employees to join the Company. Such amounts may be recouped if the employee leaves the Company before a contractually stipulated period of time has lapsed, typically up to 48 months from their start date. The advances are amortized to cost of sales on a straight-line basis over the life of the contractual recoupment period.

Certain sign-on payments may be recouped against future billings. Such sign-on payments are recognized as an asset in Prepaid expenses and other assets on the balance sheet, with future billings reducing the outstanding amount.

The nature of the sign-on payments is determined by the contractual terms of the employee agreement and is set at inception.

Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial assets and liabilities are offset, and the net amount is reported in the consolidated statements of financial position when i) there is a legally enforceable right to offset the recognized amounts and ii) there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expires.

The Company classifies its financial assets in the following measurement categories:

- Those to be measured at fair value (either through OCI or through profit or loss); and
- Those to be measured at amortized cost.



The classification depends on the Company's business model for managing the financial assets and financial liabilities and the contractual terms of the cash flows.

(i) Financial assets

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

The company assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortized cost. Lifetime expected credit losses represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Accounts receivable

For accounts receivable, the Company applies the simplified approach permitted by IFRS 9, which requires lifetime expected credit losses to be recognized at the time of initial recognition of the accounts receivable. The Company's expected credit loss model involves a component of price concession provided to customers.

Accounts receivable are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, significant financial difficulty of the obligor, delinquencies in payments, and when it becomes probable the client will enter bankruptcy or other financial reorganization. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

Investments

The Company's investments consist of equity investments in clients, a convertible promissory note receivable representing a strategic investment in an artificial intelligence-enabled candidate sourcing business, and investments in associates.

Equity investments in clients

The Company holds certain equity investments in its clients as a portion of its search fee. Such investments are generally held for long periods as they are illiquid, often requiring a client company sale or initial public offering to allow the sale of the marketable security. The Company's standard policy is to sell such investments as soon as reasonably possible once a liquidity event occurs. The Company classifies its equity investments in clients at fair value through OCI (FVOCI) due to their long-term and illiquid nature. All future disposals of these marketable securities will result in the accumulated gains or losses remaining in accumulated OCI.

Convertible Promissory Note Receivable

The Company also made an investment which has a conversion option to equity upon the occurrence of specific events. This investment is classified as fair value through profit or loss (FVPL).

Associates

Investments in entities over which the Company has significant influence are classified as associates. Significant influence is presumed to exist where, either directly or indirectly, the

Company holds between 20% and 50% of the voting rights of an entity. Significant influence also may exist where less than 20% of the voting rights of an entity are held, for example if the Company has influence over policy-making processes through representation on the entity's Board of Directors, or by other means.

Investments in associates are accounted for using the equity method. Under the equity method, such investments are initially measured at cost and are adjusted thereafter for the post-acquisition change in the Company's share of the net assets of the investment. In applying the equity method for an investment that has a different reporting period than that of the Company, adjustments are made for the effects of any significant events or transactions that occur between the reporting date of the investment and the Company's reporting date.

(ii) **Financial liabilities**

Financial liabilities at amortized cost include accounts payable and compensation payable which are initially recognized at the amount required to be paid, less a discount to reduce the payables to fair value. Subsequently, financial liabilities at amortized cost are measured at amortized cost using the effective interest method. Financial liabilities are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced. Repairs and maintenance costs are charged to the consolidated statements of earnings during the period in which they are incurred.

The major categories of property and equipment are depreciated as follows:

Furniture and equipment	20% declining balance
Computer equipment	30% declining balance
Computer application software	straight-line over three years
Leasehold improvements	straight-line over the term of the lease

Residual values, methods of depreciation and useful lives of the assets are reviewed annually and adjusted if appropriate.

Gains and losses on disposal of property and equipment are determined by comparing the proceeds with the carrying amount of the asset and are included as part of general and administrative expenses in the consolidated statements of earnings.

Impairment of non-financial assets

Property and equipment, right-of-use assets and definite life intangible assets (other than goodwill) are tested for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units or CGUs). The recoverable amount is the higher of an asset's fair value, less costs to sell and value in use (which is the present value of the expected future cash flows



of the relevant asset or CGU). An impairment loss is recognized to the extent that the asset's carrying amount exceeds its recoverable amount. Impairment losses are assessed for potential reversals whenever events or circumstances warrant such consideration.

Goodwill acquired through a business combination is allocated to each CGU or group of CGUs that are expected to benefit from the related business combination. A group of CGUs represents the lowest level within the Company at which the goodwill is monitored for internal management purposes, which is not higher than an operating segment. Goodwill is reviewed for impairment annually or if an indicator of impairment exists. Any potential goodwill impairment is identified by comparing the recoverable amount of the CGU grouping to which the goodwill is allocated to the carrying value of the CGU, including the allocated goodwill. If the recoverable amount is less than its carrying value, an impairment loss is recognized in the consolidated statement of income in the period in which it occurs. Impairment losses on goodwill are not subsequently reversed if conditions change.

Commission and bonus plans (short-term incentive plans)

The Company recognizes a liability and an expense for bonuses and commissions, based on performance measures relevant to the particular employee group. Revenue-producing employees in the Caldwell executive search business earn bonuses tied directly to individual and team revenue production, net of provisions. Management bonuses are primarily determined based on achievement of planned revenue and operating profit levels, approved by the Board of Directors at the outset of the fiscal year. The Company recognizes the expense and compensation payable in the year such performance levels are attained. To the extent revenue is deferred for recognition in a future period, the Company will also defer the related amount of estimated compensation expense directly associated with such deferred revenue.

Stock-based compensation (long-term incentive plans)

The Company has granted and may grant performance stock units, deferred stock units and stock options periodically to certain employees, directors and contractors.

Performance stock units (PSUs) are notional common shares of the Company that cliff vest three years from the date of grant and are settled in cash. The amount to be paid on vesting is dependent on the Company's share price at the vesting date and the calculated performance factor. Performance factors range from 50% and 150% based on the Company's actual revenue and net operating profit performance compared to targets set by the Board of Directors each year. Compensation expense is recognized on a straight-line basis over the three-year vesting period. Any notional dividend awards and changes in performance factors and fair value are reflected in current period compensation expense in proportion to the amount of the vesting period that has lapsed, with the balance being amortized straight-line over the remaining vesting period.

Deferred stock units (DSUs) are notional shares of the Company that are issued to the Board of Directors as a component of their annual retainer. DSU balances are adjusted for notional dividends received on the holdings, as applicable. Each non-employee Board Member receives approximately 50% of the annual retainer in cash and 50% in the form of DSUs issued at fair value on the date of the grant, which track the performance of the Company's common shares over time. These DSUs vest upon grant, but are redeemable only when the Board Member leaves the Board, at which time they are settled in cash. DSUs are recorded as compensation expense at the fair value of the units when issued. Any notional dividend awards and subsequent changes in the fair value of DSUs are recorded in current period compensation expense when the change occurs.



The awards of PSUs and DSUs have been recorded in current or non-current compensation payable depending on when they vest or when they are expected to be redeemed, respectively.

Stock options currently outstanding vest over three to five years and have a contractual life of five years. Fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. Compensation expense is recognized over the tranche's vesting period by increasing contributed surplus based on the number of awards expected to vest.

Provisions

Provisions, where applicable, are recognized when the Company has a present legal or constructive obligation as a result of past events and it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period and are discounted to present value where the effect is material.

Income taxes

Income taxes comprise both current and deferred tax. Income tax is recognized in the consolidated statements of earnings except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in which case the income tax is also recognized in other comprehensive income or directly in equity.

Current income taxes are the expected taxes payable on the taxable income for the year, using tax rates enacted or substantively enacted, at the end of the reporting period, and any adjustment to taxes payable in respect of previous years.

In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the consolidated statements of financial position dates and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary difference can be recognized.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are presented as non-current.

Revenue

Revenue consists of i) professional fees, ii) license fee revenue and iii) direct expense reimbursements.

(i) Professional fees

Professional fees are generated from the Company's retained executive search and on-demand talent acquisition businesses.

Caldwell (executive search)

Professional fees arising from the Caldwell's executive search engagement performance obligation are recognized over time as clients simultaneously receive and consume the benefits provided by the Company's performance. Generally, each executive search contract contains one performance obligation which is the process of identifying potentially qualified candidates for a specific client position. In most contracts, the transaction price includes both fixed and variable consideration. Fixed consideration is comprised of a retainer, equal to approximately one-third of the estimated first-year compensation for the position to be filled and indirect expenses, equal to a specified percentage of the retainer, as defined in the contract. The Company generally bills its clients for its retainer and indirect expenses in one-third increments over three months commencing in the month the contract is executed. If actual compensation of a placed candidate exceeds the original compensation estimate, the Company is often authorized to bill the client for one-third of the excess compensation. The search industry and the Company refer to this additional billing as uptick revenue. In most contracts, variable consideration is comprised of uptick revenue and reimbursable direct expenses. The Company bills its clients for uptick revenue upon completion of the executive search and direct expenses are billed as incurred.

Professional fees are recognized when the Company has satisfied a performance obligation by transferring services to a client. Professional fees from standard executive search engagements are recognized over the expected average performance period, in proportion to the estimated effort to fulfill the Company's obligations under the engagement terms.

The Company's method of revenue recognition involves a three-step evaluation and application:

1. First, the average length of time it takes to substantially complete the Company's performance obligation is determined. This represents the total period over which professional fee revenue is to be recognized. This performance period is defined as the number of days elapsed from beginning the search to completing all candidate interviews. The average performance period across all of the searches completed by the Company during the trailing two fiscal years is calculated, providing a large and representative sample size. The performance period fluctuates from period to period but has historically averaged approximately three months.
2. Second, the distribution of work effort throughout the performance period is examined. This distribution determines the proportion of professional fee revenue to recognize over the performance period. The work effort distribution calculation also fluctuates from period to period, so the calculation is averaged over the trailing two fiscal years. Typically, work effort is concentrated in the first half of the performance period.
3. Third, the total revenue for each search engagement to be recognized is estimated which will then be recognized over the performance period and in proportion to the work effort. Estimated total professional fees for the life of each search include total retainer payments outlined in engagement letters and, an estimate of uptick revenue expected to be received at the time of successful placement of a candidate and an estimate of price concessions provided to customers through the expected credit loss model. The uptick revenue amount is estimated, in aggregate, by assessing the total amount of uptick revenue during the trailing 24-month period relative to the amount of retainer revenue billed following our contracts.

Deferred Revenue and Unbilled Revenue

The Company's revenue recognition policy creates differences in the timing between the revenue recognition period and the billing period to its clients. As a result, the amount of revenue invoiced



and billed to clients on each search is compared to the amount of revenue which should be recognized as calculated by the Company's revenue recognition model.

Deferred and Unbilled Revenue

When aggregate amounts billed to clients exceed the calculated revenue to be recognized, the Company defers the excess amount billed for recognition in future periods and adjusts the related compensation expense. This excess amount billed is recorded through a deferred revenue liability and a reduction in compensation payable related to such revenue.

When aggregate amounts billed to clients are less than the calculated revenue to be recognized, the Company recognizes additional revenue in the current period for amounts to be billed in future periods. This additional revenue is recorded through an unbilled revenue asset. The Company estimates the compensation payable due related to the total recognized revenue and records an increase in compensation payable related to the unbilled revenue.

Beginning in fiscal 2025, deferred revenue and unbilled revenue are presented on gross basis on the consolidated statements of financial position, instead of a net basis, with no restatement of prior period comparatives.

Professional fees involving equity

Professional fees are paid to the Company predominantly in the form of cash and, on occasion, in the form of equity interests in the Company's clients as a portion of the search fee. These interests may take the form of common stock, preferred stock, restricted stock, warrants, options or similar instruments depending on the client and the agreement. Equity payments occur most commonly in venture capital and private equity backed entities where executive cash compensation is often lower due to the executive receiving compensation more prominently in equity as well as a desire by early-stage companies to preserve cash. If equity is a component of our professional fee, an estimate of the fair value to be realized at the date of grant when the search is concluded is treated similar to uptick revenue and included in professional fees. Per our partner compensation plan, a share of the equity instruments is transferred and assigned beneficially to the partners as their form of compensation on such instruments. As a result, the gross asset value and compensation payable are offset, with the investment recorded at the net amount to which the Company has economic rights. Prospective changes in the fair value of the net investment amount are recorded in other comprehensive income as outlined in the above IFRS 9 discussion and in note 4 to the consolidated annual financial statements.

IQTalent (on-demand talent acquisition augmentation)

Professional fees arising from IQTalent's on-demand talent acquisition augmentation managed services are recognized over time as clients receive and consume the benefits provided. Generally, each talent acquisition augmentation managed services contract contains one performance obligation which is the process of identifying potentially qualified candidates for a specific client position. In each transaction, the price includes an hourly rate to be billed over the number of hours expended on the engagement. IQTalent generally bills its clients monthly in arrears, based on the actual number of hours incurred during the period. Revenue is recognized based on the hours spent on the engagement, times the rate agreed to per the contract.

(ii) Direct expense reimbursements

The Caldwell executive search business incurs reimbursable direct out-of-pocket expenses in the performance of its services for items such as candidate and partner travel, meals,



accommodation, third-party executive assessments, background checks and other costs directly identifiable to a specific search assignment. Such costs are incurred and paid by the Company and are in turn billed to the Company's clients. Under IFRS 15, the Company is deemed to be a principal regarding these transactions as the vendors are selected by the Company and the obligation to pay the vendors is borne by the Company. As such, the Company shows the gross amounts of direct expenses billed and recovered from clients as revenue, with the offsetting gross amounts incurred as cost of sales expenses.

Cost of sales

Cost of sales includes direct costs associated with the generation of professional fees, which is both variable and fixed compensation, and the related costs of employees involved in search activities. When professional fees are either deferred or accrued as unbilled revenue, the related amount of estimated compensation expense directly associated with such professional fees is also deferred or accrued, respectively. This expense deferral or accrual is recorded as a reduction or increase in compensation payable in the consolidated statements of financial position.

Leases

At the inception of a contract, the Company assesses whether it is or contains a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

A right-of-use asset and a corresponding lease liability are recognized at the date a leased asset is available for use by the Company. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove or restore the underlying asset, less any lease incentives received. The lease liability is initially measured at the present value of the lease payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate is used to calculate present value. The lease term determined by the Company is comprised of the non-cancellable period of the lease contract, as well as options to terminate or extend the lease term if the exercise of either option is reasonably certain.

Right-of-use assets are subsequently measured at cost less depreciation on a straight-line basis and reduced to reflect impairment losses (if any) and adjusted for any remeasurement of the lease liability. After the lease commencement date, lease liabilities are measured at amortized cost using the effective interest method, which increases the liability amount to reflect interest on the lease liability, reduces the liability carrying amount to reflect lease payments made and also reflects any remeasurement or lease modifications. If a remeasurement to the lease liability is deemed necessary, a corresponding adjustment is also made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. Payments related to short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss over the respective lease terms. Short-term leases are leases with a lease term of 12 months or less.

Finance lease receivable

When the Company acts as an intermediate lessor by subleasing a leased asset, the sublease is classified as either a finance lease or an operating lease based on whether substantially all of the risks and rewards related to the underlying right-of-use asset are transferred to the sublessee. If classified as a finance sublease, the related right-of-use asset is derecognized and a sublease



asset is recognized, with the gain or loss recognized in the consolidated statements of earnings. In measuring the sublease asset, the Company applies the head lease discount rate, adjusted for any direct costs related to procuring the sublease, such as brokerage fees, unless the rate implicit in the sublease is determinable. The sublease asset is subsequently measured using the effective interest rate method, with the interest income recognized over the term of the sublease. For operating subleases, rental income over the term of the sublease is recognized on a systematic basis over the term of the sublease.

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.

Dividends

Dividends on common shares are recognized in the Company's financial statements in the period in which the dividends are approved by the Board of Directors of the Company.

Treasury shares

When the Company repurchases its own equity instruments, these instruments are treated as treasury shares and are deducted from equity at their cost. Upon cancellation, any gain or loss is recognized in Contributed Surplus. No gain or loss is recognized in the consolidated annual statement of earnings on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Earnings per share

Basic earnings per share (EPS) is calculated by dividing the net earnings for the period attributable to equity owners of the Company by the weighted average number of common shares outstanding during the period.

Diluted EPS is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. The number of shares included with respect to options and similar instruments is computed using the treasury stock method. The Company's potentially dilutive instruments consist of stock options.

The accounting policies adopted are consistent with those of the previous fiscal year except as noted below.

Recently Adopted Accounting Standards

Classification of Liabilities as Current or Non-current

On January 23, 2020, the International Accounting Standards Board (IASB) issued amendments to IAS 1 Presentation of Financial Statements, to clarify the classification of liabilities as current or non-current. On October 31, 2022, the IASB issued Non-current Liabilities with Covenants (Amendments to IAS 1) (the 2022 amendments), to improve the information a company provides about long-term debt with covenants. The 2020 amendments and the 2022 amendments (collectively "the Amendments") are effective for annual periods beginning on or after January 1, 2024. Early adoption is permitted. A company that applies the 2020 amendments early is required to also apply the 2022 amendments. The Company adopted these amendments in its consolidated financial statements for the annual period beginning September 1, 2024. The



adoption of these amendments did not have a material impact on the Company.

Accounting standards issued but not yet applied

Presentation and disclosure in financial statements (IFRS 18)

IFRS 18 was issued in April 2024 and applies to an annual reporting period beginning on or after 1 January 2027. The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.

IFRS 18 promotes a more structured income statement. In particular, it introduces a newly defined 'operating profit' subtotal and a requirement for all income and expenses to be classified into three new distinct categories, namely operating, investing and financing, based on a company's main business activities. Companies often use 'non-GAAP' information to explain their financial performance because it allows them to tell their own story and provides investors with useful insight into a company's performance. IFRS 18 requires some of these 'non-GAAP' measures to be reported in the financial statements. To provide investors with better insight into financial performance, the new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether material information is included in the primary financial statements or is further disaggregated in the notes.

The Company intends to adopt these amendments in its consolidated financial statements for the annual period beginning September 1, 2027. The Company is assessing the impact of this standard on its reporting.

Critical accounting estimates and judgments

The Company makes estimates and assumptions concerning the future that will, by definition, seldom equal actual results. The following are the estimates and judgments applied by management that most significantly affect the Company's consolidated financial statements. These estimates and judgments have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The following discussion sets forth management's most significant estimates and assumptions in determining the value of assets and liabilities, and the most significant judgments in applying accounting policies.

Revenue recognition

The Caldwell executive search business' method of revenue recognition requires it to estimate the expected average performance period and the percentage of completion, based on the proportion of the estimated effort to fulfill the Company's obligations throughout the expected average performance period for its executive searches. Differences between the estimated percentage of completion and the amounts billed will give rise to either a deferral of revenue to a future period or an accrual of revenue to the current period. Changes in the average performance period or the proportion of effort expended throughout the performance period for its executive searches could lead to an under or overvaluation of revenue.

The executive search business' method of revenue recognition also requires it to estimate the total expected revenue at the beginning of each contract, which requires the Company to estimate uptick revenue on open searches, based on historic uptick rates. Changes in average uptick rates on executive searches could lead to an under or overvaluation of revenue.



Further information on unbilled and deferred revenue is included in note 14.

Allowance for doubtful accounts

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance model in determining the loss for all accounts receivable. Accounts receivable have been grouped based on shared credit risk characteristics and the days past due to measure expected credit losses. Substantial judgment is involved based on the circumstances of individual accounts and the estimated performance of the portfolio. The majority of accounts provided for result from client concessions to maintain a positive brand in the marketplace and relationships with client contacts based on circumstances unique to each search. While there are some accounts that are provided for due to credit reasons, it is often difficult to completely isolate provisions between client concessions and credit risk. Provision amounts are therefore aggregated as professional fee adjustments.

Compensation accruals

Partner commissions in the executive search business are based on a per partner basis on amounts billed during a respective year and collected within a certain timeframe. These collections are then subject to a commission grid that escalates as the individual collects more. Assumptions are made regarding what each partner's full year collections will be in order to set an estimated commission tier to accrue compensation expense throughout the year. Full year partner collection results, actual operating results and changes in share price that differ from management's current estimates would affect the results of operations in future periods.

Impairment of goodwill

The Company tests at least annually whether goodwill is subject to any impairment in accordance with the accounting policy. Various assumptions are made in performing this test, including estimates of future revenue streams, operating costs and discount rates. These assumptions are disclosed in note 7. Future results that differ from management's current estimates would affect the results of operation in future periods.

Valuation of equity interests in clients

It can be difficult to obtain valuation information on equity interests held in clients. Equity instruments are most often in privately held companies without a specific obligation to share ongoing business performance and valuation information. The Company values such interests in accordance with its financial instruments policy with available information. As a result, the current and future valuation of these interests could differ materially from current estimates.

4. Investments and equity-accounted associates

The Company's investments comprise various investments whose gains and losses are recorded as either fair value through OCI or fair value through profit or loss, and equity-accounted investments.

Investment and other income:

	Twelve months ended August 31	
	2025	2024
Net loss on investment in associate	(113)	(412)
Interest Income on term deposits	420	545
Total fair value through profit or loss	307	133
Interest on the ERTC refund by IRS (note 10)	89	-
Investment and other income	396	133

Investment In Associate

On March 1, 2023, the Company announced the spin-off of its software business from its IQTalent business segment. IQTalent contributed its proprietary software and its dedicated product and development team into a newly formed entity, IQRecruit, Inc. ("IQRecruit") in exchange for approximately 41.9% of the new entity. IQRecruit is currently conducting business under the brand name "HootRecruit". Throughout the year, IQRecruit issued additional equity to its employees as well as outside investors in which the Company did not participate. As a result, its ownership was diluted to 28.6% as at August 31, 2025. While the Company owns 28.6% of the economic interest in IQRecruit Inc., its voting rights are limited to 20% in accordance with the shareholder agreement. As a result, the Company has concluded that it has significant influence over this investment, and accounts for it using the equity method. As required by the equity method of accounting, the carrying amount of the equity investment has been adjusted to reflect the Company's share of IQRecruit's loss. IQTalent was a user and client of the IQRecruit platform through a licensing arrangement that management believes approximated an arm's length client. This arrangement ended in March 2025.

As at August 31, 2025, the value of this equity investment was \$816 (August 31, 2024: \$911). The Company's share of IQRecruit's net losses, including dilution losses, was \$113 for the year ended August 31, 2025 (\$412 for the year ended August 31, 2024).

Convertible Promissory Note Receivable

On November 23, 2021, the Company invested \$500 USD (\$687 CAD at August 31, 2025 and \$675 CAD at August 31, 2024) in Skyminyr, Inc. doing business as HelloSky ("HelloSky"), an early-stage company with an artificial intelligence software platform designed to deliver the power of human capital intelligence through a combination of behavioural analytics, sector mapping, and relationship intelligence. The Company is also working with HelloSky as a client, leveraging its candidate search capabilities into search processes at both IQTalent and Caldwell.

The investment is in the form of a convertible promissory note receivable (the "Note") accruing interest at 5% per annum. The Note and any accrued interest are convertible into shares of



common stock of HelloSky upon certain events such as a change of control or a public offering of its common shares. At the date of investment, the Note's conversion option represented a 4% equity stake in HelloSky. The Note is also convertible at any time at the Company's option. Additionally, the outstanding principal and unpaid accrued interest on the Notes became due and payable upon demand beginning November 15, 2023, at the election of a majority of Noteholders who invested at the same time as the Company. As at August 31, 2025, no such election had been made. The Note is classified as fair value through profit or loss.

For the year ended August 31, 2025, gains or losses related to the Note were \$nil (2024: \$nil).

Interest Income

We currently invest cash balances in highly-liquid cash equivalent investments including term deposits, certificates of deposit and cash savings accounts. These investments are presented as part of cash and cash equivalents on the consolidated statement of financial position, and generate interest income.

For the year ended August 31, 2025, investment income included \$420 interest on term deposits (2024: \$545).

Fair value through OCI:

Marketable Securities

The Company's marketable securities at August 31, 2025 and August 31, 2024 include equity securities obtained through search fees being paid partially in equity of the client, which are held for long-term investment until there is a market for sale. All are classified as fair value through other comprehensive income.

Client equity investments were \$98 and \$96 at August 31, 2025 and August 31, 2024, respectively. During fiscal 2025, net realized losses on marketable securities of \$nil (2024: \$nil) and net unrealized loss of \$1 (2024: gains of \$35) were recognized as part of other comprehensive income.

5. Property and Equipment

	Furniture and equipment	Computer equipment	Computer application software	Leasehold Improvements	Total
At August 31, 2024					
Opening net book value	321	519	-	939	1,779
Additions	133	254	-	73	460
Disposals	-	-	-	(114)	(114)
Depreciation for the year	(75)	(201)	-	(152)	(428)
Exchange differences	(14)	24	-	(9)	1
Closing net book value	365	596	-	737	1,698

At August 31, 2024

Cost	3,051	4,090	764	5,011	12,916
Accumulated Depreciation	(2,686)	(3,494)	(764)	(4,274)	(11,218)
Net Book Value	365	596	-	737	1,698

At August 31, 2025

Opening net book value	365	596	-	737	1,698
Additions	11	215	52	113	391
Impairment	(78)	-	-	(482)	(560)
Depreciation for the year	(71)	(214)	-	(129)	(414)
Exchange differences	9	6	-	1	16
Closing net book value	236	603	52	240	1,131

At August 31, 2025

Cost	1,126	4,253	52	640	6,071
Accumulated Depreciation	(890)	(3,650)	-	(400)	(4,940)
Net Book Value	236	603	52	240	1,131

6. Intangible Assets

Intangible assets consist of the acquired client list from IQTalent and the rights to use the domain address “caldwell.com”, acquired in 2021 from a third party for a purchase price of \$108. Both are stated at cost less accumulated amortization, and each is being amortized on a straight-line

basis in the consolidated statements of earnings to general and administrative expenses over its respective estimated useful life of five years.

	Twelve months ended August 31	
	2025	2024
Opening net book value	88	142
Amortization for the year	(56)	(55)
Exchange differences	2	1
Closing net book value	34	88

	As at August 31	
	2025	2024
Cost	260	260
Accumulated amortization	(226)	(172)
Net book value	34	88

7. Goodwill

	Twelve months ended August 31	
	2025	2024
Opening net book value	11,186	11,214
Exchange differences	171	(28)
Closing net book value	11,357	11,186

	As at August 31	
	2025	2024
Caldwell United States	2,044	2,007
IQ Talent	7,313	7,179
Caldwell Canada	2,000	2,000
Closing net book value	11,357	11,186

In assessing goodwill for impairment as at August 31, 2025, the Company compared the aggregate recoverable amount of the assets included in its CGUs', namely Caldwell United States, Caldwell Canada and IQTalent, to their respective carrying amounts. In each case, the recoverable amount has been determined based on the estimated value-in-use of the CGU using cash flow forecasts which were determined based on Board of Directors-approved budgets for the next fiscal year and forecasts for an additional four years, and using the following assumptions to extend the cash flows into future periods:

	2025		
	Caldwell United States	IQTalent	Caldwell Canada
Average 5-year growth rate	4.5%	9.6%	4.9%
Long-term growth rate	2.0%	2.0%	2.0%
Average 5-year projected gross margin	22.2%	28.9%	26.2%
Pre-tax discount rate	16.1%	18.1%	16.1%

	2024		
	Caldwell United States	IQTalent	Caldwell Canada
Average 5-year growth rate	7.5%	20.7%	3.9%
Average 5-year projected gross margin	20.8%	26.9%	25.1%
Pre-tax discount rate	17.5%	18.1%	17.5%

These assumptions are subjective judgements based on the Company's experience, knowledge of operations and knowledge of the economic environment in which it operates. If future cash flow projections, long-term growth rates or pre-tax discount rates are different from those used, it is possible that the outcome of future impairment tests could result in a different outcome with a CGU's goodwill being impaired.

The estimated recoverable amount of the IQTalent CGU exceeded its carrying amount by approximately \$596 (2024: \$4,762). A decrease in the projected revenue growth, partially offset by an improvement in the gross margin, drove the year-over-year decrease. The Company has estimated that, in isolation, a pre-tax discount rate of 19.1%, a gross margin of 28.1%, or an average 5-year revenue growth rate of 5.8% could cause the carrying amount to equal the recoverable amount.

The impairment tests performed over the Caldwell United States, Caldwell Canada and IQTalent goodwill resulted in no impairment as at August 31, 2025 or 2024. The goodwill for Caldwell United States and IQTalent are denominated in US dollars and their balances fluctuate each period due to exchange rate changes.

8. Nature of Expenses

The details of the nature of expenses in arriving at operating profit is as follows:

	Twelve months ended August 31	
	2025	2024
Compensation costs	86,389	73,808
Occupancy costs, including ROU asset depreciation	4,216	4,827
Search execution materials	2,435	2,814
Sales and marketing	1,802	1,809
Audit, insurance and investor relations	960	938
Reimbursed direct expenses	802	839
Annual partner conference	765	-
Legal and consulting	528	171
Partner recruitment expenses	526	846
Depreciation of property and equipment (note 5)	414	428
Amortization of intangible assets (note 6)	56	55
Other expense (income) (note 10)	112	(7,979)
Other	1,317	1,536
Total	100,322	80,092

9. Compensation of Key Management

Key management includes the Board of Directors and four officers of the Company. Key management compensation does not include separation payments that are recorded as part of other expenses.

	Twelve months ended August 31	
	2025	2024
Salaries, bonuses and short-term benefits	2,875	2,865
Share-based compensation expense	461	664
	3,336	3,529

10. Other Expense and Income

	Twelve months ended August 31	
	2025	2024
Separation payments	275	1,089
Exit of leased facilities	324	(9,068)
Employee retention tax credits	(487)	-
Other expense (income), net	112	(7,979)

Separation payments

In the third quarter of 2025, IQTalent reduced its workforce, reducing management staffing and excess client service capacity. This resulted in the recognition of \$275 in severance expenses, presented as part of Other Expense and Income.

On October 6, 2023, the Company announced that David Windley was stepping down as President of IQTalent and resigning from the Caldwell Board of Directors. Related separation payments totaling \$1,089 were recognized as part of Other Expense and Income. As of May 31, 2025, all amounts had been paid.

Exit of leased facilities

In May 2025, the Company finalized the sublease of its Toronto office for the remainder of the head lease term. The sublease was classified as a finance sublease. The Company derecognized \$1,502 of the related right-of-use asset and \$560 of fixed assets, and recognized a finance lease receivable of \$1,883, as well as a brokerage fee payable of \$145. The net impact was a loss of \$324, presented as part of Other Expense and Income on the consolidated annual statement of earnings.

On November 30, 2023, the Company negotiated a full penalty-free termination of its leased facilities for IQTalent in Nashville. As a result, in the first quarter of fiscal 2024, the Company derecognized the related lease liability, right-of-use asset, fixed assets, and other liabilities for direct charges related to the space, less certain professional fees related to the lease and its termination. This resulted in a net lease termination gain of \$9,068. The Company recognized expenses of \$236 related to other direct charges such as operating expenses payable to the landlord and certain professional fees. Consistent with the termination agreement, IQTalent vacated space on February 29, 2024.

Employee Retention Tax Credits

In May 2025, notice was received from the US tax authorities that they had approved the Company for a refund of \$575 related to Employee Retention Tax Credits (ERTC), a refundable tax credit established under the CARES Act (Coronavirus Aid, Relief, and Economic Security Act) in response to the COVID-19 pandemic. The application involved detailed documentation to establish that the Company met the criteria established for calendar years 2020 and 2021. Receipt of the credits was subject to review by the Internal Revenue Service (IRS), and was recognized in Other Expense and Income when approved by the IRS in May 2025. Direct expenses of \$88, including consulting fees, were also recognized in Other Expense and Income. Interest income of \$89 was recognized in Investment and other income. The total receivable of \$664 is presented in Prepaid and Other assets on the balance sheet.

11. Compensation Payable

The Company maintains certain incentive plans designed to align compensation with performance. This includes commissions and bonuses for search delivery and support personnel. Such amounts are paid at various points during the year and are short-term in nature.

Acquisition-related compensation pertains to the Company's acquisition of IQTalent in fiscal 2021. While all amounts had been fully amortized by December 31, 2022, \$1,481 was deferred until September 15, 2024, and was presented as part of compensation payable. As of August 31, 2025, all amounts had been settled.

Other compensation payable relates to the Company's restructuring activities undertaken in fiscal 2024, described in note 10. As of August 31, 2025, all amounts had been settled.

Compensation payable consisted of the following:

Current compensation payable

	As at August 31	
	2025	2024
Salaries, commissions and bonuses	30,554	24,004
Acquisition-related and other compensation	-	1,923
Performance Stock Units	217	96
	<u>30,771</u>	<u>26,023</u>

Non-current compensation payable

	As at August 31	
	2025	2024
Deferred Stock Units	322	314
Performance Stock Units	349	378
	<u>671</u>	<u>692</u>

Share-based compensation plans

Performance stock units (PSUs)

A discussion of the PSU plan including its grant components and their terms is set forth in the summary of material accounting policies in note 3 of the consolidated annual financial statements. The estimated cost of the PSU plan is being amortized on a straight-line basis over the three-year vesting period. The performance factor for the Standard PSU grants is currently estimated at a weighted average of 85% for the year ended August 31, 2025 (2024: 77%). PSU expense of \$195 has been recorded for the year ended August 31, 2025 (2024: expense of \$212) within general and administrative expenses in the consolidated statements of earnings.

A summary of the Company's PSU plan is presented below:

	Twelve months ended August 31	
	2025	2024
	Notional units (000s)	Notional units (000s)
Outstanding at beginning of year	1,170	1,437
Granted	550	407
Settled	(147)	(674)
Dividends declared	16	-
Outstanding at end of year	1,589	1,170

Deferred stock units (DSUs)

For the year ended August 31, 2025, DSU expense of \$7 was recorded within general and administrative expenses in the consolidated statements of income (2024: \$192), based on an average unit price of \$0.70 (2024: \$1.03).

A summary of the Company's DSU plan is presented below:

	Twelve months ended August 31	
	2025	2024
	Notional units (000s)	Notional units (000s)
Outstanding at beginning of year	304	268
Granted	153	169
Settled	-	(133)
Dividends declared	5	-
Outstanding at end of year	462	304

12. Leases

(i) Right-of-Use (“ROU”) Assets

A summary of the Company’s right-of-use assets is below:

	Twelve months ended August 31	
	2025	2024
Opening net book value	5,406	13,305
Derecognition	(1,502)	-
Modification	-	(8,607)
Additions	1,956	2,193
Foreign exchange	79	101
Depreciation	(1,316)	(1,586)
Total	4,623	5,406

	As at August 31	
	2025	2024
Cost	7,900	11,723
Accumulated amortization	(3,277)	(6,317)
	4,623	5,406

On November 30, 2023, the Company negotiated a full penalty-free termination of its leased facilities for IQTalent in Nashville. The net impact of this lease modification was \$8,607 reduction in right-of-use assets. The premises were vacated on February 29, 2024, consistent with the lease termination agreement.

Finance lease receivable

	As at August 31	
	2025	2024
Current portion	323	-
Non-Current portion	1,562	-
	1,885	-

In May 2025, the Company finalized the sublease of its Toronto office for the remainder of the head lease term. The sublease was classified as a finance sublease. As a result, the Company derecognized \$1,502 of the related right-of-use asset and recognized finance lease receivable of \$1,883. See note 10 for further details. For the year ended 31 August 2025, sublease interest of \$2 is capitalized as part of the finance lease receivable.

The maturity analysis of lease receivables, including the undiscounted lease payments to be received are as follows:

Twelve months ended August 31, 2026	323
Twelve months ended August 31, 2027	440
Twelve months ended August 31, 2028	454
Twelve months ended August 31, 2029	472
September 1, 2029 and thereafter	275
	<u>1,964</u>
Unearned finance income	<u>(79)</u>
Net investment in the lease	<u>1,885</u>

(ii) Lease Liability

A summary of the Company's lease liability is below:

	Twelve months ended August 31	
	2025	2024
Outstanding at beginning of period	6,502	21,799
Lease modification	-	(16,390)
Additions	1,925	2,177
Lease payments	(1,766)	(1,930)
Foreign exchange	120	131
Interest and accretion expense	388	715
Total	<u>7,169</u>	<u>6,502</u>
	As at August 31	
	2025	2024
Current portion	1,731	1,644
Non-Current portion	5,438	4,858
Total lease liabilities	<u>7,169</u>	<u>6,502</u>

On November 30, 2023, the Company negotiated a full penalty-free termination of its leased facilities for IQTalent in Nashville. The net impact of this lease modification was a \$16,390 reduction in lease liabilities. The premises were vacated on February 29, 2024, consistent with the lease termination agreement.

13. Professional Fees

In certain cases, provisions against certain accounts receivable are recorded for client concession reasons. It is often difficult to distinguish provisions between client concessions and credit concerns. Provision amounts are therefore aggregated and applied against professional fees.

Included within professional fees for the year ended August 31, 2025 is a \$729 recovery related to provisions (August 31, 2024: expense of \$163).

14. Unbilled Revenue and Deferred Revenue

Deferred revenue and unbilled revenue were presented on a net basis on the consolidated statements of financial position. For the year ended August 31, 2025, presentation has been revised to disclose these amounts on a gross basis on the consolidated statement of the financial position.

As at August 31, 2025 aggregate amounts billed to clients were less than the calculated revenue to be recognized. As a result, the Company had a net unbilled revenue asset of \$5,402 (August 31, 2024: \$5,859) and a related increase to compensation payable of \$2,701 (August 31, 2024: \$2,928).

A summary of the gross unbilled and deferred revenue amounts is below:

	As at August 31	
	2025	2024
Unbilled revenue	9,248	7,160
Deferred revenue	(3,846)	(1,301)
	<u>5,402</u>	<u>5,859</u>

15. Income Taxes

	Twelve months ended August 31	
	2025	2024
Current tax:		
Current tax on net earnings for the year	892	415
Deferred tax:		
Origination and reversal of temporary differences	278	1,646
	<u>1,170</u>	<u>2,061</u>

The tax on the Company's earnings before income tax differs from the amount that would arise using the weighted average tax rate applicable to earnings of the consolidated entities as follows:

	Twelve months ended August 31	
	2025	2024
Canadian statutory income tax rate:	25.4%	25.7%
Recognition of previously unrecognized tax (loss) gain	(0.3%)	0.9%
Non-deductible expenses	3.6%	2.8%
Adjustments related to prior years taxes	0.3%	2.5%
Foreign rate differences	-	0.9%
Rate change	0.1%	0.1%
Other	2.2%	0.1%
	<u>31.3%</u>	<u>33.0%</u>

The analysis of deferred tax assets and liabilities is as follows:

	As at August 31	
	2025	2024
Deferred tax assets:		
Deferred tax assets to be recovered after more than 12 months	3,622	3,345
Deferred tax assets to be recovered within 12 months	4,587	4,897
Deferred tax liabilities:		
Deferred tax liabilities to be recovered after more than 12 months	(1,428)	(1,216)
Deferred tax liabilities to be recovered within 12 months	(157)	(175)
Deferred tax assets (net)	6,624	6,851

The movement of the deferred income tax account is as follows:

	Twelve months ended August 31	
	2025	2024
Outstanding at beginning of year	6,851	8,676
(Debit)/Credit to statement of earnings	(278)	(1,646)
(Debit)/Credit Exchange differences	51	(179)
Outstanding at end of year	6,624	6,851

Deferred tax assets

	Compensation payable	Lease Liability	Other	Total
At August 31, 2024	3,081	704	4,457	8,242
Charged/credited) to the statement of earnings	998	259	(1,338)	(81)
Exchange differences	41	3	4	48
At August 31, 2025	4,120	966	3,121	8,209

Deferred tax liabilities

	Excess carrying value of PP&E over tax base	Other	Total
At August 31, 2024	1,204	187	1,391
Charged/credited) to the statement of earnings	217	(17)	200
Exchange differences	6	(12)	(6)
At August 31, 2025	1,427	156	1,585

Deferred income tax assets are recognized for tax loss carry-forwards and other temporary differences to the extent that the realization of the related tax benefit through future taxable earnings are probable. The Company did not recognize deferred income tax assets of \$315 (2024: \$933) that can be carried forward against future taxable income. As at August 31, 2025, the Company has non-capital losses of \$9,432 (2024: \$11,545) and \$nil (2024: \$50) with indefinite expiry dates available to reduce income of future years in the United States and United Kingdom, respectively. The Company also has capital losses of \$2,480 in Canada that can only be utilized against capital gains in Canada and are without expiry date. No deferred tax assets have been recognized for these capital losses.

16. Earnings Per Share

(i) Basic

Basic earnings per share are calculated by dividing the net earnings attributable to owners of the Company by the weighted average number of common shares outstanding during the years.

	Twelve months ended August 31	
	2025	2024
Net earnings for the period attributable to owners of the Company	\$2,562	\$4,188
Weighted average number of common shares outstanding	29,533,945	29,558,932
Basic earnings per share	\$0.087	\$0.142

(ii) Diluted

Diluted earnings per share are calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market price of the Company's outstanding shares for the year), based on the exercise prices attached to the stock options currently outstanding. The number of shares calculated above is compared with the number of shares that would have been issued assuming exercise of the stock options.

	Twelve months ended August 31	
	2025	2024
Net earnings for the period attributable to owners of the Company	\$2,562	\$4,188
Weighted average number of common shares outstanding	29,533,945	29,558,932
Adjustment for stock options	91,333	53,122
Weighted average number of common shares for diluted earnings per share	29,625,278	29,612,054
Diluted earnings per share	\$0.086	\$0.141

For the year ended August 31, 2025, no currently exercisable stock options were excluded for being anti-dilutive (2024: nil).

17. Capital Stock

Common shares

As at August 31, 2025, the authorized share capital of the Company consists of an unlimited number of Common Shares of which 29,470,832 are issued and outstanding (August 31, 2024: 29,558,932). This includes 3,300 treasury shares purchased in the fiscal year and subsequently cancelled in September 2025. The holders of Common Shares are entitled to share equally, share for share, in all dividends declared by the Company and equally in the event of a liquidation, dissolution or winding-up of the Company or other distribution of the assets among shareholders.

On January 27, 2025, the Company announced that the Toronto Stock Exchange the (“TSX”) had accepted the notice (the “Notice”) of our intention to commence a normal course issuer bid (the “Bid”) to purchase for cancellation up to 2,370,191 common shares in the capital of the Company in total, being 10% of the public float of 23,701,905 Common Shares as at January 15, 2025, to be transacted through the facilities of the TSX or through a Canadian alternative trading system, at prevailing market prices or as otherwise permitted. In accordance with the rules of the TSX, unless an applicable exemption can be relied on, the total number of Common Shares the Company is permitted to purchase is subject to a daily purchase limit of 2,300 Common Shares, representing 25% of the average daily trading volume of Common Shares on the TSX calculated for the six-month period ended December 31, 2024, being approximately 9,201 Common Shares. The actual number of Common Shares that may be purchased pursuant to the Bid will be determined by management and the Board of Directors of the Company. The Bid commenced on January 29, 2025 and will terminate on January 28, 2026, or such earlier time as the Bid is completed or terminated at the option of the Company. As of August 31, 2025, the Company has not exercised this option.

91,400 common shares were purchased during the year ended August 31, 2025 at an average price of \$0.85 for a total amount of \$78. Of these, 88,100 shares were cancelled within the fiscal year, the remaining 3,300 shares purchased in the fiscal year were subsequently cancelled in September 2025. A copy of the Notice filed with the TSX in connection with the Bid can be obtained from the Company upon request without charge.

Effective July 9, 2025, the Board of Directors declared a dividend of 0.25 cents per Common Share (one-quarter of a cent per Common Share), payable to holders of Common Shares of record on July 18, 2025, and to be paid on September 12, 2025. The dividend payable of \$74 has been accrued in the Company’s consolidated financial statements as at August 31, 2025.

Stock options

Stock options are granted periodically to directors, officers, employees and contractors of the Company. Cash received on exercise of options for common shares is credited to capital stock. No stock options were issued in 2025. Total outstanding stock options are summarized as follows:

	August 31, 2025		August 31, 2024	
	Number of options outstanding (000s)	Weighted average exercise price	Number of options outstanding (000s)	Weighted average exercise price
Outstanding at end of period	1,365	\$1.37	1,365	\$1.37
Exercisable at end of period	1,365		400	

Options have an exercise price equal to the fair value of the common shares on the date of issuance. Stock option expense of \$259 has been recorded in the year ended August 31, 2025 (2024: \$259).

18. Working Capital, Prepaid Expense and Other Assets

Changes in working capital balances on the consolidated annual statements of cash flow, net of the related currency translation impacts, are summarized as follows:

	Twelve months ended August 31	
	2025	2024
(Increase) decrease in accounts receivable	(5,973)	221
Decrease in income taxes receivable	18	19
Decrease in unbilled revenue, net of deferred revenue	457	2,377
(Increase) decrease in prepaid expenses and other assets	(1,277)	702
Decrease in deferred tax assets	227	1,826
(Decrease) increase in accounts payable	(146)	228
Decrease in other liabilities	-	(1,607)
Increase (decrease) in compensation payable	4,727	(3,617)
Foreign exchange and other	(447)	600
	<u>(2,414)</u>	<u>749</u>

Current assets include prepaid expenses and other assets, detailed below:

	As at August 31	
	2025	2024
IRS refund related to ERTC (note 10)	664	-
Advances and other	1,541	976
Other prepaid assets	1,363	1,351
	<u>3,568</u>	<u>2,327</u>

19. Segmented Information

The following provides a reconciliation of the Company's consolidated statements of earnings by business unit segment to the consolidated results

	Twelve months ended August 31, 2025			
	Caldwell	IQTalent	Elimination	Total
Professional fees	91,251	12,027	(23)	103,255
Direct expense reimbursements	802	-	-	802
Revenues	92,053	12,027	(23)	104,057
Cost of sales	71,949	9,118	(23)	81,044
Reimbursed direct expenses	802	-	-	802
Gross profit	19,302	2,909	-	22,211
Gross profit as a % of professional fees	21.2%	24.2%		21.5%
Selling, general and administrative	15,746	2,618	-	18,364
Other (income) expense	(163)	275	-	112
Operating profit	3,719	16	-	3,735
Interest expense on lease liability	388	-	-	388
Investment and other (income) expense	(2,166)	1,770	-	(396)
Foreign exchange (gain) loss	(11)	22	-	11
Earnings (loss) before tax	5,508	(1,776)	-	3,732
Income tax expense (recovery)	1,251	(81)	-	1,170
Net earnings (loss) for the period	4,257	(1,695)	-	2,562

	Twelve months ended August 31, 2024			
	Caldwell	IQTalent	Elimination	Total
Professional fees	74,669	11,679	(36)	86,312
Direct expense reimbursements	839	-	-	839
Revenues	75,508	11,679	(36)	87,151
Cost of sales	59,073	9,583	(36)	68,620
Reimbursed direct expenses	839	-	-	839
Gross profit	15,596	2,096	-	17,692
Gross profit as a % of professional fees	20.9%	17.9%		20.5%
Selling, general and administrative	14,605	4,007	-	18,612
Other (income) expense	-	(7,979)	-	(7,979)
Operating profit	991	6,068	-	7,059
Interest expense on lease liability	380	335	-	715
Investment (income) expense	(2,092)	1,959	-	(133)
Foreign exchange loss	228	-	-	228
Earnings before tax	2,475	3,774	-	6,249
Income tax expense	686	1,375	-	2,061
Net earnings for the period	1,789	2,399	-	4,188

The Company has consolidated operations generating business in the United States, Canada and the United Kingdom.

The following provides a reconciliation of the Company's professional fees by geography:

	Twelve months ending August 31,	
	2025	2024
United States ¹	79,109	63,539
Canada	15,998	17,225
United Kingdom	8,148	5,548
Consolidated	103,255	86,312

¹ All of IQTalent's revenue was generated within the United States during the period.

A summary of property and equipment, right-of-use assets, goodwill, and total assets by business line is as follows:

	As at August 31, 2025			As at August 31, 2024		
	Caldwell	IQTalent	Total	Caldwell	IQTalent	Total
Property and equipment	1,031	100	1,131	1,587	111	1,698
Right-of-use assets	4,623	-	4,623	5,406	-	5,406
Goodwill	4,044	7,313	11,357	4,007	7,179	11,186
Total assets ¹	64,528	16,238	80,766	53,328	15,424	68,752

¹ Presented net of intercompany advances that are eliminated upon consolidation

Depreciation recorded on property and equipment and right-of-use assets is as follows:

	Twelve months ended August 31, 2025			Twelve months ended August 31, 2024		
	Caldwell	IQTalent	Total	Caldwell	IQTalent	Total
Depreciation expense:						
Property and equipment	376	38	414	352	76	428
Right of use assets	1,316	-	1,316	1,218	368	1,586

20. Commitments

The Company's undiscounted future lease commitments for premises excluding explicitly identified operating costs are as follows:

Twelve months ended August 31, 2026	1,731
Twelve months ended August 31, 2027	1,856
Twelve months ended August 31, 2028	1,594
Twelve months ended August 31, 2029	1,257
September 1, 2029 and thereafter	2,014
	8,452
Impact of discounting	(1,283)
Lease liability	7,169

21. Financial Instruments

Classification of financial instruments

A summary of the classifications of financial instruments as at August 31, 2025, and August 31, 2024 is shown below:

Financial instruments	Financial assets at amortized cost	Liabilities at amortized cost	FVOCI	FVPL	As at August 31, 2025
Cash and cash equivalents	16,436	-	-	-	16,436
Term Deposit	4,123	-	-	-	4,123
Accounts receivable	18,637	-	-	-	18,637
Accounts payable	-	(3,263)	-	-	(3,263)
Current compensation payable	-	(30,771)	-	-	(30,771)
Investments	-	-	98	1,503	1,601
Non-current compensation payable	-	(671)	-	-	(671)
	39,196	(34,705)	98	1,503	6,092

Financial instruments	Financial assets at amortized cost	Liabilities at amortized cost	FVOCI	FVPL	As at August 31, 2024
Cash and cash equivalents	19,634	-	-	-	19,634
Accounts receivable	12,664	-	-	-	12,664
Accounts payable	-	(3,409)	-	-	(3,409)
Current compensation payable	-	(26,023)	-	-	(26,023)
Investments	-	-	96	1,586	1,682
Non-current compensation payable	-	(692)	-	-	(692)
	32,298	(30,124)	96	1,586	3,856

Fair value hierarchy

The Company categorizes its financial assets and liabilities measured at fair value into one of three different levels depending on the observability of the inputs used in the measurement.

- **Level 1:** This level includes assets and liabilities measured at fair value based on unadjusted quoted prices for identical assets and liabilities in active markets that are accessible at the measurement date.
- **Level 2:** This level includes financial instruments that are not traded in an active market and whose value is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. The specific valuation techniques used to value financial instruments include quoted market prices or dealer quotes for similar instruments.

- **Level 3:** This level includes valuations based on inputs, which are less observable, unavailable or where the observable data does not support a significant portion of the instruments' fair value.

The Company's financial instruments measured at fair value as at August 31, 2025 consist of a convertible promissory note receivable and marketable securities, which are comprised of certain equity securities held for investment obtained through search fees being paid partially in equity of the client as discussed in note 4. Investments also include an equity-accounted investment in an associate, IQRecruit Inc., as discussed in note 4.

August 31, 2025

	Level 1	Level 2	Level 3
Term Deposit	4,123	-	-
Marketable securities	-	-	98
Note receivable	-	-	687
Investment in associate	-	816	-

August 31, 2024

	Level 1	Level 2	Level 3
Marketable securities	1	-	95
Note receivable	-	-	675
Investment in associate	-	911	-

Fair value

Cash and cash equivalents, accounts receivable, accounts payable and compensation payable are short-term financial instruments whose fair value approximates their carrying amount given their short-term maturity.

The marketable securities held at August 31, 2025 and August 31, 2024 were obtained through search fees being paid partially in equity of the client. A portion of these are included within level 1 of the fair value hierarchy and are in a publicly traded company whose value is based on unadjusted quotes from the New York Stock Exchange. The equity securities are subsequently measured at fair value through OCI. The remaining marketable securities are included within level 3 of the fair value hierarchy and are in private companies whose value is derived from estimates used in recent financings and/or recent merger and acquisition activity. The convertible promissory note receivable is included within level 3 of the fair value hierarchy. These investments are subsequently measured at fair value through profit or loss. The Company has a combined investment in marketable securities and the note receivable of \$785 as at August 31, 2025 (2024: \$770). A 5% variation in the market price of underlying securities would have resulted in an increase or decrease in the value of this asset of \$39 (2024: \$39).

The fair value of the Company's equity-accounted investment in an associate, IQRecruit Inc. is based on level 2 inputs which comprise observable market data, and approximates the carrying value.

The Company is exposed to various financial risks resulting from its operating, investing and financing activities. Financial risk management is carried out by the Company's management, in conjunction with the Investment Committee of the Board of Directors, with respect to investments in marketable securities and management of the Company's cash position. The Company does not enter into arrangements on financial instruments for speculative purposes. The

Company's main financial risk exposures, as well as its risk management policy, are detailed as follows:

Foreign currency risk

The Company is exposed to exchange rate risk on US and UK currency denominated monetary assets and liabilities. There is a risk to the Company's earnings from fluctuations in the US dollar and British pound sterling exchange rates and the degree of volatility of changes in those in rates, as the Company's financial results are reported in Canadian dollars.

As at August 31, 2025, the Company had a US dollar net monetary asset exposure of US\$13,131 (2024: US\$12,153). A 5% depreciation or appreciation in the Canadian dollar against the US dollar, assuming all other variables remained the same, would have resulted in an increase or decrease in foreign exchange gain (loss) of \$902 recognized in the cumulative translation adjustment in the Company's consolidated statements of comprehensive earnings for the year ended August 31, 2025 (2024: \$820). As these are long-term investments and not expected to be liquidated to Canadian dollars, they are not hedged.

As at August 31, 2025, the Company has British pound sterling net monetary asset exposure of GBP 861 (2024: GBP 713). A 5% depreciation or appreciation in the Canadian dollar against the British pound sterling, assuming all other variables remained the same, would have resulted in an increase or decrease in foreign exchange gain (loss) of \$80 recognized in the cumulative translation adjustment in the Company's consolidated statements of comprehensive earnings for the year ended August 31, 2025 (2024: \$63). As these are long-term investments and not expected to be liquidated to Canadian dollars, they are not hedged.

Liquidity risk

Liquidity risk is the risk the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure it will have sufficient cash resources to meet its financial liabilities as they come due.

The Company manages liquidity by maintaining adequate cash and cash equivalents balances, monitoring its investment portfolio of marketable securities and monitoring cash requirements to meet expected operational expenses, including capital requirements. The future ability to pay its obligations relies on the Company collecting its accounts receivable in a timely manner and by maintaining sufficient cash and cash equivalents to meet anticipated needs.

The contractual future cash flows of the Company's significant financial liabilities are as follows:

	As at August 31, 2025			
	Less than 6 months	6 months to 1 year	1 to 3 years	More than 3 years
Accounts payable	3,263	-	-	-
Dividends payable	74	-	-	-
Compensation payable	30,771	-	349	322
Lease liability	862	869	4,706	732
	34,970	869	5,055	1,054

	As at August 31, 2024			
	Less than 6 months	6 months to 1 year	1 to 3 years	More than 3 years
Accounts payable	3,409	-	-	-
Compensation payable	24,100	-	378	314
Acquisition-related compensation payable	1,923	-	-	-
Lease liability	850	794	3,986	872
	30,282	794	4,364	1,186

Credit risk

Credit risk is the risk of an unexpected financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments that potentially subject the Company to credit risk consist principally of cash and cash equivalents, accounts receivable, and investments. The Company places its cash and cash equivalents with high-credit quality financial institutions. The Company's policy regarding equity instruments within marketable securities is to sell the investments as soon as the Company is reasonably able to do so. The Company monitors the collectability of accounts receivable and estimates loss allowance on an account-by-account basis.

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of accounts receivable. The Company evaluates the recoverability of its accounts receivable on an on-going basis.

As discussed in note 3 under Revenue Recognition, there are certain accounts that are provided for due to client concession reasons and other accounts for credit reasons. It is often difficult to completely isolate provisions between client concessions and credit concerns. Provision amounts are therefore aggregated and applied against professional fees.

Accounts receivable comprised the following:

	As at August 31	
	2025	2024
Trade receivables	18,925	13,774
Less: Loss allowance	(651)	(1,380)
	18,274	12,394
Other receivables	363	270
Accounts receivable	18,637	12,664

The following table summarizes the changes in the loss allowance for the accounts receivable:

	Twelve months ended August 31	
	2025	2024
Beginning of year	1,380	1,217
Increase in loss allowance	1,602	1,594
Unused loss allowance reversed	(379)	(1,145)
Provision for professional fee adjustments	1,223	449
Receivables written off during the year as uncollectible	(1,952)	(286)
End of year	651	1,380

As at August 31, 2025, accounts receivable of \$18,274 (2024: \$12,394) were estimated to be fully performing. The loss allowance of \$651 (2024: \$1,380) consists primarily of certain accounts over 90 days old of which there is a total balance of \$1,896 at August 31, 2025 (2024: \$3,724).

Interest rate risk and market price risk

The Company has not currently drawn on its credit facility with TD Bank (see note 23). Therefore, exposure to interest rate risk is minimal. The Company does invest excess cash in short-term deposits and therefore changes in interest rates impact the amount of interest income earned from those investments. Marketable securities include equities which are also subject to market price risk (i.e., fair value fluctuates based on changes in market prices).

22. Capital Management

The Company's capital comprises common shares of the Company, contributed surplus and retained earnings (deficit). The Company manages its capital to ensure financial flexibility, to increase shareholder value through organic growth and selective acquisitions, as well as to allow the Company to respond to changes in economic or market conditions. Because the Company's credit facility does not have specific covenants or restrictions, it is not subject to any externally imposed capital requirements.

23. Credit Facilities

The Company maintains a \$5,000 revolving demand, floating-rate credit facility with TD Bank (the "Credit Facility") for future working capital needs. The facility is limited based on 80.0% of the eligible accounts receivable for the Caldwell executive search business in the United States and Canada as defined in the credit agreement, and further reduced to the extent the facility is used in connection with the issuance of letters of credit. The net amount the Company is eligible to borrow at August 31, 2025 is \$4,612 (August 31, 2024: \$4,619). The facility bears variable interest on drawn amounts based on the TD's Canadian prime rate plus 1.0% per annum. As at August 31, 2025, no amounts were outstanding on the credit facility (August 31, 2024: \$nil) and letters of credit of \$388 (August 31, 2024: \$381) have been issued against the facility.

24. Subsequent Events

Effective November 20, 2025, the Board of Directors declared a dividend of \$0.01 (one cent) per Common Share, payable to holders of Common Shares of record on December 1, 2025, and to be paid on December 19, 2025.

Directors

John N. Wallace, Chair of the Board
The Caldwell Partners International Inc.

C. Christopher Beck, CPA
President and Chief Executive Officer
The Caldwell Partners International Inc.

Terry Grayson-Caprio
Corporate Director

Darcy D. Morris
Corporate Director
Founder and CEO, Ewing Morris & Co.
Investment Partners

Richard W. Pehlke
Corporate Director

John Young
Lead Independent Director
Chief Executive Officer, Boat Rocker Studios

Rosemary Zigrossi
Corporate Director

Officers

C. Christopher Beck, CPA
President and Chief Executive Officer
The Caldwell Partners International Inc.

Michael Falagario, CPA, CFA
Vice President, Technology, Business and Legal Operations
Corporate Secretary
The Caldwell Partners International Inc.

Shreya Lathia, CPA
Vice President and Chief Financial Officer
The Caldwell Partners International Inc.

Shareholder Information

Auditors

KPMG LLP (Canada)
Chartered Accountants, Toronto, Ontario

Counsel

Miller Thomson LLP
Barristers and Solicitors, Toronto, Ontario

Stock Exchange Listing

The Toronto Stock Exchange (symbol: CWL)

for other information, please contact:

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The Caldwell Partners International Inc.

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