THE CALDWELL PARTNERS INTERNATIONAL INC

MANAGEMENT DISCUSSION AND ANALYSIS

First quarter ended November 30, 2023

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Management Discussion and Analysis ("MD&A")

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

PRESENTATION

The following discussion and analysis, prepared on January 11, 2024, should be read in conjunction with the consolidated interim financial statements with related notes for the quarter ended November 30, 2023. Unless otherwise noted, all currency amounts are 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; 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.

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 Partners*** or ***IQTalent***. Collectively, we believe talent transforms, and our purpose is to enable organizations to thrive and succeed by helping them identify, recruit and retain the best people.

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:

IQTalent			Caldwell	
All Hiring Levels	All Hiring Levels	Mid-Level	Executive & Board Level	Assessment/Development
Candidate Research	**Candidate Sourcing**	**Professional Search**	**Executive Search**	**Caldwell Analytics**
Our on-demand model and innovative technology platform put custom research at your fingertips - in 3 to 5 days.	Taking research a step further, we'll deliver a list of candidates with confirmed interest in your open role.	With expertise, adaptable tactics and the latest in AI, we will research, source and assess interested and qualified candidates at the professional level.	We recruit transformative executives at the board, CEO and senior leadership levels. This full-service high-touch solution is delivered by a team of the most experienced professionals in the industry.	Leveraging highly respected, results-driven assessments to align talent and business strategies, driving better results.

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 17 locations throughout the world, including Atlanta, Calgary, Charleston, Chicago, Dallas, Houston, London, Los Angeles, Miami, Nashville, New York, 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 usually seen lower revenue in the first and second quarters compared to the third and fourth quarters.

Our capacity to generate revenue increases with the number of partners and depends on the fees we are able to charge and our partners' productivity, which is influenced significantly 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 with no long-term contractual commitments and can vary significantly from quarter to quarter and with economic cycles or events as experienced with the global pandemic and the current hiring demand downturn. 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 2024, with 62 days (24.6%) in the first quarter, 62 days (24.6%) in the second quarter, 65 days (25.8%) in the third quarter and 63 days (25.0%) in the fourth quarter. Fiscal 2023 had 251 business days, with 62 days (24.7%) in the first quarter, 59 days (23.5%) in the second quarter, 65 days (25.9%) in the third quarter and 65 days (25.9%) 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.

Caldwell is a client of IQTalent. 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 pertains to 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 that 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 Fee 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 managerial metric. To help manage demand fluctuations, we also maintain a network of experienced non-employee contracted professionals. Although the overall cost of contracted professionals can be 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. During periods of significant revenue growth, margins may be compressed as contracted professional costs increase while additional in-house staff are hired and trained.

Contractors are generally paid for actual hours worked which will 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 select administrative functions. We allocate shared support costs from Caldwell to IQTP 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 reported as revenue 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.

- Average Number of Partners: The number of active executive search revenue-producing partners and principals at the beginning of a period plus the number of active executive search revenue-producing partners and principals at the end of each month during a 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.

- Annualized Professional Fees per Partner: Professional fees 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 on-demand talent acquisition augmentation managed services 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 the on-demand talent acquisition augmentation managed services business.

- Proportion of Contract Professionals: A measure used to identify and track the proportion of labour in cost of sales performed by non-employee contract professionals in the IQTalent business. This is a driver of direct costs and gross margin as contracted professionals in the United States typically cost more than employees.

- Capacity 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.

Consolidated

- Unencumbered Cash: A measure used to identify cash available for growth and strategic initiatives, calculated as the net of (i) total current assets, less (ii) total current liabilities and non-current acquisition-related compensation not considered a permanent capital structure component.

- 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.

EXECUTIVE SUMMARY OF OPERATING RESULTS AND BUSINESS OUTLOOK

After record-breaking growth in fiscal 2022, fiscal 2023 was impacted by a suppressed hiring environment. Although our retained executive search segment experienced a modest improvement in the second half of fiscal 2023, market weakness continued into the first quarter of fiscal 2024. Demand continues to remain below last year as well as pre-pandemic levels, indicating that the negative economic cycle that started in the fourth quarter of fiscal 2022 continues to persist. The on-demand hiring market in the US also continues to be suppressed. Actions taken in the past few quarters to reduce staff and expenses at IQTalent continued to limit operating losses at IQTalent.

Caldwell

- Caldwell's professional fees for the quarter ended November 30, 2023 were approximately $14.2 million, which was a 17% decrease from the same period last year due to an 18% decline in the Number of Assignments this quarter compared to the same period last year. This decrease in the search volume, which began in the fourth quarter of fiscal 2022, is the result of client response to economic uncertainty, fueled by inflation, interest rates, and other macroeconomic factors that have driven lower hiring trends. While the first quarter of our fiscal year is typically lighter, this quarter was specifically marked by a longer sales cycle as clients dealt with the impact of profitability challenges on hiring.

- Average Fee per Assignment for the first quarter of fiscal 2024 was $152, which is comparable to $150 in the same quarter last year.

- Our Caldwell executive search segment generated an operating loss of approximately $1.5 million in the first quarter of fiscal 2024, compared to an operating loss of $0.2 million in the same period last year, driven by the 17% decrease in professional fees. Gross margin decreased by approximately 5% in the current quarter compared to the same quarter last year, impacted by semi-fixed costs that are not tied to revenue.

IQTalent

- IQTalent's professional fees for the quarter ended November 30, 2023 were approximately $3.2 million. This was a 53% decrease from the same period last year due to a decline in both volume and fee metrics.
    - Average Fees Billed Per Business Day decreased 53% from $108 in the first quarter of fiscal 2023 to $51 in the current quarter, and the Average Number of Active Clients decreased 46% from 100 in the first quarter of fiscal 2023 to 54 in the current quarter. The same factors that drove the decline in Caldwell's professional fees impacted IQTalent, however, IQTalent was further impacted by the on-demand nature of our business.

- In response to the declining revenue levels, we enacted significant restructuring activities to align our cost structure with the lower revenues. Actions taken in fiscal 2023 included the spin-off of our software business, including the related development team, to a separate entity, IQRecruit Inc., and significant staffing reductions through separations and furloughs. As a result of these actions, we had a gross profit of $0.5 million in the first quarter of 2024, compared to a gross loss of $0.3 million in the same period last year. These actions also resulted in reducing general and administrative expenses by 42% in the current quarter.

- Additional furloughs and attrition throughout the year at IQTalent resulted in a reevaluation of its real estate needs and the decision to sublease a portion of its leased space in Nashville. As a result, in the fourth quarter of 2023, we recognized a restructuring charge of $8.1 million related to the impairment of the Nashville right-of-use asset as well as charges for certain lease operating expenses. In the first quarter of 2024, we successfully negotiated a full termination of the entire leased facility in Nashville, with no penalties. We will fully exit the space on February 29, 2024. As a result, the Company derecognized the related lease liability, right-of-use asset, fixed assets, and other liabilities less professional fees related to the lease and its termination, for a net lease termination gain of $9.1 million. In the first quarter of fiscal 2024, David Windley stepped down as President of IQTalent and resigned from the Caldwell Board of Directors, resulting in the recognition of a $1.1 million separation expense, presented as part of restructuring expenses in the consolidated interim statement of income, for an overall gain related to restructuring of $8.0 million.

- Termination of our Nashville lease provides us enhanced operating flexibility and capital strength and will reduce annual occupancy expenses, including right-of-use asset depreciation and fixed operating costs, by approximately $2.1 million, and annual lease interest expenses by approximately $1.3 million. We intend to operate in a virtual environment while we look for a lease with a much lower size and do not plan on committing to a new lease before returning to a revenue growth position.

Consolidated

We believe in the strength of our company, our team, our service offerings, our balance sheet, and our future. While the suppressed hiring demand discussed above continued into December 2023, we have noted a strengthening of our business development pipeline as we enter January 2024. Our clients value our ability to provide seamless support for their talent acquisition needs at all levels, and by continuing to diversify our mix of products and services and identify opportunities to cross-collaborate between our two business segments, we expect to continue to grow both businesses together. We also continue to seek out strategic business and technology acquisition opportunities that align with our client-driven talent offerings.

Factors to note that may impact our future results and financial position include:

- Our growth trends are dependent on the hiring activity of our clients which has been notably below our historical norms.
- Existing global geopolitical events and economic factors such as inflation, rising interest rates, and military events in Ukraine and the Middle East could further impact our clients' demand for talent.
- As discussed in the SG&A section of this MD&A, changes in the Average Period End Share Price can have a significant impact on share-based compensation expense. Assuming no change in the share-based compensation performance factors and the number of outstanding grants, for each $0.01 increase or decrease in our Average Period End Share Price, there would be a corresponding increase or decrease in compensation expense of approximately $13.
- 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:

	2022			2023				2024
	Q2	*Q3*	*Q4*	*Q1*	*Q2*	*Q3*	*Q4*	*Q1*
Professional Fees - Caldwell	$ 27,258	$ 26,534	$ 23,580	$ 16,975	$ 16,705	$ 21,488	$ 21,934	$ 14,166
Professional Fees - IQTalent	$ 12,550	$ 15,171	$ 12,153	$ 6,714	$ 4,745	$ 4,448	$ 3,924	$ 3,170
Consolidated Professional Fees	$ 39,808	$ 41,705	$ 35,733	$ 23,689	$ 21,450	$ 25,936	$ 25,858	$ 17,336
Direct expense reimbursements	$ 135	$ 168	$ 186	$ 220	$ 133	$ 220	$ 295	$ 199
Revenue	$ 39,943	$ 41,873	$ 35,919	$ 23,909	$ 21,583	$ 26,156	$ 26,153	$ 17,535
Cost of sales	$ 30,271	$ 32,180	$ 28,028	$ 20,926	$ 18,266	$ 21,126	$ 20,394	$ 15,044
Reimbursed direct expenses	$ 135	$ 168	$ 186	$ 220	$ 133	$ 220	$ 295	$ 199
Gross profit	$ 9,537	$ 9,525	$ 7,705	$ 2,763	$ 3,184	$ 4,810	$ 5,464	$ 2,292
Gross profit margin	24.0%	22.8%	21.6%	11.7%	14.8%	18.5%	21.1%	13.2%
Selling, general and administrative	$ 3,820	$ 7,318	$ 4,356	$ 5,088	$ 6,070	$ 3,825	$ 4,235	$ 4,522
Restructuring and other (income) expenses	$ -	$ -	$ -	$ 2,530	$ -	$ -	$ 8,061	$ (7,979)
Acquisition related expenses	$ 690	$ 504	$ 616	$ 675	$ 204	$ -	$ -	$ -
Net operating profit (loss)	$ 5,027	$ 1,703	$ 2,733	$ (5,530)	$ (3,090)	$ 985	$ (6,832)	$ 5,749
Finance expenses (income)	$ 194	$ 160	$ (458)	$ (120)	$ 56	$ (1,063)	$ 596	$ 412
Net earnings (loss) before tax	$ 4,833	$ 1,543	$ 3,191	$ (5,410)	$ (3,146)	$ 2,048	$ (7,428)	$ 5,337
Income tax expense (recovery)	$ 1,331	$ 187	$ 616	$ (1,467)	$ (826)	$ 583	$ (923)	$ 1,559
Effective income tax rate	27.5%	12.1%	19.3%	27.1%	26.3%	28.5%	12.4%	29.2%
Net earnings (loss) after tax	$ 3,502	$ 1,356	$ 2,575	$ (3,943)	$ (2,320)	$ 1,465	$ (6,505)	$ 3,778
Basic earnings (loss) per share	$ 0.137	$ 0.053	$ 0.100	$ (0.152)	$ (0.090)	$ 0.057	$ (0.248)	$ 0.128
Fully diluted earnings (loss) per share	$ 0.135	$ 0.052	$ 0.099	$ (0.152)	$ (0.090)	$ 0.056	$ (0.248)	$ 0.128

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

Notable financial items have impacted 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:

	2022			2023				2024
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Professional Fees - Caldwell	$ 27,258	$ 26,534	$ 23,580	$ 16,975	$ 16,705	$ 21,488	$ 21,934	$ 14,166
Period end number of partners	45	45	45	50	51	49	49	47
Average Number of Partners	44.1	44.9	45.0	47.8	51.4	50.3	49.0	48.5
Annualized Professional Fees per Partner	$ 2,475	$ 2,364	$ 2,096	$ 1,421	$ 1,300	$ 1,708	$ 1,791	$ 1,168
Number of Assignments	164	150	116	113	104	128	106	93
Number of Assignments per Partner	3.7	3.3	2.6	2.4	2.0	2.5	2.2	1.9
Average Fee per Assignment	$ 166	$ 177	$ 203	$ 150	$ 161	$ 168	$ 207	$ 152

IQTalent:

	2022			2023				2024
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Professional Fees - IQTalent	$ 12,550	$ 15,171	$ 12,153	$ 6,714	$ 4,745	$ 4,448	$ 3,924	$ 3,170
Number of Business Days	59	65	65	62	59	65	65	62
Average Fees Billed per Business Day	$ 213	$ 233	$ 187	$ 108	$ 80	$ 68	$ 60	$ 51
Proportion of Contract Professionals	40%	38%	28%	14%	10%	8%	9%	7%
Capacity Utlization Rate	95%	91%	78%	76%	88%	92%	89%	93%
Average Number of Active Clients	144	168	141	100	79	77	65	54

Consolidated:

	2022			2023				2024
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Unencumbered cash	$ 11,352	$ 16,085	$ 19,379	$ 12,672	$ 7,985	$ 7,306	$ 9,563	$ 8,530
Average period end share price	$ 1.82	$ 2.30	$ 1.89	$ 1.76	$ 1.58	$ 1.09	$ 0.90	$ 0.73
Share Price Impact on Operating Profit	$ 1,688	$ (1,415)	$ 1,319	$ 488	$ 344	$ 784	$ 43	$ 155

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 interim statements of earnings by business line segment to the consolidated results:

	Three months ended November 30, 2023			
	Caldwell	IQTP	Elimination	Total
Professional fees	14,166	3,170	-	17,336
Direct expense reimbursements	199	-	-	199
Revenues	14,365	3,170	-	17,535
Cost of sales	12,387	2,657	-	15,044
Reimbursed direct expenses	199	-	-	199
Gross profit	1,779	513	-	2,292
Gross margin as a % of professional fees	12.6%	16.2%		13.2%
Selling, general and administrative	3,242	1,280	-	4,522
Restructuring and other	-	(7,979)	-	(7,979)
Operating profit (loss)	(1,463)	7,212	-	5,749
Interest expense on lease liability	66	331	-	397
Investment (income) expense	(473)	483	-	10
Foreign exchange loss	5	-	-	5
Earnings (loss) before tax	(1,061)	6,398	-	5,337
Income tax expense (recovery)	(276)	1,835	-	1,559
Net earnings (loss) for the period	(785)	4,563	-	3,778

	Three months ended November 30, 2022			
	Caldwell	IQTP	Elimination	Total
Professional fees	16,975	6,772	(58)	23,689
Direct expense reimbursements	220	-	-	220
Revenues	17,195	6,772	(58)	23,909
Cost of sales	13,932	7,052	(58)	20,926
Reimbursed direct expenses	220	-	-	220
Gross profit (loss)	3,043	(280)	-	2,763
Gross margin as a % of professional fees	17.9%	-4.1%		11.7%
Selling, general and administrative	2,895	2,193	-	5,088
Restructuring expenses	266	2,264	-	2,530
Acquisition related expenses	68	607	-	675
Operating loss	(186)	(5,344)	-	(5,530)
Interest expense on lease liability	69	1	-	70
Investment (income) expense	(313)	153	-	(160)
Foreign exchange gain	(30)	-	-	(30)
Earnings (loss) before tax	88	(5,498)	-	(5,410)
Income tax expense (recovery)	35	(1,502)	-	(1,467)
Net earnings (loss) for the period	53	(3,996)	-	(3,943)

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 73% of our revenue was in the functional currency of the US dollar in the first quarter of 2024. The following table summarizes the foreign exchange rates impacting the business during the first quarters of 2024 and 2023 according to geographic segment and relative to the Canadian dollar:

Functional Currency	F'24 Q1	F'23 Q1
United States		
US dollar – average	1.37	1.35
US dollar – period end	1.37	1.35
Europe		
British pound – average	1.68	1.54
British pound – period end	1.72	1.62

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 November 30					
Caldwell	2023 as Reported	FX[1]	Constant Currency	2022 as Reported	$ variance	% variance
Professional fees	14,166	(237)	13,929	16,975	(3,046)	-17.9%
Direct expense reimbursements	199	(1)	198	220	(22)	-10.0%
Revenues	14,365	(238)	14,127	17,195	(3,068)	-17.8%
Cost of Sales	12,387	(186)	12,201	13,932	(1,731)	-12.4%
Reimbursed direct expenses	199	(1)	198	220	(22)	-10.0%
Gross profit	1,779	(51)	1,728	3,043	(1,315)	-43.2%
Gross margin	12.6%		12.4%	17.9%	-6%	-30.8%
Selling, general and administrative	3,242	(50)	3,192	2,895	297	10.3%
Restructuring and other	-	-	-	266	(266)	-
Acquisition-related expenses	-	-	-	68	(68)	-
Operating profit (loss)	(1,463)	(1)	(1,464)	(186)	(1,278)	687.1%

[1] Impact of adjusting foreign exchange rates to fiscal 2023 actual rates

	Three months ended November 30					
IQTalent	2023 as Reported	FX[1]	Constant Currency	2022 as Reported	$ variance	% variance
Professional fees	3,170	(41)	3,129	6,714	(3,585)	-53.4%
Revenues	3,170	(41)	3,129	6,714	(3,585)	-53.4%
Cost of Sales	2,657	(33)	2,624	6,994	(4,370)	-62.5%
Gross profit (loss)	513	(8)	505	(280)	785	-280.4%
Gross margin	16.2%		16.1%	-4.2%	20%	-487.0%
Selling, general and administrative	1,280	(15)	1,265	2,193	(928)	-42.3%
Restructuring and other	(7,979)	84	(7,895)	2,264	(10,159)	-448.7%
Acquisition-related expenses	-	-	-	607	(607)	-100.0%
Operating profit (loss)	7,212	(77)	7,135	(5,344)	12,479	-233.5%

[1] Impact of adjusting foreign exchange rates to fiscal 2023 actual rates

REVENUE

PROFESSIONAL FEES

First Quarter Professional Fees

Consolidated:
Professional fees for the first quarter of 2024 decreased 26.8% over the same period last year to $17,336 (2023: $23,689). Caldwell's professional fees decreased 16.5% to $14,166 (2023: $16,975) and IQTalent decreased 52.8% to $3,170 (2023: $6,714).

Caldwell:
Exchange rate changes over the prior year had a favourable impact of $237. On a constant currency basis, Caldwell's professional fees for the first quarter of 2024 decreased 17.9% over the same period last year to $13,929 (2023: $16,975). The constant currency change in professional fees resulted from:

- A 17.7% decrease in the Number of Assignments to 93 (2023: 113), the result of:
  - A lower Number of Assignments per Partner at 1.9 (2023: 2.4); partially offset by
  - A higher Average Number of Partners at 48.5 (2023: 47.8) that increase the fee-producing base

IQTalent (before eliminating intercompany):
Exchange rate changes over the prior year had a favourable impact of $41. On a constant currency basis, IQTalent's professional fees for the first quarter of 2024 decreased 53.4% over the same period last year to $3,129 (2023: $6,714). The decrease in professional fees on a constant currency basis resulted from lower Average Fees Billed per Business Day in the first quarter of 2024 of $50 (2023: $108), which was driven by a lower Average Number of Active Clients of 54 (2023: 100) from reduced hiring demands in their businesses.

DIRECT EXPENSE REIMBURSEMENTS

Direct expenses incurred and billed to clients during the first quarter of 2024 were $199 (2023: $220). Expense reimbursements all pertain to Caldwell. Direct expenses are beginning to increase but remain lower than pre-pandemic levels, resulting from reduced partner and candidate travel costs due to the current remote work trends. 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

First Quarter Cost of Sales

Consolidated:
Cost of sales for the first quarter of 2024 decreased 28.1% over the same period last year to $15,044 (2023: $20,926). On a segment basis, Caldwell's cost of sales decreased 11.1% to $12,387 (2023: 13,932), and IQTalent's decreased 62.0% to $2,657 (2023: 6,994). As a percentage of professional fees, cost of sales decreased to 86.8% in the first quarter of 2024 from 88.3% in the same period last year.

Caldwell (before eliminating intercompany):
Exchange rate changes over the same period last year had an unfavourable impact of $186. On a constant currency basis, Caldwell's first quarter cost of sales decreased 12.4% to $12,201 (2023: $13,932). Cost of sales as a percentage of professional fees increased to 87.6% in the first quarter of 2024 from 82.1% in the same period last year due to the following factors:

- Higher partner support personnel compensation as a percentage of professional fees (increase of 5.4% of professional fees). Non-partner personnel costs are semi-fixed and tend to rise as a percentage of professional fees during periods of revenue decline.
- Higher search delivery materials expenses which are semi-fixed costs, due to lower revenue (increase of 0.2% of professional fees); partially offset by
- Lower partner compensation as a percentage of professional fees resulting from a reduction in average partner compensation tiers in the first quarter of 2024 (decrease of 0.1% of professional fees)

IQTalent:
Exchange rate changes over the same period last year had an unfavourable impact of $33. On a constant currency basis, IQTalent's first quarter cost of sales decreased by 62.5% to $2,624 (2023: $6,994). Cost of sales as a percentage of professional fees decreased to 83.9% in the first quarter of 2024 from 104.1% in the same period last year. The decrease in cost of sales as a percentage of professional fees during the current quarter is the result of actions taken to align cost of sales to the decreased revenue. Actions included restructuring activities, discussed in further detail below, the spin-off of the software business into IQRecruit, ongoing furloughs to match revenue fluctuations and other cost-reduction measures.

GROSS PROFIT

First Quarter Gross Profit

On a consolidated basis, gross profit decreased 17.0% from the same period last year to $2,292 (2023: $2,763). As a percentage of professional fees, gross margin increased to 13.2% from 11.7%. On a segment basis, Caldwell's gross profit decreased to $1,779 (2023: $3,043), while the gross margin decreased to 12.6% (2023: 17.9%). IQTalent's gross profit increased to $513 (2023: loss of $280) while the gross margin increased to 16.2% (2023: negative gross margin of 4.1%). The decrease in Caldwell's gross margin in the current quarter was driven by semi-fixed cost of sales not declining as quickly as revenue as discussed above. The increase in IQTalent's gross margin was driven by the impact of actions taken during the year to reduce the cost structure to better reflect continued lower demand as discussed above.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (SG&A)

First Quarter SG&A

Consolidated:
SG&A for the first quarter of 2024 decreased 11.1% to $4,522 (2023: 5,088) over the same period last year. On a segment basis, Caldwell's SG&A increased 12.0% to $3,242 (2023: 2,895), and IQTalent's SG&A decreased 41.6% to $1,280 (2023: 2,193).

Caldwell:
Exchange rate changes had an unfavourable impact of $50. On a constant currency basis first quarter SG&A increased 10.3% to $3,192 (2023: $2,895). The $297 constant currency increase resulted from the following:

Unfavourable variances:

- Increased share-based compensation expense ($119), the result of:
    - Relative changes to our share price during each period resulting in an unfavourable variance ($271).
        - PSU and DSU expenses can be significantly impacted by changes in the weighted average share price at the end of each period. While favourable variances from share price performance were recognized in both the current and prior-year quarters, the prior year's favourable variance exceeded that of the current year's, causing an unfavourable comparison between the two periods. In the first quarter of the current year, an 18.9% decrease in the weighted average share price from $0.90 at August 31, 2023 to $0.73 at November 30, 2023 decreased costs by $155. In the previous year, a 7.4% decrease in the weighted average share price from $1.89 at August 31, 2022 to $1.76 at November 30, 2022 decreased costs by $426. The combination of these movements resulted in an unfavourable variance of $271 year-over-year.
    - Partially offset by the number of outstanding PSU and DSU grants to which the share price applies, resulting in favourable variances ($152).
- Accrual of bonuses in the current year compared to limited bonus accruals in the same period last year based on the business outlook at the time ($363).

Favourable variances:

- Lower expenses driven by fewer in-person practice meetings in the current quarter ($148).
- Other miscellaneous net favourable variances ($37)

IQTalent:
Exchange rate changes had an unfavourable impact of $15. On a constant currency basis, first quarter SG&A decreased 42.3% to $1,265 (2023: $2,193). The $928 constant currency decrease is a result of a $637 decrease in corporate compensation resulting from management actions taken throughout the previous and current fiscal years including restructuring activities and the spin-off of the software development activities into IQRecruit, a decrease of $128 related to lower occupancy cost driven by reduced right-of-use asset depreciation expenses as well as lower headcount compared to the first quarter of 2023 and $163 of other net favourable variances across various categories.

RESTRUCTURING AND OTHER

In fiscal 2023, restructuring expenses incurred in reorganizing our operations included severances and the impairment of certain commercial lease right-of-use assets. In the first quarter of fiscal 2024, restructuring income related to the termination of our IQTalent lease, net of other expenses, and separation payment accruals.

In the first quarter of 2023, IQTalent reduced its staff in response to market conditions resulting in severance costs of $2,264, which were fully paid in the first quarter of 2023. At the same time, we entered into an agreement to sublease the Caldwell office space in San Francisco for the remaining 11 months of its lease term, resulting in a net impairment expense of $266, which was presented as part of general and administrative expenses in the consolidated statement of earnings.

Additional furloughs and attrition throughout the year at IQTalent resulted in the reevaluation of our real estate needs and the decision to sublease a portion of its leased space in Nashville. As a result, in the fourth quarter of 2023, the Company recognized an impairment charge of $8,061 comprised of the following:

- $6,453 related to the impairment of the Nashville right-of-use asset. The charge reflected the then-current local commercial real estate market and the expectation that the sublease would be at a discount to the head lease rate.
- $1,608 related to other direct charges for subleasing the space, such as those related to operating expenses payable to the landlord. These accruals were classified as $687 in current other liabilities and $921 in non-current other liabilities in the consolidated statement of financial position.

On November 30, 2023, we negotiated a full penalty-free termination of its leased facilities for IQTalent in Nashville. The lease will terminate without conditions on February 29, 2024. As a result, we 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. We recognized a current liability of $236 related to other direct charges such as operating expenses payable to the landlord and certain professional fees.

On October 6, 2023, we announced that David Windley was stepping down as President of IQTalent and resigning from the Caldwell Board of Directors effective that day. Related separation payments of $1,089 were recognized as part of restructuring expenses, and are presented as part of compensation payable on the consolidated statement of financial position.

See note 8 to the consolidated interim financial statements and the Executive Summary of Operating Results and Business Outlook section of this Management Discussion and Analysis for further details.

ACQUISITION-RELATED EXPENSES

On October 1, 2022, we acquired 100% of the shares of The Counsel Network Inc. ("TCN"), a Canada-based executive search firm specializing in the Canadian legal market. For the three months ended November 30, 2022, we incurred costs totalling $68 related to the acquisition of TCN which were recorded as part of acquisition-related expenses in the consolidated statements of earnings. No further acquisition-related expenses were incurred as a result of this transaction.

On December 31, 2020, through the acquisition of 100% of the shares of IQTalent, a Nashville-based talent acquisition firm, we established a separate business segment, IQTalent, specializing in on-demand talent acquisition augmentation solutions. A significant portion of the IQTalent purchase price was related to payments that were contingent on the related employees or the selling shareholders being actively employed as at the payment date, and that were recognized as compensation expense. These costs had suppressed the profitability of IQTalent during the amortization period, which ended on December 31, 2022. IQTalent's acquisition-related costs were $nil for the first quarter of 2024 (2023: $607).

OPERATING PROFIT

First Quarter Operating Profit

Consolidated operating profit was $5,749 (2023: operating loss of $5,530). The $11,279 increase relates to a decrease in general and administrative expenses of $566, decrease in restructuring expenses of $10,509 and a decrease in total acquisition-related expenses of $675, partially offset by a decrease in gross profit of $471, all of which are discussed in further detail above. On a segment basis, Caldwell generated an operating loss of $1,463, (2023: operating loss of $186) and IQTalent generated an operating profit of $7,212 (2023: operating loss of $5,344).

INVESTMENT 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 the Company has 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, 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. in exchange for approximately 41.9% of the new entity. Effective September 26, 2023 IQRecruit raised additional equity at the same valuation as at the time of the spin-off. The Company did not participate in the additional equity raise and its ownership was therefore diluted to 37.8%. While the Company owns 37.8% 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. Please see note 5 to the consolidated interim financial statements for details.

For the first quarter of 2024, we reported investment expense of $10 (2023: investment income of $160) consisting of our proportionate share of IQRecruit's losses of $131 (2023: $nil) partially offset by interest on term deposits of $121 (2023: $160). For the first quarter of 2024, we recognized as part of other comprehensive income net realized gains or losses of $nil (2023: $nil) and unrealized gains on marketable securities of $5 (2023: unrealized loss of $4).

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.

Income tax expense for the quarter ended November 30, 2023 was $1,559 (2023: recovery of $1,467). The effective income tax rate for the three months ended November 30, 2024 was 29.2% (2023: 27.1%).

On a segment basis, Caldwell had an income tax recovery of $276 (2023: income tax expense of $35) and IQTalent had a tax expense of $1,835 (2023: income tax recovery of $1,502).

NET EARNINGS AND BASIC EARNINGS PER SHARE

First quarter net earnings were $3,778 ($0.128 basic earnings per share) compared to a net loss of $3,943 ($0.152 basic loss per share) in the same period last year.

DIVIDENDS

The Company is currently focused on strategic growth initiatives and responding to the current economic environment. The Board has therefore concluded it will not declare a dividend at this time.

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 November 30, 2023, we had cash and cash equivalents of $16,310 (August 31, 2023: $22,053). The $5,743 decrease is primarily the result of the settlement of compensation payable and losses from operations.

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. At November 30, 2023, current compensation payable was $24,036 (August 31, 2023: $28,384), total cash was $16,310 (August 31, 2023: $22,053) and accounts receivable were $11,638 (August 31, 2023: $12,886). As a result of 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:

	as at		
	November 30 2023	***August 31 2023***	***increase/ (decrease)***
Current assets			
Cash and cash equivalents	16,310	22,053	(5,743)
Accounts receivable	11,638	12,886	(1,248)
Income taxes receivable	263	197	66
Unbilled revenue	7,194	8,237	(1,043)
Prepaid expenses and other assets	1,854	2,712	(858)
Total current assets	37,259	46,085	(8,826)
Current liabilities			
Accounts & Compensation payable	26,929	31,565	(4,636)
Lease liability	1,564	2,788	(1,224)
Other Liabilities	236	687	(451)
Total current liabilities	28,729	35,040	(6,311)
Non-current acquisition-related compensation	-	1,482	(1,482)
Total net current liabilities within unencumbered cash	28,729	36,522	(7,793)
Total Unencumbered Cash	$ 8,530	$ 9,563	$ (1,033)

Unencumbered cash of $8,530 at November 30, 2023 does not reflect $4,373 (August 31, 2023: $4,373) 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 $11,638 at November 30, 2023, down $1,248 from $12,886 at the end of fiscal 2023. The decrease is the result of lower revenue in the first quarter of 2024. Days sales outstanding based on quarterly revenue were 56 days at November 30, 2023, up from 44 days at August 31, 2023, primarily due to revenue decreasing faster than collections. Our allowance for professional fee adjustments was $1,092 at November 30, 2023, compared to $1,217 at August 31, 2023.

Our investment in property and equipment at November 30, 2023, was $1,609, down $170 from $1,779 at the end of fiscal 2023. This reflects depreciation expense of $92, impairment of $114 related to the lease modification in IQTalent, unfavourable exchange rate fluctuations of $4, offset by additions of $40. Additions consist of capital expenditures on leasehold improvements, computer hardware and office furniture. See note 8 of the consolidated interim financial statements for details on the lease modification.

At November 30, 2023, our right-of-use asset was $4,275, down $9,030 from $13,305 at the end of fiscal 2023, reflecting a net write-off related to lease modifications of $8,607, depreciation expense of $462, and offset by favourable exchange rate fluctuations of $39. See note 10 of the consolidated interim financial statements for details.

At November 30, 2023, our lease liability was $5,308, down $16,491 from $21,799 at the end of fiscal 2023, reflecting a net write-off related to lease modifications of $16,390 and payments of $559 offset by interest accretion of $397, and unfavourable exchange rate fluctuations of $61. See note 11 of the consolidated interim financial statements for details.

Total liabilities were $33,031 at November 30, 2023, a decrease of $23,889 from $56,920 at the end of fiscal 2023. The decrease is driven by the decrease in the lease liability as a result of the lease modification in IQTalent, as well as a reduction in compensation payable.

Shareholders' equity at November 30, 2023, was $31,576 an increase of $3,852 from $27,724 at the end of 2023. The increase reflects a net profit of $3,778, currency translation gains on consolidation of $3, share-based compensation of $66 and gains on marketable securities of $5.

OUTSTANDING SHARES

As at November 30, 2023, the authorized share capital of the Company consists of an unlimited number of Common Shares of which 29,558,932 are issued and outstanding (August 31, 2023: 29,558,932). 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.

RISKS AND UNCERTAINTIES

Any investment in the Company's securities is speculative and involves 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 of the Company, as well as the other information contained and incorporated by reference into this MD&A. For a detailed discussion of the risks and trends that could affect the financial performance of the Company and the steps that the Company takes to mitigate these risks, see the Company's MD&A for the fiscal year ending August 31, 2023, which is available on SEDAR at www.sedar.com. 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.

DISCLOSURE CONTROLS AND PROCEDURES

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

The Chief Executive Officer and the President and Chief Financial Officer, after evaluating the effectiveness of our disclosure procedures as at November 30, 2023, 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.

Due to COVID-19 restrictions and health and safety concerns, we implemented firm-wide remote work from home protocols during the pandemic. While there has been a gradual return to the office, a permanent shift to a hybrid office/work from home has been established. Management has reviewed and evaluated the impact of these protocols on existing internal controls over financial reporting and determined that they are unaffected.

Management evaluated the effectiveness of our internal controls' design and operation over financial reporting as at November 30, 2023. Based on that evaluation, the Chief Executive Officer and the President and Chief Financial Officer concluded that internal controls over financial reporting are effective as at November 30, 2023.

Management has also evaluated whether there were changes in our internal controls over financial reporting during the reporting period ended November 30, 2023 that materially affected, or are reasonably likely to affect, our internal controls over financial reporting. Management has determined that no changes occurred during the quarter ended November 30, 2023 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.sedar.com.