

Consolidated Interim Financial Statements

Third Quarters Ended May 31, 2024 and 2023 (unaudited)

79 Wellington Street West TD South Tower Suite 2410, P.O. Box 75 Toronto, ON M5K 1E7 +1 (416) 920-7702

NOTICE OF NO AUDITOR REVIEW OF CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Section 4.3(3)(a) of National Instrument 51-102, Continuous Disclosure Obligations, provides that if an auditor has not performed a review of the consolidated interim financial statements, the interim consolidated financial statements must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The Company's external auditors, KPMG LLP, have not performed a review of these consolidated interim financial statements of The Caldwell Partners International Inc. (the Company).

/s/ "John N. Wallace"

/s/ "C. Christopher Beck"

John N. Wallace CHIEF EXECUTIVE OFFICER C. Christopher Beck
PRESIDENT, CALDWELL AND CHIEF FINANCIAL OFFICER

July 11, 2024

CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(unaudited - in \$000s Canadian)

	As at	As at
	May 31	August 31
	2024	2023
Assets		
Current assets		
Cash and cash equivalents	17,340	22,053
Accounts receivable	13,613	12,886
Income taxes receivable	266	197
Unbilled revenue (note 13)	7,297	8,237
Prepaid expenses and other assets	1,932	2,712
	40,448	46,085
Non-current assets		
Prepaid expenses and other assets	274	593
Investments (notes 5 and 19)	1,850	2,039
Advances	844	811
Deferred income taxes	7,151	8,676
Property and equipment	1,721	1,779
Right-of-use assets (note 10)	5,747	13,305
Intangible assets	102	142
Goodwill	11,286	11,214
Total assets	69,423	84,644
Liabilities		
Current liabilities		
Accounts payable	2,839	3,181
Compensation payable (note 9)	26,489	28,384
Other liabilities (note 8)	-	687
Lease liability (note 11)	1,700	2,788
N. C. Library	31,028	35,040
Non-current liabilities	F/4	4.040
Compensation payable (note 9)	561	1,948
Other liabilities (note 8)	- E 1E1	921
Lease liability (note 11)	5,151 36,740	19,011 56,920
Equity attributable to ewpers of the Company	30,740	30,920
Equity attributable to owners of the Company Share capital	15,392	15 202
Contributed surplus	15,477	15,392 15,282
Accumulated other comprehensive income	1,952	1,847
Deficit		
	(138)	(4,797)
Total equity	32,683	27,724
Total liabilities and equity	69,423	84,644

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

Signed on behalf of the Board:

/s/ "Rosemary Zigrossi"

/s/ "Terry Grayson-Caprio"

Rosemary Zigrossi Chair of the Audit Committee Terry Grayson-Caprio Chair of the Compensation Committee

THE CALDWELL PARTNERS INTERNATIONAL INC.	•				
CONSOLIDATED INTERIM STATEMENTS OF EARNINGS	Three month	Three months ended		Nine months ended	
	May 31,		May 31	,	
(unaudited - in \$000s Canadian, except per share amounts)	2024	2023	2024	2023	
Revenues					
Professional fees (note 12)	29,238	25,936	64,261	71,075	
Direct expense reimbursements	279	220	657	572	
	29,517	26,156	64,918	71,647	
Cost of sales expenses					
Cost of sales (note 6)	21,993	21,126	51,098	60,318	
Reimbursed direct expenses	279	220	657	572	
	22,272	21,346	51,755	60,890	
Gross profit	7,245	4,810	13,163	10,757	
Selling, general and administrative (notes 6 and 7)	4,849	3,825	14,154	14,984	
Restructuring and other (income) expense (note 8)	-	-	(7,979)	2,530	
Acquisition-related expenses (note 4)	-	-	-	879	
	4,849	3,825	6,175	18,393	
Operating profit (loss)	2,396	985	6,988	(7,636)	
Finance expenses (income)					
Interest expense on lease liability (note 11)	108	382	610	518	
Investment income (note 5)	(65)	(1,513)	(120)	(1,731)	
Foreign exchange loss (income)	(6)	68	42	85	
Earnings (loss) before income tax	2,359	2,048	6,456	(6,508)	
Income tax expense (recovery) (note 14)	613	583	1,797	(1,710)	
Net earnings (loss) for the period attributable to owners of the Company	1,746	1,465	4,659	(4,798)	
Earnings (loss) per share (note 15)					
Basic	\$0.059	\$0.057	\$0.158	(\$0.185)	
Diluted	\$0.059	\$0.056	\$0.158	(\$0.185)	
CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE EARNII	NGS				
(unaudited - in \$000s Canadian)	Three month	ns ended	Nine montl	ns ended	
	May 31,		May 31	,	
	2024	2023	2024	2023	
Net earnings (loss) for the period	1,746	1,465	4,659	(4,798)	
Other comprehensive income (loss):					
Items that may be reclassified subsequently to net earnings					
(Loss) gain on marketable securities (note 5)	(1)	(8)	35	(19)	
Cumulative translation adjustment	94	(7)	70	965	
Comprehensive earnings (loss) for the period attributable to owners of the Company	1,839	1,450	4,764	(3,852)	

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

CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

(unaudited - in \$000s Canadian)

				Accumulated Other Comprehensive Income (Loss) Cumulative (Loss) Gain on		
	Retained Earnings/ (Deficit)	Share Capital	Contributed Surplus	Translation Adjustment	(Loss) Gain on Marketable Securities	Total Equity
Balance - August 31, 2022	6,506	12,554	15,045	1,043	(83)	35,065
Net loss for the nine months ended May 31, 2023	(4,798)	-	-	-	-	(4,798)
Share-based payment expense (note 16)	-	-	174	-	-	174
Loss on marketable securities available for sale	-	-	-	-	(19)	(19)
Change in cumulative translation adjustment	-	-	-	965	-	965
Balance - May 31, 2023	1,708	12,554	15,219	2,008	(102)	31,387
Balance - August 31, 2023	(4,797)	15,392	15,282	1,886	(39)	27,724
Net earnings for the nine months ended May 31, 2024	4,659	-	-	-	-	4,659
Share-based payment expense (note 16)	-	-	195	-	-	195
Gain on marketable securities available for sale	-	-	-	-	35	35
Change in cumulative translation adjustment	-	-	-	70	-	70
Balance - May 31, 2024	(138)	15,392	15,477	1,956	(4)	32,683

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

CONSOLIDATED INTERIM STATEMENTS OF CASH FLOW

(unaudited - in \$000s Canadian)

	Nine months ended	
	May 3	
	2024	2023
Cash flow provided by (used in)		
Operating activities		
Net (loss) earnings for the period	4,659	(4,798
Add (deduct) items not affecting cash		
Depreciation of property and equipment (note 6)	305	377
Depreciation of right-of-use assets (note 10)	1,259	1,45
Amortization of intangible assets (note 6)	41	4
Amortization of advances	419	58
Interest expense on lease liabilities (note 11)	610	518
Share based payment expense (note 16)	195	174
Gain on unrealized foreign exchange on subsidiary loans	(85)	(52
Gain related to equity securities obtained through search activities	(28)	-
Net losses (gain) related to equity accounted associate (notes 5 and 19)	263	(1,482
Right-of-use asset impairment	-	29
Net gain on lease modification (note 8)	(7,741)	-
Changes in working capital (note 17)	(2,164)	(14,947
Net cash used in operating activities	(2,267)	(17,837
Investing activities		
Acquisition of business, net of cash acquired (note 4)	-	(2,179
Purchase of property and equipment	(354)	(201
Payment of advances	(579)	(1,200
Repayment of advances	-	21
Sale of marketable securities	68	
Purchase of marketable securities	(64)	
Net cash used in investing activities	(929)	(3,369
Financing activities		
Payment of lease liabilities (note 11)	(1,510)	(1,762
Sublease payments received	16	(1,702
Net cash used in financing activities	(1,494)	(1,762
	•	
Effect of exchange rate changes on cash and cash equivalents	(23)	603
Net decrease in cash and cash equivalents	(4,713)	(22,365
Cash and cash equivalents, beginning of year	22,053	35,668
Cash and cash equivalents, end of period	17,340	13,303

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THIRD OUARTERS ENDED MAY 31, 2024 AND 2023

(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 79 Wellington Street West, Suite 2410, Toronto, Ontario. The Company operates in Canada, the United States and Europe.

2. Basis of Presentation and Statement of Compliance

These consolidated interim 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.

These consolidated interim financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting, and should be read in conjunction with the annual consolidated financial statements for the year ended August 31, 2023, which have been prepared in accordance with IFRS.

The Board of Directors approved these consolidated interim financial statements for issue on July 11, 2024.

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

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

Recently Adopted Accounting Standard

Definition of Accounting Estimates (Amendments to IAS 8)

On February 12, 2021, the IASB issued Definition of Accounting Estimates (Amendments to IAS 8).

The amendments are effective for annual periods beginning on or after January 1, 2023. Early adoption is permitted. The amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The Company adopted these amendments in its consolidated financial statements for the annual period beginning September 1, 2023. The adoption of these amendments did not have a material impact on the Company.

Disclosure initiative - Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
On February 12, 2021, the IASB issued Disclosure Initiative - Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements). The amendments are effective for annual periods beginning on or after January 1, 2023. Early adoption is permitted. The Company adopted these amendments in its consolidated financial statements for the annual period beginning September 1, 2023.

The amendments help companies provide useful accounting policy disclosures. The key amendments include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

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

Accounting standards issued but not yet applied

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 intends to adopt these amendments in its consolidated financial statements for the annual period beginning September 1, 2024. The adoption of these amendments is not expected to have a material impact on the Company.

4. Business Acquisitions

The Counsel Network

On October 1, 2022, the Company acquired 100% of the shares of The Counsel Network Inc. ("TCN"), a Canada-based executive search firm specializing in the Canadian legal market. Effective May 21, 2024 the acquired legal entity was dissolved.

The acquisition of TCN was an all-cash transaction, funded with cash on hand for a total consideration of \$2,179, net of cash acquired. Goodwill of \$2,000 arising from this acquisition was recorded in the Caldwell business segment.

TCN's results have been included in our statements of earnings since the October 1, 2022 acquisition date.

Acquisition costs totalling \$68 were recorded as part of acquisition-related expenses in the first quarter of fiscal 2023. No further acquisition-related expenses were incurred as a result of this transaction.

IQTalent

On December 31, 2020, through the acquisition of 100% of the shares of IQTalent, a Nashville-based talent acquisition firm, the Company established a separate business segment. IQTalent specializes 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 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 three and nine months ended May 31, 2024 (three and nine months ended May 31, 2023: \$nil and \$811, respectively).

5. Investments and equity-accounted associates

The Company's investments are comprised of various investments whose gains and losses are recorded as either fair value through OCI or fair value through profit or loss.

Fair value through profit or loss and equity-accounted investments:

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". In September 2023 and March 2024, IQRecruit issued additional equity in which the Company did not participate. As a result, its ownership was diluted to 37.8% and then 32.3%. While the Company owns 32.3% 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.

In the third quarter of fiscal 2023, the Company recognized an equity investment and a gain of \$1,647, which was equal to the fair value of its proportionate ownership share of IQRecruit Inc., net of any related book value. As at May 31, 2024, the value of this equity investment was \$1,069 (August 31, 2023: \$1,323). The Company's share of IQRecruit's net losses was \$17 and \$263 for the three and nine months ended May 31, 2024, respectively (\$165 for the three and nine months ended May 31, 2023).

Convertible Promissory Note Receivable

The Company has invested \$500 USD (\$682 CAD at May 31, 2024 and \$677 CAD at August 31, 2023) in a note receivable at 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 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 May 31, 2024, no such election had been made. The Note is classified as fair value through profit or loss.

For the three and nine months ended May 31, 2024, gains or losses related to the Note were \$nil (three and nine months ended May 31, 2023: \$nil).

We are also working with HelloSky as a client, leveraging its candidate search capabilities into our search processes at both IQTalent and Caldwell.

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 three and nine months ended May 31, 2024, investment income included \$82 and \$383, respectively, of interest on term deposits (three and nine months ended May 31, 2023: \$31 and \$249, respectively).

Fair value through OCI:

Marketable Securities

The Company's marketable securities at May 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 \$99 as of May 31, 2024 (August 31, 2023: \$39).

For the three months ended May 31, 2024, an unrealized loss of \$1 was recognized on equity securities obtained through search fees as part of other comprehensive income (May 31, 2023: unrealized loss of \$8).

For the nine months ended May 31, 2024, an unrealized gain of \$35 was recognized on equity securities obtained through search fees as part of other comprehensive income (May 31, 2023: unrealized loss of \$19).

6. Nature of Expenses

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

	Three months ended May 31,		Nine months end	ded May 31,
	2024	2023	2024	2023
Componentian costs	22.755	24 020	EE 100	42 7 10
Compensation costs	23,755	21,920	55,100	63,719
Occupancy costs, including ROU asset depreciation	1,002	1,227	3,732	4,088
Search execution materials	634	967	2,205	2,841
Sales and marketing	434	471	1,305	1,326
Reimbursed direct expenses	279	220	657	572
Public company costs and insurance	271	83	692	748
Partner recruitment expenses	256	32	573	221
Depreciation of property and equipment	113	127	305	377
Partner meetings	79	6	157	804
Legal expenses	20	92	145	661
Amortization of intangible assets	14	18	41	41
Acquisition-related expenses (note 4)	-	-	-	879
Restructuring and other (note 8)	-	-	(7,979)	2,264
Right-of-use asset impairment (note 8)	-	-	-	266
Other	264	8	997	476
Total directs costs and expenses	27,121	25,171	57,930	79,283

7. Compensation of Key Management

Key management includes the Board of Directors and four officers of the Company. Key management compensation does not include acquisition-related compensation or accruals for separation payments that are recorded as part of restructuring expenses.

	Three months ended May 31,		hs ended May 31, Nine months ended	
_	2024	2023	2024	2023
Salaries, bonuses and short-term benefits	1,035	648	2,337	1,724
Share-based compensation expense	230	(312)	373	(497)
	1,265	336	2,710	1,227

8. Restructuring and other

In fiscal 2023, restructuring expenses were incurred to reorganize the Company's operations, including severances and the impairment of certain commercial lease right-of-use assets. In the first quarter of fiscal 2024, restructuring income was related to the termination of the IQTalent lease, net of other expenses, including separation payments. No further actions were recorded as restructuring expenses in the second and third quarters of fiscal 2024.

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, Caldwell entered into an agreement to sublease its 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 restructuring expenses in the consolidated statement of earnings.

Additional staff reductions throughout the year at IQTalent resulted in the re-evaluation of real estate needs and the decision to sublease a portion of the leased space in Nashville. As a result, in the fourth quarter of 2023, IQTalent 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, including future period 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 October 6, 2023, the Company 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 payable in equal monthly installments over 18 months were recognized as part of restructuring expenses in the first quarter of fiscal 2024, and are presented as part of compensation payable on the consolidated statement of financial position.

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, 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 a current liability 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.

9. Compensation Payable

The Company maintains certain short-term and long-term 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 Partners in fiscal 2021. The portion of the purchase price that was dependent on future employment requirements of the selling shareholders was expensed on a straight-line basis over the required service periods and presented as acquisition-related expenses in the consolidated statement of earnings. While all amounts had been fully amortized by December 31, 2022, certain payments were deferred until September 15, 2024, and are presented as part of compensation payable.

Compensation payable also includes the remaining separation payments due to David Windley described in note 8.

Current compensation payable

	As at		
	May 31, 2024	August 31, 2023	
Salaries, commissions and bonuses	24,284	26,221	
Acquisition-related and other compensation	2,135	1,729	
Performance Stock Units	70	434	
	26,489	28,384	

Non-current compensation payable

	As at		
	May 31, 2024	August 31, 2023	
Deferred Stock Units	318	242	
Performance Stock Units	243	224	
Acquisition-related and other compensation	-	1,482	
	561	1,948	

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 significant accounting policies in 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 77% for the nine months ended May 31, 2024 (nine months ended May 31, 2023: 139%). PSU expense of \$86 has been recorded for the three months ended May 31, 2023: recovery of \$253) within general and administrative expenses in the consolidated interim statements of earnings, and PSU expense of \$51 has been recorded for the nine months ended May 31, 2024 (nine months ended May 31, 2023: recovery of \$317).

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

	Nine months ended May 31,		
	2024 2023		
	Notional	Notional	
	Units (000s)	Units (000s)	
Outstanding at beginning of period	1,437	1,792	
Settled	(259)	-	
Outstanding at end of first quarter	1,178	1,792	
Granted	407	773	
Settled	(415)	(1,128)	
Outstanding at the end of second quarter	1,170	1,437	
Outstanding at end of period	1,170	1,437	

Deferred Stock Units (DSUs)

A discussion of the DSU plan including its grant components and their terms is set forth in the summary of significant accounting policies in the consolidated annual financial statements. For the three months ended May 31, 2024, DSU expense of \$64 was recorded (three months ended May 31, 2023: recovery of \$492) within general and administrative expenses in the consolidated interim statements of earnings and for the nine months ended May 31, 2024, DSU expense of \$76 was recorded (nine months ended May 31, 2023: recovery of \$605).

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

	Nine months ended May 31,		
_	2024 2023		
	Notional	Notional	
	Units (000s)	Units (000s)	
Outstanding at beginning of period	268	603	
Outstanding at end of first quarter	268	603	
Granted	88	46	
Outstanding at end of second quarter	356	649	
Redeemed	-	(190)	
Granted	49	29	
Outstanding at end of period	405	488	

10. Right-of-Use Assets

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

	Three months ended May 31,		Nine months	ended May 31,
	2024	2023 (Adjusted ¹)	2024	2023 (Adjusted ¹)
Opening net book value	6,046	20,057	13,305	21,256
Lease modification	-	-	(8,607)	-
Additions	-	1,072	2,193	1,072
Foreign exchange	23	(77)	115	6
Depreciation	(322)	(469)	(1,259)	(1,454)
Sublease of property (note 8)	-	-	-	(297)
Outstanding at end of period	5,747	20,583	5,747	20,583

¹ Adjusted to include \$15,911 related to the IQTalent Nashville lease, reflecting that the right to cancel this lease expired on July 6, 2022. Please refer to note 2(b) of the fiscal 2023 annual financial statements for details.

As at May 31,		
2024	2023	
14,816	27,679	
(9,069)	(7,096)	
5,747	20,583	
	2024 14,816 (9,069)	

On November 30, 2023, the Company negotiated a full penalty-free termination of its leased facilities for IQTalent in Nashville, effective February 29, 2024. As a result, in the first quarter of fiscal 2024, IQTalent derecognized the original right-of-use assets of \$8,762 and recognized a separate right-of-use asset of \$155, representing the portion of the premises that was intended for use until lease termination at the end of February. The net impact of this lease modification was a \$8,607 reduction to the right-of-use assets. Please see note 8 for details.

11. Lease Liability

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

	Three months ended May 31,		Nine months	ended May 31,
	2024	2023 (Adjusted ¹)	2024	2023 (Adjusted ¹)
Outstanding at beginning of period	7,047	21,148	21,799	22,142
Lease modification	-	-	(16,390)	-
Additions	-	1,042	2,177	1,042
Lease payments	(335)	(528)	(1,510)	(1,762)
Foreign exchange	31	(52)	165	52
Interest and accretion expense	108	382	610	518
Outstanding at end of period	6,851	21,992	6,851	21,992

¹ Adjusted to include \$15,911 related to the IQTalent Nashville lease, reflecting that the right to cancel this lease expired on July 6, 2022. Please refer to note 2(b) of the fiscal 2023 annual financial statements for details.

	As at May 31,				
	2024	2023			
Current portion	1,700	2,527			
Non-current portion	5,151	19,465			
Total lease liabilities	6,851	21,992			

On November 30, 2023, the Company negotiated a full penalty-free termination of its leased facilities for IQTalent in Nashville, effective February 29, 2024. As a result, in the first quarter of fiscal 2024, IQTalent derecognized the original lease liability of \$16,703, and recognized a separate lease liability of \$313, representing the lease obligation until lease termination at the end of February. The net impact of this lease modification was a \$16,390 reduction in lease liabilities. Please see note 8 for details.

12. 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 three months ended May 31, 2024 is an expense of \$180 related to provisions (three months ended May 31, 2023: expense of \$152). For the nine months ended May 31, 2024 there is an expense of \$293 related to provisions (nine months ended May 31, 2023: expense of \$241).

13. Unbilled Revenue and Deferred Revenue

As at May 31, 2024, aggregate amounts billed to clients were less than the revenue to be recognized. As a result, the Company recorded a net unbilled revenue asset of \$7,764 (August 31, 2023: \$8,237) and a related increase to compensation payable of \$3,882 (August 31, 2023: \$4,119). A summary of the gross unbilled and deferred revenue amounts is below:

	As	at
	May 31, 2024	August 31, 2023
Unbilled revenue	8,241	9,296
Deferred revenue	(944)	(1,059)
	7,297	8,237

14. Income Taxes

Income tax expense is based on domestic and international statutory income tax rates in the jurisdictions in which the Company operates and generally ranges from 26% to 30% of taxable income including federal and state obligations. These rates are then adjusted into effective tax rates based on management's estimate of the weighted average annual income tax rate expected for the full fiscal year in each jurisdiction considering income earned in each jurisdiction and available utilization of any unrecorded deferred tax assets.

Income tax expense of \$613 was recorded in the third quarter of 2024 (2023: expense of \$583). The effective income tax rate for the third quarter of 2024 was 26.0%, (2023: 28.5%).

Income tax expense of \$1,797 was recorded for the nine months ended May 31, 2024 (2023: recovery of \$1,710). The effective income tax rate for the nine months ended May 31, 2024 was 27.8%, (2023: 26.3%).

Taxes on profits in the United States were recognized as a reduction to deferred tax assets, as prior period net operating losses will be applied to these taxes payable. Taxes payable were accrued on profits in Canada. Tax expense was not recognized on the current period net profit in the UK as the subsidiary has prior period net operating losses for which deferred tax assets were not established to apply against current period taxable income.

15. 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 periods.

Three months ended May 31,		Nine months ended May 3	
2024	2023	2024	2023
\$1,746	\$1,465	\$4,659	(\$4,798)
29,558,932	25,880,693	29,558,932	25,880,693
\$0.059	\$0.057	\$0.158	(\$0.185)
	\$1,746 29,558,932	\$1,746 \$1,465 29,558,932 25,880,693	\$1,746 \$1,465 \$4,659 29,558,932 25,880,693 29,558,932

(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 period), 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.

2024 2023 2024 2023	
2027 2023 2024 2025	
Net (loss) earnings for the period attributable to owners of the	
Company \$1,746 \$1,465 \$4,659 (\$4	,798)
Weighted average number of common shares outstanding 29,558,932 25,880,693 29,558,932 25,880	,693
Adjustment for stock options 3,581 247,114 10,791	-
Weighted average number of common shares for diluted	
earnings per share 29,562,513 26,127,807 29,569,723 25,880	,693
Diluted (loss) earnings per share \$0.059 \$0.056 \$0.158 (\$0	.185)

For the three and nine months ended May 31, 2024, no currently exercisable stock options were excluded for being anti-dilutive (2023: nil and 400 thousand).

16. Capital Stock

Common Shares

As at May 31, 2024, 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.

Stock Options

Stock options are granted periodically to directors, officers and employees of the Company. Cash received upon exercise of options for common shares is credited to capital stock. Total outstanding stock options are summarized as follows:

	May 31, 2024		August 31,	, 2023
	Number of	Weighted	Number of	Weighted
	options	average	options	average
	outstanding (000s)	exercise price	outstanding (000s)	exercise price
Outstanding at beginning of period	1,365	\$1.37	400	\$0.73
Issued during the period		-	965	\$1.64
Outstanding at end of period	1,365	\$1.37	1,365	\$1.37
Exercisable at end of period	400		400	

The 965,000 options issued in fiscal 2023 have not yet vested. The remaining 400,000 options have vested and are currently exercisable. Options have an exercise price equal to the fair value of the common shares on the date of issuance. Stock option expense of \$64 and \$195 has been recorded for the three and nine month periods ended May 31, 2024 (three and nine months ended May 31, 2024: \$65 and \$174 respectively).

17. Changes in Working Capital

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

	Nine month	ns ended
	May 3	31,
	2024	2023
(Increase) decrease in accounts receivable	(616)	8,405
Increase in income taxes receivable	(67)	(591)
Decrease in unbilled revenue (note 13)	975	901
Decrease (increase) in prepaid expenses and other assets	1,250	(868)
Decrease (increase) in deferred tax assets	1,610	(2,527)
Decrease in income taxes payable	-	(1)
Decrease in accounts payable	(425)	(109)
Decrease in other liabilities (note 8)	(1,608)	-
Decrease in compensation payable (note 9)	(3,283)	(19,769)
Increase in acquisition-related compensation payable (note 4)	-	770
Decrease in cash settled share-based compensation		(1,158)
	(2,164)	(14,947)

18. Segmented Information

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

Three m	onths	ended	Mav	31.	2024
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	Caldwell	IQTalent	Elimination	Total
Professional fees	26,400	2,874	(36)	29,238
Direct expense reimbursements	279	-	-	279
Revenues	26,679	2,874	(36)	29,517
Cost of sales	19,743	2,286	(36)	21,993
Reimbursed direct expenses	279	-	-	279
Gross profit	6,657	588	-	7,245
Gross profit as a % of professional fees	25.2%	20.5%		24.8%
Selling, general and administrative	4,022	827	-	4,849
Operating profit (loss)	2,635	(239)	-	2,396
Interest expense on lease liability	108	-	-	108
Investment (income) expense	(483)	418	-	(65)
Foreign exchange loss	(6)	-	-	(6)
Earnings (loss) before tax	3,016	(657)	-	2,359
Income tax expense (recovery)	785	(172)	-	613
Net earnings (loss) for the period	2,231	(485)	-	1,746

Three months ended May 31, 2023

	1111 66	illollella el	ided may 51, 20	23
	Caldwell	IQTalent	Elimination	Total
Professional fees	21,488	4,480	(32)	25,936
Direct expense reimbursements	220	-	-	220
Revenues	21,708	4,480	(32)	26,156
Cost of sales	17,410	3,748	(32)	21,126
Reimbursed direct expenses	220	-	-	220
Gross profit	4,078	732	-	4,810
Gross profit as a % of professional fees	19.0%	16.3%		18.5%
Selling, general and administrative	2,615	1,210	-	3,825
Operating profit (loss)	1,463	(478)	-	985
Interest expense on lease liability	73	309	-	382
Investment income	(380)	(1,133)	-	(1,513)
Foreign exchange loss	68	-	-	68
Earnings before tax	1,702	346	-	2,048
Income tax expense	432	151		583
Net earnings for the period	1,270	195	-	1,465

	Nine months ended May 31, 2024				
	Caldwell	IQTalent	Elimination	Total	
Professional fees	55,512	8,785	(36)	64,261	
Direct expense reimbursements	657	-	-	657	
Revenues	56,169	8,785	(36)	64,918	
Cost of sales	43,676	7,458	(36)	51,098	
Reimbursed direct expenses	657	-	-	657	
Gross profit	11,836	1,327	-	13,163	
Gross profit as a % of professional fees	21.3%	15.1%		20.5%	
Selling, general and administrative	10,889	3,265	-	14,154	
Restructuring and other	-	(7,979)	-	(7,979)	
Operating profit	947	6,041	-	6,988	
Interest expense on lease liability	275	335	-	610	
Investment (income) expense	(1,508)	1,388	-	(120)	
Foreign exchange loss	42	-	-	42	
Earnings before tax	2,138	4,318	-	6,456	
Income tax expense	506	1,291	<u>-</u>	1,797	
Net earnings for the period	1,632	3,027	-	4,659	

	Nine months ended May 31, 2023				
	Caldwell	IQTalent	Elimination	Total	
Professional fees	55,168	16,061	(154)	71,075	
Direct expense reimbursements	572	-	-	572	
Revenues	55,740	16,061	(154)	71,647	
Cost of sales	45,024	15,448	(154)	60,318	
Reimbursed direct expenses	572	-	-	572	
Gross profit	10,144	613	-	10,757	
Gross profit as a % of professional fees	18.4%	3.8%		15.1%	
Selling, general and administrative	9,381	5,603	-	14,984	
Restructuring expenses	266	2,264	-	2,530	
Acquisition-related expenses	68	811	-	879	
Operating proft (loss)	429	(8,065)	-	(7,636)	
Interest expense on lease liability	206	312	-	518	
Investment income	(1,019)	(712)	-	(1,731)	
Foreign exchange loss	85	-	-	85	
Gain (loss) before tax	1,157	(7,665)	-	(6,508)	
Income tax expense (recovery)	343	(2,053)	-	(1,710)	
Net earnings (loss) for the period	814	(5,612)	-	(4,798)	

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:

	Three months end	ding May 31,	Nine months ending May 31,		
	2024	2023	2024	2023	
United States ¹	21,793	19,303	47,411	54,638	
Canada	5,600	4,944	12,462	11,691	
United Kingdom	1,846	1,689	4,388	4,746	
Consolidated	29,238	25,936	64,261	71,075	

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:

	At May 31, 2024		At August 31, 2023			
	Caldwell	IQTalent	Total	Caldwell	IQTalent	Total
Property and equipment	1,597	124	1,721	1,519	260	1,779
Right-of-use assets	5,747	-	5,747	4,362	8,943	13,305
Goodwill	4,029	7,257	11,286	4,013	7,201	11,214
Total assets ¹	56,520	12,903	69,423	60,198	24,446	84,644

¹ Presented net of intercompany advances that are eliminated upon consolidation

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

	Three months ended May 31, 2024			Three months ended May 31, 2023		
_	Caldwell	IQTalent	Total	Caldwell	IQTalent	Total
Depreciation expense:						
Property and equipment	100	13	113	102	25	127
Right-of-use assets	322	-	322	344	123	467
_	Nine months ended May 31, 2024			Nine months ended May 31, 2023		
· ·	Caldwell	IQTP	Total	Caldwell	IQTP	Total
Depreciation expense:						
Property and equipment	267	38	305	302	75	377
Right-of-use assets	891	368	1,259	1,040	414	1,454

19. Financial Instruments

Fair value hierarchy

The Company categorizes its financial assets 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 May 31, 2024 and August 31, 2023 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 5. Investments also include an equity-accounted investment in an associate, IQRecruit Inc., as discussed in note 5.

The following table details the fair value hierarchy of the Company's financial instruments measured at fair value by level as at May 31, 2024:

May 31, 2024

	Level 1	Level Z	Level 3
Marketable securities	1	-	98
Note receivable	-	-	682
Investment in associate	-	1,069	-

The following table details the fair value hierarchy of the Company's financial instruments measured at fair value by level as at August 31, 2023:

August 31, 2023

	Level 1	Level 2	Level 3
Marketable securities	5	-	34
Note receivable	-	-	677
Investment in associate	-	1,323	-

20. 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 May 31, 2024 is \$4,615 (August 31, 2023: \$4,643). The facility bears variable interest on drawn amounts based on the Canadian prime rate plus 1.0% per annum. As at May 31, 2024, no amounts were outstanding on the credit facility (August 31, 2023: \$nil) and letters of credit of \$385 (August 31, 2023: \$357) have been issued against the facility.