



# **THE CALDWELL PARTNERS INTERNATIONAL INC.**

## **ANNUAL INFORMATION FORM**

**For the fiscal year ended August 31, 2024**

**Dated November 19, 2024**





# THE CALDWELL PARTNERS INTERNATIONAL INC.

## ANNUAL INFORMATION FORM

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## PRESENTATION

In this Annual Information Form (“AIF”), all information is as of August 31, 2024 and all dollar amounts are quoted in Canadian dollars (in thousands of dollars except dollar per share amounts) unless otherwise indicated. References to “fiscal 2024,” “fiscal 2023” and “fiscal 2022” are to the fiscal years ended August 31, 2024, 2023 and 2022, respectively.

## 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](http://www.sedar.com)). These factors should be considered carefully, and the reader should not place undue reliance on forward-looking statements. Although any forward-looking statements are based on what management currently believes to be reasonable assumptions, we cannot assure readers that actual results, performance, or achievements will be consistent with these forward-looking statements. Management’s assumptions may prove to be incorrect. Except as required by Canadian securities laws, we do not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time by us or on our behalf; such statements speak only as of the date made. The forward-looking statements included herein are expressly qualified in their entirety by this cautionary language.

## CORPORATE STRUCTURE

The Caldwell Partners International Inc. (“Caldwell,” the “Company” or “we”) was incorporated by articles of incorporation under the Business Corporations Act (Ontario) on August 22, 1979. The Company's name was changed to The Caldwell Partners International Inc. by articles of amendment dated March 28, 1989. Prior to June 1989, the executive search business of the Company was carried on by an affiliated company, formerly named The Caldwell Partners International Ltd. As a result of a reorganization effective June 14, 1989, the Company acquired the entire executive search business of such affiliated company.

The Company filed articles of amendment dated June 15, 1989 to create a capital structure consisting of Class A Non-Voting Shares (“Class A Shares”) and Class B Voting Shares (“Class B Shares”). The Company's articles were amended on May 3, 1995 to subdivide the outstanding Class A Shares and Class B Shares on a two-for-one basis, effective May 12, 1995. On April 23, 1996, the Company's articles were amended to create a new class of shares designated as Class C Special Shares (“Class C Shares”). On May 8, 1996, the Company's articles were amended to subdivide the outstanding Class A Shares and Class B Shares on a two-for-one basis, effective May 30, 1996.

On August 8, 2008, a wholly-owned subsidiary was incorporated as The Caldwell Partners International Inc., a United States Delaware Corporation. The subsidiary was formed to accommodate expansion plans into the US that began in 2009. On December 22, 2009 the subsidiary's legal name was changed to The Caldwell Partners International Ltd. (“Caldwell US”).

On April 21, 2010, the Company's voting and non-voting shares were converted into a single class of voting shares. Holders of Class B Shares received 1.149 Class A Shares for each of their Class B Shares and all Class A Shares became single-voting common shares. Following approval from the Toronto Stock Exchange (“TSX”) on May 10, 2010, all 3,883,450 Class B Shares were converted to 4,462,082 Class A shares. Immediately following this conversion, all Class A Shares were reclassified as common shares with one vote per share (“Common Shares”). Articles of Amendment were filed on April 29, 2010 in respect of such reclassification.

Effective September 1, 2014, all existing Canadian subsidiaries were amalgamated, leaving The Caldwell Partners International Inc. (“Caldwell Canada”) as the only Canadian entity. Until amalgamated, the Company had three direct, wholly-owned Canadian subsidiaries: Caldwell Investments Inc., Prince Arthur Advertising Inc. and Caldwell Interim Executives Inc. Each of these subsidiaries was incorporated under the Business Corporations Act (Ontario).

Effective October 1, 2014, the Company completed its acquisition of all the outstanding shares of Hawksmoor Search Limited (“Hawksmoor”), an executive search boutique. The acquisition did not require the filing of a business acquisition report pursuant to Form 51-102F4. Hawksmoor was based in London, England, incorporated on March 22, 2010 under the Companies Act 2006 and registered in England/Wales. Immediately following the acquisition, the name of the legal entity was changed from Hawksmoor Search Limited to The Caldwell Partners International Europe, Ltd. (“Caldwell Europe”).

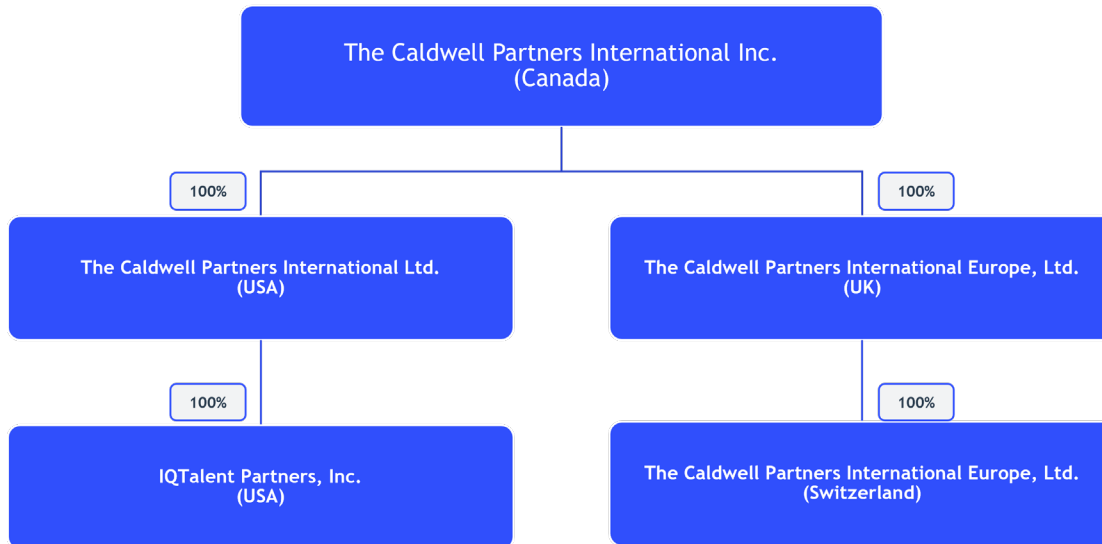
Effective December 31, 2020, the Company, through Caldwell US, completed its acquisition of all the outstanding shares of IQTalent Partners, Inc. (“IQTalent”), an on-demand talent acquisition firm based in Nashville, Tennessee. The purchase price included the issuance of 5,101,138 new shares of the Company's

common stock. The acquisition did not require the filing of a business acquisition report pursuant to Form 51-102F4. IQTalent was formed on July 3, 2009 as IQTalent Partners, LLC, a California limited liability company. Effective January 1, 2019, IQTalent converted its name and entity form to IQTalent Partners, Inc., a Delaware corporation.

Effective March 28, 2022, the Company, through Caldwell Europe, formed a Swiss branch to conduct business in Switzerland. The branch was organized in Little Chafont, Switzerland, and relocated to Zurich, Switzerland effective July 27, 2022. The name of the branch is The Caldwell Partners International Europe Ltd, Little Chalfont, Zweigniederlassung Zürich (Caldwell Switzerland).

Effective October 1, 2022, the Company, through Caldwell Canada, completed its acquisition of all the outstanding shares of The Counsel Network Inc. (“The Counsel Network”), an executive search boutique. The acquisition did not require the filing of a business acquisition report pursuant to Form 51-102F4. The Counsel Network is based in Canada, and incorporated via amalgamation on October 1, 2022 under the Business Corporations Act (Ontario). Effective May 17, 2024, The Counsel Network’s standalone legal entity was voluntarily dissolved, with the entire business being amalgamated into The Caldwell Partners International Inc. (Canada).

The following organization chart summarizes the legal structure of the Company as of November 28, 2023:



The head and registered office of the Company is located at 79 Wellington Street West, Suite 2410, Toronto, Ontario, M5K 1E7. The Company’s common shares are listed on the Toronto Stock Exchange (TSX: CWL) and also trade in the United States through the OTC Markets Group (OTCQX: CWLPF). Please visit our website at [www.caldwellpartners.com](http://www.caldwellpartners.com) for further information.

## GENERAL DEVELOPMENT OF THE BUSINESS

### THREE YEAR HISTORY

Beginning in the first quarter of fiscal 2021, we experienced a rapid recovery from the pandemic-driven revenue declines in the third and fourth quarters of fiscal 2020. All our business lines and geographies increased sharply during the second half of fiscal 2021 as we realized historically high revenue and productivity across all our operations which extended into fiscal 2022.

At the end of fiscal 2022 we began seeing a slowdown in recruitment activity, with a steeper decline seen at IQTalent where there was a higher client concentration in the technology sector. This decline, exacerbated by interest rate increases and general uncertainty amongst our clients continued into fiscal 2023 impacting both our IQTalent and Caldwell segments.

In our Caldwell segment, although the third quarter of fiscal 2024 resulted in some revival of the suppressed hiring demand, the overall recovery continued to be unpredictable, with the full-year revenue comparable to fiscal 2023. At IQTalent, the on-demand hiring needs of our clients have stabilized, although it continues to remain suppressed from the highs of fiscal 2022. Actions taken in recent quarters to reduce staff and expenses at IQTalent, combined with the termination of our Nashville lease at the end of the second quarter of fiscal 2024, have reduced our cost base, resulting in a profitable fourth quarter and positioning us well for revenue growth in the coming years.

These impacts are discussed in more detail in our quarterly and annual management discussion and analysis (“MD&A”) filings. Reference is made to our Business Outlook section in our MD&A’s for a discussion on anticipated future results. For this information and a detailed discussion of the Company’s financial performance, please refer to the MD&A filings on SEDAR ([www.sedarplus.ca](http://www.sedarplus.ca)) and referenced in Additional Information herein.

#### General operations over the most recent three years

We continue refining and executing our strategic plan—building a leading talent acquisition firm while expanding into key geographies and exploring related offerings complementary to talent acquisition.

Over the last three years we expanded our service offerings with our acquisitions of Applied Behavioral Academy (“ABA”) and The Counsel Network. Please refer to the Management’s Discussion and Analysis (“MD&A”), available on [www.sedarplus.ca](http://www.sedarplus.ca), for further discussions on recent acquisitions. We have also launched new solutions that are complementary to our current business. These initiatives include Caldwell Advance and Caldwell Analytics which are discussed further in the New Products and Solutions section of this document. We do not know the scale to which our new solutions may develop in the future or if we will maintain such service offerings if we cannot scale related revenue.

## DESCRIPTION OF THE BUSINESS

We operate through two distinct segments - retained executive search and analytics solutions are conducted as *Caldwell*, and on-demand talent acquisition augmentation solutions are conducted as *IQTalent*. The services Caldwell offers, the nature of its clients and its pricing and delivery model are uniform across geographies, and those geographies are largely interconnected in economic cycles. We therefore measure the key metrics and reporting of Caldwell as one segment. IQTalent’s business is

managed and measured separately from Caldwell with unique branding, operations and pricing. As a result, we operate with two distinct business segments differentiated by brand, services, operations and pricing models.

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



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


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

Please refer to the Management’s Discussion and Analysis (“MD&A”), available on [www.sedarplus.ca](http://www.sedarplus.ca) for further discussions on our segment operating characteristics.

## OVERVIEW OF THE TALENT ACQUISITION MARKET

We are talent acquisition experts specializing in sourcing and recruiting executives on behalf of our clients. On an hourly or assignment basis, we contract with our clients to provide advice on identifying, evaluating, assessing, and recommending qualified candidates for specific positions.

Our clients include a broad range of national, international and multinational businesses and public sector organizations. We typically deal with the senior management or boards of directors of our clients. We



intend to grow our core existing markets with select additional owned operations in critical geographies and use affiliation agreements in international countries with smaller or higher-risk search markets.

Talent acquisition is highly sensitive to cyclical economic conditions. It has been driven by the secular impacts of the increasing speed with which business decisions are made and the complexity of technological change, creating a growing demand for talent to manage effectively in such circumstances.

While the talent acquisition industry is highly sensitive to cyclical economic conditions, through diversification, the overall market is made less volatile than activity in any one client industry segment. Entities in various geographic locations operating in a broad range of industry sectors and in the public sector use talent acquisition services. The level of activity in several of these sectors generally follow different cycles, thereby reducing the cyclical demand for talent acquisition services for the market as a whole.

In our experience, the Caldwell executive search business has traditionally been more value-sensitive than price-sensitive; it is the quality of the candidates sourced for executive search clients, rather than price, which is of greatest concern to the client.

While the quality of service to clients is also important at IQTalent, the on-demand talent acquisition augmentation business tends to be more price sensitive, with clients assessing hourly billing rates relative to the cost of further building their internal team.

While online social databases and services such as LinkedIn, the evolution of artificial intelligence (AI) and a trend to bring search capabilities in-house will continue to apply competitive pressure to mid-management and lower-senior management search activities, at the senior executive level, companies are more likely to continue their use of executive search firms to provide the specialized skills and experience needed for leadership-level searches. Our strategy in addressing this in Caldwell is to continue to focus on developing the executive-level search work in the marketplace where clients are more likely to view our fees as an investment rather than an expense, and where the personal touch and enhanced experience we provide cannot be matched through in-house expertise limited to public databases, or AI.

Our strategy in IQTalent is to offer clients a distinct value proposition as we embrace technology, invest in software to aid our process flow and client deliverables, and invest AI technologies to improve candidate research results while reducing the time and cost to perform research.

## **SOURCES OF BUSINESS**

We maintain a diverse client base, and in fiscal 2024, 2023 and 2022, none of our clients accounted for 5% or more of our consolidated revenues.

### **Caldwell**

In Caldwell, we provide our services across diverse practice groups. We have developed industry specializations in the financial services, industrial, technology, media and telecom, life sciences, consumer and retail distribution, professional services and education/not-for-profit/public sectors.

The following table summarizes the approximate contribution to Caldwell’s segment revenue during fiscal 2024, 2023 and 2022 according to industry category:

<u>Industry Category</u>	<u>Fiscal 2024</u>	<u>Fiscal 2023</u>	<u>Fiscal 2022</u>
Financial Services	42%	39%	45%
Industrial	22%	31%	21%
Professional Services	17%	8%	9%
Life Sciences	7%	8%	9%
Educational/Not-for-Profit/Public Sector	5%	3%	2%
Consumer/Retail	4%	7%	8%
Technology/Media /Telecom	<u>3%</u>	<u>4%</u>	<u>6%</u>
	100%	100%	100%

### **IQTalent**

In IQTalent we provide our service across a number of industries. While technology/media/telecom was a significant source of revenue in fiscal 2022, we have since diversified into other industries. The following table summarizes the approximate contribution to IQTalent’s segment revenue during fiscal 2024, 2023 and 2022, according to industry category:

<u>Industry Category</u>	<u>Fiscal 2024</u>	<u>Fiscal 2023</u>	<u>Fiscal 2022</u>
Technology/Media /Telecom	35%	28%	61%
Life Sciences	28%	27%	16%
Financial Services	14%	11%	7%
Industrial	10%	22%	6%
Educational/Not-for-Profit/Public Sector	5%	6%	4%
Professional Services	5%	2%	2%
Consumer/Retail and other	<u>3%</u>	<u>4%</u>	<u>4%</u>
	100%	100%	100%

## FOREIGN OPERATIONS AND GEOGRAPHIES

### Owned Operations

The following table summarizes the approximate contribution to the Company's revenue during fiscal 2024, 2023 and 2022 according to geography:

<u>Geography</u>	<u>Fiscal 2024</u>	<u>Fiscal 2023</u>	<u>Fiscal 2022</u>
United States	74%	74%	84%
Canada	20%	18%	11%
Europe	<u>6%</u>	<u>8%</u>	<u>5%</u>
	100%	100%	100%

All of IQTalent's revenue is generated in the United States.

The presentation currency of the Company is Canadian dollars and excludes intercompany revenue, which is eliminated on consolidation. The primary local currency in each of the three regions is the US dollar, Canadian dollar and British pound, respectively.

The following table summarizes the approximate foreign exchange rates impacting the business during fiscal 2024, 2023 and 2022 according to geographic segment:

	<u>Exchange Rates to the Canadian Dollar</u>		
<u>Functional Currency</u>	<u>Fiscal 2024</u>	<u>Fiscal 2023</u>	<u>Fiscal 2022</u>
United States			
US dollar - average	1.36	1.35	1.27
US dollar - period end	1.35	1.33	1.31
Europe			
British pound - average	1.72	1.64	1.65
British pound - period end	1.77	1.65	1.52

## HUMAN RESOURCES

### Caldwell

Partners and principals working in executive search are responsible for developing client relationships and search assignments and for the execution of such assignments, including assessing and presenting search candidates to our clients. Consultants, associates, and researchers support the partners and principals in search execution, aiding in identifying, screening and summarizing role qualifications of candidates for our partners, who then further interview and assess for client presentation. Project coordinators provide administrative support to the search team, including database entry, client and candidate scheduling, report generation and general support. Caldwell Analytics provides support for the use and sale of our Caldwell Analytics assessment tools and programs. Our corporate support teams, including senior officers,

provide functional services to the search delivery teams, encompassing accounting, marketing, human resources and information technology, for both Caldwell and IQTalent.

The following table summarizes the total workforce of Caldwell on August 31, 2024, 2023 and 2022 according to functional role:

<u>Functional role</u>	<b>Number of Total Caldwell Employees</b>		
	<u>Fiscal 2024</u>	<u>Fiscal 2023</u>	<u>Fiscal 2022</u>
Partners and principals	52	49	45
Consultants and associates	47	41	40
Project Coordinators	36	33	33
Caldwell Analytics	3	3	5
Corporate support staff	<u>21.5</u>	<u>24</u>	<u>22</u>
	159.5	150	145

In selecting our professional staff, we have developed a broad representation of industry and functional backgrounds. The professional staff's breadth of experience is a valuable asset; clients usually prefer to work with professionals who have strong knowledge of the client's business and industry. The business backgrounds of our professionals include retailing, banking, technology, life sciences, healthcare, manufacturing, consumer and office products, and oil and gas, as well as previous recruiting and consulting experience. Functionally, finance, marketing, information technology, cybersecurity, legal, human resources and general management skills are particularly well represented among the professional staff.

Our search professionals provide direct client service and are actively involved in executive search operations. The Company's compensation plan for search professionals encourages performance at the highest levels by directly linking compensation to each professional's performance.

### **IQTalent**

IQTalent's workforce consists of associates who perform research and sourcing services and recruiters who perform full lifecycle search. There are additionally practice leaders and account management support teams to supplement the delivery of services. In addition to full-time and part-time employees, we engage contractors at IQTalent as part of our total workforce. The use of contractors provides variable flexibility to scale up and down through business cycles and rapid periods of growth or decline. All employees and the majority of contractors are based in the United States. Certain contractors are based globally.

The following table summarizes the total workforce of IQTalent on August 31, 2024, 2023 and 2022:

	<u>Fiscal 2024</u>	<u>Fiscal 2023</u>	<u>Fiscal 2022</u>
Associates/Senior Associates	20	38	167
Recruiters/Senior Recruiters	25	38	77
Practice leaders	-	4	8
Support	<u>7</u>	<u>18</u>	<u>22</u>
Permanent employees	52	87	163
Contractors (full-time equivalent)	<u>17</u>	<u>6</u>	<u>149</u>
Total workforce	69	93	312

In fiscal 2023, in response to reduced revenue and business uncertainty, IQTalent announced a restructuring, reducing its staff by 113 employees. Additional furloughs and attrition continued throughout fiscal 2023 and fiscal 2024 as costs were right-sized to the lower revenue levels.

All our employees are required to sign a confidentiality agreement and Code of Ethics acknowledgment. They agree to keep strictly confidential the information that individual executives and client organizations provide to us. In addition, all executive search professionals have non-solicitation arrangements regarding our employees and clients.

## **INFORMATION RESOURCES AND TECHNOLOGY**

In our opinion, the key to effective executive searches is access to current information and technological tools. With each new assignment, we continually update and expand the information we maintain on organizations, industries, companies, and potential candidates. We employ search professionals who possess extensive information on industries and potential candidates. We also make use of public and subscription-based information databases.

### *Internal research and databases*

Research is an integral part of the process of developing, conducting and completing executive searches efficiently. For each assignment, our respective search team prepares a research strategy that includes a review of our confidential information database and industry and organization analyses. Once the executive search assignment specifications are set, industries and organizations in which potential candidates might be located are identified. A list of potential candidates is then prepared following the identification of individuals holding key positions in those organizations. As required, talent maps for those organizations are developed, and competitive information (such as data on sales, product lines or technologies) is obtained to ensure that the most attractive candidates are identified and that any contact with candidates takes place on a discreet basis. The information that is collected is then organized into a presentation form for the client.



### *External research and databases*

We believe that access to worldwide databases is a strategic necessity for talent acquisition professionals. We access external online database services to enhance our research capabilities. Similarly, our presence on the internet (through our website) serves to enlarge our market potential. To address data security issues associated with increasing remote database access, we use password protection, two-factor authentication and conduct regular security and system integrity reviews by third-party information technology consultants.

### *Artificial intelligence (AI)*

With our acquisition of IQTalent and investment in Skyminyr we have expanded the use of our external research into applications of artificial intelligence. We tap into several different AI sources to enhance our candidate universe. Our AI providers are based on data aggregators of people information. This information is then enhanced with contact information and other attributes from other public and licensed sources to enhance the data sets. Algorithms are then built over the datasets to search through the vast pool of hundreds of millions of professionals to provide applicable candidates for outreach. AI is still in its early stages for talent acquisition, and we foresee managed services being required to deliver superior results. We will continue to invest in our development and licensing of AI tools to enhance our service delivery.

### *Scientific assessment tools*

We utilize various third-party assessment tools to set job target requirements and apply the related assessments relative to the job target. This helps align candidate fit to the open role and aids in reducing bias by leveraging independent science. Our client's preferences determine which assessment tools we use, but our primary set of assessments is from The Predictive Index® ("PI") for which we are a certified partner. PI has behavioural and cognitive assessments that are simple to administer, take, interpret, and correlate to desired executive success factors. We include a PI offering as an option for all our executive searches.

We intend to continue to develop these and other areas of technology as clients' needs evolve.

## **NEW PRODUCTS AND SOLUTIONS**

We continue to prudently expand the traditional full-time placement market of executive search as we branch out our service lines in areas that can leverage the existing expertise of our search teams and better serve our clients.

### **Caldwell Analytics**

We currently have in place an agreement with The Predictive Index, LLC ("PI"), naming us as a PI Certified Partner. As a PI Certified Partner, we may utilize The Predictive Index suite of talent strategy and assessment tools within our search services as well as sell and service the PI platform directly to our clients for their enterprise-wide use. During fiscal 2022 we acquired Applied Behavioral Academy ("ABA"), a PI consulting firm, to help expand our use of PI internally and focus on enterprise PI sales at clients. We have branded our comprehensive suite of PI and consulting services as Caldwell Analytics. We are confident that having an embedded set of assessment tools is critical to providing excellence in our search



process and remaining competitive with our industry peers. We continue to grow our enterprise clients for this offering as well.

## **COMPETITION**

The executive search business is highly competitive in terms of both winning and pricing new engagements. Our primary competitors include major international executive search firms, regional executive search firms, boutique specialty firms, and, indirectly, our clients' in-house recruitment functions. Barriers to entry are few in the industry, but most small executive search firms are unable to compete effectively at larger clients with the experience, contacts and resources of an established organization like ours. As well, they generally lack the financial resources to make significant investments in their research tools and databases and to withstand the pressures of difficult economic times.

The larger global executive search firms have greater financial stability and are quite competitive. Some of our competitors possess more significant resources and greater name recognition and may be further along in developing and designing technology solutions to meet client requirements. One advantage we have over our larger competitors is that we generally have fewer client non-solicitation arrangements. It is standard practice in the industry to provide clients with a non-solicitation right ranging in scope from the placed executive to the entire client organization, known as “off-limits” protection. Additionally, the industry-wide practice of search firms is to put candidates on only one client opportunity at a time to prevent talent conflicts. This industry-wide practice narrows the available candidate pool that very large firms have available to present to clients conducting similar roles simultaneously in the marketplace. If too many off-limit arrangements and candidate blockings are created, the ability to broadly and effectively source candidates for prospective client engagements becomes impeded.

In-house recruitment departments leveraging evolving social databases such as LinkedIn can also be viewed as competitors. Companies able to leverage improving and readily accessible talent databases reduce the need to engage external search providers. This primarily impacts mid-level and lower-level management roles below where our executive search business focuses.

## **ADVERTISING**

In conducting certain of our assignments, predominantly for roles in government and educational institutions in Canada, we will recommend, where appropriate, posting of career opportunities on both our website and others available on the internet. The response to advertisements by interested candidates permits searches to be completed more quickly with a broader array of potential candidates. Current positions are also selectively posted on the Company's website for even greater visibility. In the United States, neither our competitors nor we generally advertise client positions, which helps maintain confidentiality and reduce unqualified candidates' vast responses. We have recently implemented a new search database and operating system with enhanced ability to post jobs to our site and have candidates apply electronically for searches where our clients desire public postings.

## BUSINESS DEVELOPMENT

In our Caldwell segment, partners and principals are responsible for developing new business and executing on contracted search assignments (or passing execution to a colleague who may have more applicable functional or industry expertise). Accordingly, a significant portion of partner time is devoted to business development activities. We have many repeat clients, most of whom tend to utilize our services on a continuing basis as dictated by the client's internal executive recruiting requirements. We continue to invest in our content marketing strategy whereby online content in the form of blogging, articles, newsletters, whitepapers, infographics, case studies, and other educational resources are used to reach our clients and candidates, driving traffic to our website and building our brand. Social media empowers these tools, with the company actively distributing content through its followers on LinkedIn and Twitter.

In our IQTalent segment, customer acquisition comes through the inbound marketing programs we run and the investments in content marketing and webinars delivered to our lead lists and clients. We also benefit from a robust number of word-of-mouth referrals from existing clients. Beginning in fiscal 2024, we are trialing a dedicated sales function at IQTalent, in addition to outsourced lead generation. We have also put in place incentives for our Caldwell partners to refer business to IQTalent.

## FACILITIES

As of August 31, 2024, the Company's operations are conducted at leased premises as follows:

Location	Address	Approximate Area
<b>Caldwell</b>		
<b>Canada</b>		
Calgary, Alberta	255 5 Avenue S.W.	4,500 square feet
Toronto, Ontario	79 Wellington Street West	10,486 square feet
<b>United States</b>		
Atlanta, Georgia	3500 Lenox Road N.E.	4,159 square feet
Charleston, South Carolina	11 Broad Street	1,648 square feet
New York, New York	1700 Broadway	6,754 square feet
Chicago, Illinois	250 South Wacker Drive	3,209 square feet
Stamford, Connecticut	281 Tresser Boulevard	4,522 square feet
<b>Europe</b>		
London, United Kingdom	107 Cannon Street	2,248 square feet

In addition to the locations listed in the chart, we also utilize a network of short-term flexible offices through vendors such as Regus. The use of flexible offices has helped reduce our permanent real estate footprint and costs while still providing quality space for use by our employees and clients.

On November 30, 2023, the Company negotiated a full penalty-free termination of its 66,000 square feet of 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. Consistent with the termination agreement, IQTalent vacated the space on February 29, 2024. See note 11 to our Annual Consolidated Financial Statements filed on [www.sedarplus.ca](http://www.sedarplus.ca) for additional discussion.

## **ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICIES**

We do not view the impact to our business from social and environmental policies as a direct financial risk factor given the nature of services as a professional services firm. We do face indirect risk from possible impact to our brand reputation with our clients if we fail to take social and environmental issues seriously.

Environmental, Social and Governance (ESG) matters are important to us at Caldwell, and strong ESG commitments start from the top. Caldwell is a publicly-traded company with a board of directors, the majority of which are independent. Our board reviews our ESG policies along with its other governance duties. Regarding our approach to ESG, we note the following:

**Environmental:** We currently do not have an environmental committee to review our impact on the environment. This is due to the relatively small size and nature of our business. We are a professional services firm with a low number of employees and a small carbon footprint. The most significant impact we have on the environment is through the office space we work in and the travel that we and our candidates undertake on behalf of our clients. We reduced our office footprint substantially during the pandemic and have continued to operate in a notably reduced office space requirement into the future as we have shifted to a largely hybrid work environment. We have also reduced the travel we perform on behalf of our clients through leveraging remote work tools such as video conferencing for meetings and interviews, benefitting both the environment and expense cost to our clients. We counsel our clients to utilize video interviewing whenever possible to help us in this mission.

**Social:** We have a robust social program at Caldwell, which centers around our Diversity, Equity and Inclusion (DEI) efforts. An authentic and meaningful DEI approach is about much more than ticking boxes to build a diverse slate of candidates. It's a virtuous circle of learning, sharing, implementing and growing.

At Caldwell, we take DEI seriously and have implemented an approach to cultivating more diverse and inclusive workplaces for ourselves, our clients, and our industry. Our approach involves three distinct categories -

- **LEARN MORE** - we need to strengthen our awareness.
- **SHARE MORE** - we need to impart our understanding.
- **DO MORE** - we need to cultivate more diverse and inclusive workplaces for ourselves and our clients.



## LEARN MORE

We understand and embrace the positive impact DEI has on performance and innovation and we are dedicated to cultivating an open workplace where employees can share perspectives and present challenges and opportunities.

We have engaged Seramount's Diversity Best Practices to serve in an agile Chief Diversity Officer capacity for our firm, guiding us in establishing and implementing a DEI roadmap.

We launched a DEI Council comprising six search team partners and consultants and three corporate management team members to facilitate execution of action items.

We have undertaken initial unconscious bias awareness training and intend to implement ongoing in-depth training.

We are implementing the data capture of metrics more precisely within our firm to benchmark our current standing and future progress.

## SHARE MORE

One of the most powerful tools we can use to cultivate more diverse and inclusive workplaces is to share what we've learned through best practices and candid dialogue. We are committed to sharing our progress and best practices that support companies to diversify their workforces better.

We joined the growing coalition to advance diversity and inclusion in the workplace with our chief executive officer signing the CEO Action for Diversity & Inclusion™ pledge. This is an important step toward meaningful change; contributing to and learning from other companies' actions is another.


## DO MORE

The Caldwell Inclusive Leadership Approach is designed to address inclusion in our overall search process and candidate slates and respond to client desires to enhance diversity in their organizations.

Our goal is always to deliver a robust, diverse slate of candidates. If we cannot provide a diverse candidate slate, we will give our clients concrete explanations as to why.

We can include DEI competency questions in the interview process to assess candidates' skills related to developing diverse talent, fostering an inclusive workplace environment and expanding business opportunities in diverse communities. This assessment can organically lead to a candidate slate including, but not exclusively limited to, candidates of the client's diversity focus areas.

For clients with an even more focused desire to cultivate higher levels of diversity in their executive ranks, we offer Diversify, performed by IQTalent, to augment our standalone search efforts. The results from Diversify are then added to our overall talent pool for further review against the competency requirements of the client's unique engagement.



We have a real sense of accountability for our goals and results. We have launched a diversity metrics dashboard that tracks our firm-wide diversity results and lets us update clients on our success in achieving their diversity goals on each search.

#### Diversity Organizations We Support

Our employees and search delivery teams participate in numerous DEI initiatives and organizations, voluntarily and with their individual passions. As a firm, we have focused on a specific group of impactful organizations where we have developed deep relationships.

Caldwell contributes time, knowledge and financial resources to these entities-bringing the unique skillsets of our executive search consultants to each organization's benefit. In return, Caldwell derives meaningful benefits to our own firm and our continued development of an inclusive environment.

#### Governance

Strong governance practices are a hallmark of our public company status. An important part of our governance is ensuring we protect our shareholder and employee interests while behaving as a good corporate citizen in the world. Our governance strength is codified in our policies which are available for review on our public website at: <https://www.caldwell.com/executive-search-agency-investor-relations/>

## RISKS AND UNCERTAINTIES

Please refer to the Management's Discussion and Analysis ("MD&A"), available on [www.sedar.com](http://www.sedar.com), section Risks and Uncertainties, for further discussions on the risks and uncertainties impacting our business.

## DIVIDENDS AND DISTRIBUTIONS

To consider paying dividends, the Company must have a positive combination of retained earnings and contributed surplus. As of August 31, 2024, the net deficit and contributed surplus balance was \$15,159. The Board of Directors sets the dividend policy of the Company. In setting quarterly dividend payments, the Board of Directors considers many factors, including current earnings results, future earnings projections, cash needs for operational and strategic growth and balances of Unencumbered Cash (as defined in Non - GAAP Financial Measures in the Company's Management Discussion and Analysis) which can act as a buffer against short-term earnings volatility.

Effective November 19, 2024, with a view toward maximizing investor returns, the Board of Directors declared a dividend of \$0.25 cents per Common Share, payable to holders of Common Shares of record on December 2, 2024, and to be paid on December 20, 2024.

## GENERAL DESCRIPTION OF CAPITAL STRUCTURE

As of August 31, 2024 the Company's authorized share capital consisted 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 one vote per common share and 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.

The Company announced on August 14, 2023 that it had closed a non-brokered private placement financing of \$2,943 (the "Offering") through the issuance of 3,678,239 common shares at a price of \$0.80 per common Share. The proceeds of the Offering are being used for general corporate and working capital purposes, including an allocation of funds for the recruitment of new partners. All securities issued pursuant to the Offering were subject to a four-month or twelve-month hold period from the closing date in accordance with applicable Canadian and United States securities laws, respectively.

Of the total proceeds raised under the Offering, \$982 was subscribed by insiders of the Company which constitutes a "related party transaction" within the meaning of Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions ("MI 61-101"). The Company relied on exemptions from the formal valuation and minority approval requirements in sections 5.5(a) and 5.7(a) of MI 61-101 on the basis that the fair market value of the transaction, insofar as it involved "related parties", was not more than the 25% of the Company's market capitalization.

## MARKET FOR SECURITIES

### Trading Price and Volume

The Company's outstanding Common Shares are listed on the TSX ("CWL"). A chart showing the highest and lowest closing price of the shares during each month and volume traded is as follows:

<u>Month</u>	<u>Closing Price per Share Range</u>		<u>Volume</u>
	<u>High</u>	<u>Low</u>	
August-24	\$1.18	\$0.95	226,000
July-24	\$1.20	\$0.89	267,600
June-24	\$0.93	\$0.75	136,600
May-24	\$0.83	\$0.73	64,100
April-24	\$0.84	\$0.65	373,600
March-24	\$0.77	\$0.66	150,600
February-24	\$0.78	\$0.69	67,800
January-24	\$0.80	\$0.72	103,000
December-23	\$0.83	\$0.70	174,500
November-23	\$0.81	\$0.65	81,500
October-23	\$0.81	\$0.69	55,800
September-23	\$0.94	\$0.80	45,400



## **ESCROWED SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER**

In connection with our purchase of IQTalent, a portion of the purchase price paid to the selling shareholders of IQTalent was in the form of 5,101,138 new shares of The Caldwell Partners International Inc. The shares were subject to a Lockup Undertaking Agreement that prohibited the shares from being traded for three years following the acquisition of IQTalent, which occurred on December 31, 2020. This three-year lockup period expired on December 31, 2023.

## DIRECTORS AND OFFICERS

The names, municipalities of residence, positions with the Company and principal occupations of the directors and executive officers of the Company as of August 31, 2024 are as follows:

Name and Municipality of Residence	Office	Current Principal Occupation	Voting Common Shares Owned	Non-Voting Cash Settled DSUs/PSUs	Director Since
<b>C. CHRISTOPHER BECK<sup>(1)</sup></b> Massachusetts, United States	Director and President, Caldwell	President and Chief Financial Officer, Caldwell	700,000	648,661 <sup>(2)</sup>	February 22, 2022
<b>DARCY D. MORRIS</b> Ontario, Canada	Director	Founder and CEO, Ewing Morris & Co. Investment Partners and Corporate Director	3,820,250 <sup>(4)</sup>	117,122 <sup>(3)</sup>	July 10, 2018
<b>JOHN N. WALLACE<sup>(1)</sup></b> Ontario, Canada	Director and Chief Executive Officer, Caldwell	Chief Executive Officer, Caldwell	865,500	521,929 <sup>(2)</sup>	February 19, 2009
<b>JOHN YOUNG<sup>(5)</sup></b> Ontario, Canada	Director	Chief Executive Officer, Boat Rocker Media Inc., Corporate Director	83,777	101,364 <sup>(3)</sup>	September 4, 2019
<b>MICHAEL R.J. FALAGARIO</b> Ontario, Canada	Vice President, Finance and Corporate Secretary	Vice President, Technology, Business and Legal Operations, Caldwell	200,000	-	n/a
<b>RICHARD W. PEHLKE</b> Illinois, United States	Director	Corporate Director	-	-	July 11, 2024
<b>ROSEMARY ZIGROSSI</b> Ontario, Canada	Director	CEO, Mtrex Network Solutions and Corporate Director	125,000	43,904 <sup>(3)</sup>	February 21, 2023
<b>SHREYA LATHIA<sup>(1)</sup></b> Ontario, Canada	Vice President, Accounting and Reporting	Vice President, Accounting and Reporting, Caldwell	12,500	-	n/a
<b>TERRY GRAYSON-CAPRIO</b> South Carolina, United States	Director	Corporate Director	50,000	42,614 <sup>(3)</sup>	July 11, 2023

(1) Effective September 1, 2024, following the passing of the Board Chairman Elias Vamvakas in July 2024, Mr. Wallace assumed the position of Executive Chair of the Board. Effective September 1, 2024, Mr. Beck was

promoted to President and Chief Executive Officer and Ms. Lathia was promoted to Vice President and Chief Financial Officer. Mr. Beck and Mr. Wallace continued to remain Directors of the Board.

- (2) Performance Share Units (PSUs) are non-voting cash-settled units granted to the management of the Company. See note 12 to the Annual Consolidated Financial Statements available on [www.sedarplus.ca](http://www.sedarplus.ca) for additional information.
- (3) Deferred Share Units (DSUs) are non-voting cash-settled units granted to Directors of the Company. See note 12 to the Annual Consolidated Financial Statements available on [www.sedarplus.ca](http://www.sedarplus.ca) for additional information.
- (4) Includes 27,550 shares held directly by Mr. Morris and 3,792,700 shares held indirectly by Ewing Morris & Co. Investment Partners Ltd.
- (5) Effective September 1, 2024, Mr. Young was selected as Lead Independent Director.

The following table notes the principal occupations of the above-noted directors and officers during the preceding five years:

Name	Principal occupation in preceding five years
C. CHRISTOPHER BECK	President and Chief Financial Officer, Caldwell Chief Operating and Financial Officer, Caldwell
DARCY D. MORRIS	Founder and CEO, Ewing Morris & Co. Investment Partners and Corporate Director
JOHN N. WALLACE	Chief Executive Officer, Caldwell
JOHN YOUNG	Chief Executive Officer, Boat Rocker Media Inc., Corporate Director
MICHAEL R.J. FALAGARIO	Vice President, Finance, Caldwell Director, Finance, Systems and Planning, Caldwell
RICHARD W. PEHLKE	Corporate Director
ROSEMARY ZIGROSSI	CEO, Mtrex Network Solutions and Corporate Director
SHREYA LATHIA	Vice President, Accounting and Reporting, Caldwell Senior Director, Shareholder Reporting and Consolidations, CIBC
TERRY GRAYSON-CAPRIO	Corporate Director Managing Partner, KPMG

Each director holds office until the next annual meeting of shareholders or until their successor is elected or appointed, whichever is sooner unless their office is vacated earlier. The directors and executive officers of the Company, as a group, beneficially own directly or indirectly or exercise control over 5,857,027 Common Shares, representing approximately 19.8% of the outstanding Common Shares.

Committee members and chairs for the current Directors are summarized as follows:

	Board of Directors	Audit Committee	Compensation Committee	Nominating/ Corporate Governance/ (NCG) Committee	Investment Committee
C. Christopher Beck	✓	(1)	(1)	(1)	✓
Darcy D. Morris	✓	✓	✓	✓	Chair
John N. Wallace	✓	(1)	(1)	(1)	✓
John Young	✓	✓	✓	Chair	✓
Rich Pehlke	✓	✓	✓	✓	✓
Rosemary Zigrossi	✓	Chair	✓	✓	✓
Terry Grayson-Caprio	✓	✓	Chair	✓	✓

(1) As at August 31, 2024, Messrs. Beck and Wallace did not serve on the Audit, Compensation or NCG Committees, as they are officers and employees of the Corporation as at August 31, 2024, and therefore not independent Directors. Effective September 1, 2024, Mr. Wallace was appointed the Executive Chair of the Board, replacing Elias Vamvakas, the former Chair of the Board, who passed away in July 2024.

## CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

To our knowledge, none of our directors or executive officers are, as at the date of the AIF, or were within 10 years before the date of the AIF, a director, chief executive officer or chief financial officer of any company (including our Company) that: (a) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or (b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer, state the fact and describe the basis on which the order was made and whether the order is still in effect. For the purposes of this paragraph, "order" means a cease trade order; an order similar to a cease trade

order; or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days.

Except as disclosed directly following this paragraph, to our knowledge, no Director (a) is, as at the date of the AIF, or has been within the 10 years before the date of the AIF, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact; or (b) has, within the 10 years before the date of the AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder. No Director has been subject to (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

## **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Except as set forth below, none of the Company's directors, executive officers or principal shareholders, nor any of their respective associates or affiliates, had a direct or indirect material interest in any transaction or proposed transaction within the three most recently completed financial years or during the current financial year which has materially affected or will materially affect the Company:

- 1) On March 1, 2023, the Company announced the spin-off of its software business, IQRecruit 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. A former insider and director of Caldwell, Mr. David Windley, invested an aggregate of \$250 USD into IQRecruit, Inc. in exchange for 8.7% of the shares of IQRecruit, Inc., with a third party investing \$500 USD for 17.4% of the shares and IQRecruit's employees holding the remainder of the shares. Effective October 6, 2023, Mr. David Windley ceased to be a director and insider of Caldwell. As of August 31, 2024, IQTalent's economic interest in IQRecruit has been diluted to 31.8% as a result of further equity issuances that IQTalent did not participate in, with no change to its 20% voting rights. IQTalent continues to be a user and client of the IQRecruit platform through a licensing arrangement that approximates an arm's length client.
- 2) As discussed above, on August 14, 2023, the Company closed a non-brokered private placement financing of \$2,943 through the issuance of 3,678,239 common shares at a price of \$0.80 per common Share. Of the total proceeds raised under the Offering, \$982 was subscribed by officers and directors of the Company.

## **LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

In the ordinary course of business, the Company may, from time to time, be subject to various pending and threatened lawsuits in which claims for monetary damages are asserted or regulatory actions in which the Company may become liable for fines or other regulatory sanctions. The Company is not aware of any material existing or contemplated legal proceedings or regulatory actions to which it is or was a party to during the year ended August 31, 2024.

## **TRANSFER AGENT AND REGISTRAR**

Computershare Limited, at its office in Toronto, Ontario, is the transfer agent and registrar for the Common Shares.

## **MATERIAL CONTRACTS**

We did not enter into any material contracts during the last financial year. We entered into two material contracts prior to the last financial year which are still in effect and are available on SEDAR:

- 1) A Share Purchase Agreement by and among The Caldwell Partners International Ltd., The Caldwell Partners International Inc., David Windley, Chris Murdock, Tom Milic and Jeremy Conner for the purchase of 100% of the shares of IQTalent as described in this AIF and our Audited Financial Statements and Management Discussion and Analysis for the year ended August 31, 2023.
- 2) A Lockup Undertaking pertaining to the shares of The Caldwell Partners International Inc. issued to David Windley, Chris Murdock, Tom Milic and Jeremy Conner pertaining to the acquisition of IQTalent.

There are no other contracts other than contracts entered into in the ordinary course of the business that are material to the Company and entered into within the last financial year or before the last financial year but are still in effect.

## **NAMES OF EXPERTS**

The Company's auditors are KPMG LLP, Chartered Professional Accountants, who have prepared an independent auditor's report dated November 12, 2024 in respect of the Company's consolidated financial statements as at August 31, 2024 and the year then ended. KPMG LLP has advised that they are independent with respect to the Company within the meaning of the Chartered Professional Accountants of Ontario CPA Code of Professional Conduct.

## **ADDITIONAL INFORMATION**

Additional information relating to the Company may be found on the System for Electronic Document Analysis and Retrieval (SEDAR) internet website at [www.sedarplus.ca](http://www.sedarplus.ca). Additional financial information is provided in the audited consolidated financial statements and management's discussion and analysis for the fiscal year ended August 31, 2024 and further filings as made following continuous disclosure guidelines. Other additional information, including directors' and officers' remuneration and indebtedness, principal holders of our Company's securities and securities authorized for issuance under equity compensation plans, is contained in our Company's information circular dated January 12, 2024 for

its most recent annual meeting of security holders that involved the election of directors. A copy of such documents may be found at [www.sedarplus.ca](http://www.sedarplus.ca) or may be obtained upon request from the Corporate Secretary of the Company.

## **APPENDIX A - AUDIT COMMITTEE INFORMATION REQUIRED IN AN AIF – FORM 52-110F1**

### **Composition of the Audit Committee**

The Company's Audit Committee is composed of five directors: Rosemary Zigrossi, Chair; Darcy Morris, John Young Rich Pehlke and Terry Grayson-Caprio. Each member of the Audit Committee is independent within the meaning of applicable securities legislation. None receives, directly or indirectly, any compensation from the Company other than for service as a member of the Board of Directors and its committees and, as applicable, dividends paid on the Company's common stock. Each member of the Audit Committee is financially literate as defined under National Instrument 52-110 - Audit Committees. In considering the criteria for determining financial literacy, the Board of Directors looks at, among other things, the ability of a director to read and understand a balance sheet, an income statement and a cash flow statement of a company of a complexity comparable to that of the Company.

Kathryn Welsh, former chair of the Audit Committee and Paul Daoust, both retired from the Board in fiscal 2023. Elias Vamvakas, former chair of the Board, passed away in fiscal 2024.

### **Relevant Education and Experience**

In addition to each member's general business experience, the education and experience of each Audit Committee member that is relevant to the performance of their responsibilities as an Audit Committee member are as follows:

#### Rosemary Zigrossi, Audit Committee Chair

Ms. Zigrossi is the chief executive officer and a corporate director of MTREX Network Solutions Inc. Prior to her role at MTREX, Rosemary worked with Promontory Financial Group, in Toronto and London, U.K. Prior to that Rosemary worked with the Ontario Teachers' Pension Plan (OTPP). During her almost 20 years at OTPP, Ms. Zigrossi held various roles starting with building and leading the investment accounting, operations and financial reporting department, initiating, developing and managing the venture capital (VC) program, and actively involved in the Asset Mix and Risk group during the financial crisis.

Ms. Zigrossi has served on several public, private and not for profit boards including Sprott Inc., Business Development Bank, Trent University, McMichael Canadian Art Collection, Russell Investment Corporate Class and the Canadian Venture Capital Association. She also served on the investment committee of Sustainable Development Technology Corp and was appointed to the Expert Panel for the Council of Canadian Academies on their study of the State of Industrial Research and Development in Canada 2013.

Ms. Zigrossi is a Chartered Professional Accountant (CPA, CA) and a Chartered Financial Analyst (CFA) and holds the Corporate Director (ICD.D) designation from the Institute of Corporate Directors. She earned a Bachelor of Commerce from the University of Toronto and has completed the Harvard Business program for management development.



### Darcy D. Morris

Mr. Morris holds an Honours Bachelor of Arts in political studies from Queen's University and was awarded the Canadian Investment Manager designation. He co-founded Ewing Morris & Co. Investment Partners where he serves as Chief Executive Officer. Prior to founding Ewing Morris & Co. Investment Partners, Mr. Morris was a portfolio manager at MacDougall, MacDougall & MacTier Inc., where he built a successful investment management business. He also previously worked at Burgundy Asset Management. Mr. Morris currently serves on the board of Quisitive Technology Solutions and formerly served as Treasurer of the Toronto Public Library Foundation and the President of the Art Gallery of Ontario (AGO) Foundation.

### John Young

Mr. Young was born and raised in Loch Lomond, Scotland and graduated with honours from the Law School at the University of Dundee. He also received a Diploma in Legal Practice from Glasgow University. Mr. Young brings 25 years of experience as a lawyer with particular focus on mergers & acquisitions. He is also a graduate of the Directors Governance College at University of Toronto's Rotman School of Business. Mr. Young is the Chief Executive Officer of Boat Rocker Media, a global entertainment company that creates, produces and distributes premium content for all platforms; producing shows such as Orphan Black, The Next Step, The Amazing Race Canada, American Rust, Big Brother Canada, and Beacon 23. Mr. Young serves as Past Chair on the Board of the Academy of Canadian Cinema and Television. He is Chair of the board of SIR Corp. He is also the Chairman of the Board of Feeding Canadian Kids, a Canadian charity committed to feeding nutritious dinners to children in underprivileged communities who suffer food insecurity.

### Richard W. Pehlke

Richard W. Pehlke is a seasoned global financial executive with over 40 years of experience in public company global financial leadership roles in the business services, telecommunications, food and consumer products and commercial real estate industries. In 2015, the Chicago Chapter of the Financial Executive Institute named him the CFO of the Year for Mid-Cap companies.

Mr. Pehlke has served as a public or private company director since 1994. Past board experiences include Ideal Industries, Edward Health Services Corp, Hudson Highland Group, New Zealand Telecom, Belgium's Belgacom (now Proximus) and Valparaiso University. He is also a member of the Private Directors Association.

Mr. Pehlke retired in April 2018 as executive vice president and chief financial officer of Heidrick & Struggles where he also served on the firm's Executive Committee. Previously, he served as the chief financial officer of Grubb & Ellis Company. He served as chief financial officer and a member of the board of directors of Hudson Highland Group, a publicly-held global professional staffing and recruiting business. Prior to that, Mr. Pehlke held senior financial positions in the business services, telecommunications, financial services, and food and consumer products industries.

Mr. Pehlke holds an MBA in finance and marketing from DePaul University and a BS in accounting from Valparaiso University.

## Terry Grayson-Caprio

Ms. Grayson-Caprio is a trusted business strategist and financial expert with experience leading global teams and companies through transformational change and large-scale growth. She currently sits on the board of directors for Southern First Bancshares, Inc, a holding company for Southern First Bank, where she chairs the Nominating and Governance Committee. She is also a member of the board of directors of the South Carolina Environmental Law Project, serving on the Finance Committee, and the Winthrop University Foundation, where she chairs the Operations Committee. Ms. Grayson-Caprio formerly served as board chair of the South Carolina Governor’s School for the Arts and Humanities Foundation and director of the Greenville County Museum of Art. Ms. Grayson-Caprio retired as Managing Partner at KPMG LLP. During her 35-year tenure at KPMG, she partnered with global companies helping to manage growth, acquisitions, and expansion and advised numerous international businesses as they established their first presence in North America. She has a demonstrated history of working with global companies providing audit, tax and advisory services to meet the changing needs of companies in a dynamic marketplace. Ms. Grayson-Caprio holds a Bachelor of Science in Business Administration from Winthrop University.

### External Auditor Service Fees

Fees by Category	Fiscal 2024	Fiscal 2023
Audit Fees (annual financial statements) <sup>(1)</sup>	289	361 <sup>(2)</sup>
Audit-related fees	-	5
	<u>\$ 289</u>	<u>\$ 366</u>

(1) Audit of annual financial statements and agreed-upon procedures related to quarterly financial statements

(2) Fiscal 2023 audit fees included overages related to procedures over the IQTalent lease impairment

The Audit Committee preapproves all audit services and other auditor provided services within the permissible categories of non-audit services. The Audit Committee policy prohibits the Company from engaging the auditor for “prohibited” categories of non-audit services as set forth in Rule 204.4 of the Chartered Professional Accountants of Ontario’s Rules of Professional Conduct.

## **AUDIT COMMITTEE'S CHARTER**

### **ROLE AND OBJECTIVE**

The Audit Committee (the “Committee”) is a committee of the board of directors (the “Board”) of The Caldwell Partners International Inc. (“Caldwell”) to which the Board has delegated its responsibility for oversight of the nature and scope of the annual audit, management’s reporting on internal accounting standards and practices, financial information and accounting systems and procedures, financial reporting and statements and recommending, for approval of the Board, the audited financial statements, interim financial statements and other mandatory disclosure releases containing financial information. The primary objectives of the Committee are as follows:


1. To assist directors in meeting their responsibilities in respect of the review and approval of the financial statements of Caldwell and related documentation;
2. To provide a communication link between independent directors and external auditors;
3. To enhance the external auditor’s independence;
4. To assure the credibility and objectivity of financial reports; and
5. To strengthen the role of the outside directors by facilitating in depth discussions between directors on the Committee, management and external auditors.


### **MEMBERSHIP OF COMMITTEE**

1. The Committee shall be comprised of at least three (3) directors of Caldwell, none of whom are members of management of Caldwell and all of whom are “unrelated directors” (as such term is used in the Report of the Toronto Stock Exchange on Corporate Governance in Canada) and “independent” (as such term is used in Multilateral Instrument 52-110 – Audit Committees (“MI 52-110”) unless the Board shall have determined that the exemption contained in Section 3.6 of MI 52-110 is available and has determined to rely thereon.
2. The Board shall appoint the Committee Chair.
3. All of the members of the Committee shall be “financially literate” (as defined in MI 52-110) unless the Board shall determine that an exemption under MI 52-110 from such requirement in respect of any particular member is available and has determined to rely thereon in accordance with the provisions of MI 52-110.

### **CHARTER AND RESPONSIBILITIES OF COMMITTEE**

1. The Committee shall provide oversight on the work of the external auditors, including resolution of disagreements between management and the external auditors regarding financial reporting. The external auditors must report directly to the Committee.

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2. The Committee shall satisfy itself on behalf of the Board with respect to Caldwell's Internal Control Systems and its ability to:
    - Identify, monitor and mitigate business risks; and
    - Ensure compliance with legal, ethical and regulatory requirements.
  3. The primary responsibility of the Committee is to review the annual and interim financial statements of Caldwell and related management's discussion and analysis ("MD&A") prior to their submission to the Board for approval. The process should include but not be limited to:
    - Reviewing changes in accounting principles and policies, or in their application, which may have a material impact on the current or future years' financial statements;
    - Reviewing significant accruals, reserves or other estimates;
    - Reviewing accounting treatment of unusual or non-recurring transactions;
    - Reviewing disclosure requirements for commitments and contingencies;
    - Reviewing adjustments raised by the external auditors, whether or not included in the financial statements;
    - Reviewing unresolved differences between management and the external auditors; and
    - Obtaining explanations of significant variances with comparative reporting periods.
  4. Unless reviewed by the entire Board, the Committee is to review the financial statements, prospectuses, MD&A, annual information forms ("AIF") and all public disclosure containing audited or unaudited financial information (including, without limitation, annual and interim press releases and any other press releases disclosing earnings or financial results) before release and prior to Board approval. The Committee must be satisfied that adequate procedures are in place for the review of Caldwell's disclosure of all other financial information, and must periodically assess the adequacy of such procedures.
  5. With respect to the appointment of external auditors by the Board, the Committee shall:
    - Recommend to the Board the external auditors to be nominated;
    - Recommend to the Board the terms of engagement of the external auditor, including the compensation of the auditors and a confirmation that the external auditors shall report directly to the Committee;
    - Perform an annual assessment of external auditors as recommended by the Canadian Public Accountability Board to review the suitability of the existing external audit firm.
    - Approximately every five years perform a more in-depth periodic review of external auditors as recommended by the Canadian Public Accountability Board to review the continued appropriateness of the existing external audit firm.
    - Discuss with the external auditors all significant relationships such auditors have with the Corporation to determine the auditors' independence;
    - When there is to be a change in auditors, review the issues related to the change and the information to be included in the required notice to securities regulators of such change; and

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- Review and pre-approve any non-audit services to be provided to Caldwell or its subsidiaries by the external auditors and consider the impact on the independence of such auditors. The Committee may delegate to one or more independent members the authority to pre-approve non-audit services, provided that the member report to the Committee at the next scheduled meeting such pre-approval and the member comply with such other procedures as may be established by the Committee from time to time.
6. Review with external auditors (and internal auditor if one is appointed by Caldwell) their assessment of the internal controls of Caldwell, their written reports containing recommendations for improvement, and management’s response and follow-up to any identified weaknesses. The Committee shall also review annually with the external auditors their plan for their audit and, upon completion of the audit, their reports upon the financial statements of Caldwell and its subsidiaries.
  7. The Committee shall review risk management policies and procedures of Caldwell (eg. litigation, cybersecurity and insurance).
  8. The Committee shall establish a procedure for:
    - The receipt, retention and treatment of complaints received by Caldwell regarding accounting, internal accounting controls or auditing matters; and
    - The confidential, anonymous submission by employees of Caldwell of concerns regarding questionable accounting or auditing matters.
  9. The Committee shall review and be apprised of any intent of Caldwell regarding the hiring of partners and employees who work on Caldwell’s account and former partners and employees of the present and former external auditors of Caldwell.
  10. The Committee shall have the authority to investigate any financial activity of Caldwell. All employees of Caldwell are to cooperate as requested by the Committee.
  11. The Committee may retain persons having special expertise and/or obtain independent professional advice to assist in filling their responsibilities at the expense of Caldwell without any further approval of the Board.

## **AUTHORITY**


1. The Committee shall have the authority to:
  - Engage independent counsel and other advisors as it determines necessary to carry out its duties; and
  - Set and pay the compensation for any advisors employed by the Committee; and
  - Communicate directly with the internal and external auditors.

## REPORTING OBLIGATIONS

1. Caldwell must include in its AIF the disclosure required by Form 52-110F1.
2. If management of Caldwell solicits proxies from the security holders of Caldwell for the purpose of electing directors to the Board, Caldwell shall include in its management information circular a cross-reference to the sections in the AIF that contain the information required in the paragraph set forth directly above.

## MEETINGS AND ADMINISTRATIVE MATTERS

1. At all meetings of the Committee every motion shall be decided by a majority of the votes cast. In case of an equality of votes, the Chair of the meeting shall not be entitled to a second or casting vote.
2. The Chair shall preside at all meetings of the Committee, unless the Chair is not present, in which case the members of the Committee present shall designate from among the members present the Chair for purposes of the meeting.
3. A quorum for meetings of the Committee shall be a majority of its members, and the rules for calling, holding, conducting and adjourning meetings of the Committee shall be the same as those governing the Board unless otherwise determined by the Board.
4. Meetings of the Committee should be scheduled to take place at least four times per year (see “Schedule A”). Minutes of all meetings of the Committee shall be taken. The President and Chief Financial Officer shall attend meetings of the Committee, unless otherwise excused from all or part of any such meeting by the Chair.
5. The Committee shall meet with the external auditor at least once per year, including at least one in camera meeting (in connection with the preparation of the year-end financial statements) and at such other times as the external auditor and the Committee consider appropriate.
6. Agendas, approved by the Chair, shall be circulated to Committee members along with background information on a timely basis prior to the Committee meetings.
7. The Committee may invite such officers, directors and employees of Caldwell as it may see fit from time to time to attend at meetings of the Committee and assist thereat in the discussion and consideration of the matters being considered by the Committee.
8. Any member of the Board Directors may attend any Committee meeting as an ex-officio member at his discretion.
9. Minutes of the Committee will be recorded and maintained and circulated to directors who are not members of the Committee or otherwise made available at a subsequent meeting of the Board.
10. The Committee may retain persons having special expertise and/or obtain independent professional advice to assist in fulfilling its responsibilities at the expense of Caldwell.
11. Any members of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee as soon as such member ceases to be a director. The Board may fill vacancies on the Committee by appointment from among its members. If



and whenever a vacancy shall exist on the Committee, the remaining members may exercise all its powers so long as a quorum remains. Subject to the foregoing, each member of the Committee shall hold such office until the close of the next annual meeting of shareholders following appointment as a member of the Committee.

12. Any issues arising from these meetings that bear on the relationship between the Board and management should be communicated to the Chair of the Board by the Committee Chair.

## SCHEDULE "A"

### Example of Audit Committee Meeting Agenda for Year

		Scheduled Meetings			
		Oct/Nov	Jan	Apr	Jul
<b>I.</b>	<b>Audit Committee Purpose</b>				
	Conduct special investigations	*	*	*	*
<b>II.</b>	<b>Audit Committee Composition and Meetings</b>				
	Assess independence and financial literacy of Audit Committee				X
	Establish number of meetings				X
	Audit Committee Chair to establish meeting agenda				X
	Enhance financial literacy - update on current financial events	X	X	X	X
	Executive sessions with auditors, management, committee	*	*	*	*
<b>III.</b>	<b>Audit Committee Responsibilities and Duties</b>				
	Review charter, publish in proxy/annual information form				X
	Review annual financial statements - discuss with management, auditors	X			
	Consider internal controls and financial risks	X			
	Review quarterly results and findings	X	X	X	X
	Recommend appointment of auditors	X			
	Approve audit fees			X	
	Discuss auditor independence			X	
	Review annual audit plan			X	
	Review annual audit report	X			
	Perform annual assessment of external auditor	X			
	Discuss year-end results	X			
	Discuss quality of accounting principles	X	*	*	*
	Review legal matters with counsel	*	*	*	*
	Review press release/report to shareholders	X	X	X	X
	Review cybersecurity controls	*	*	*	X
	Perform other activities as appropriate	*	*	*	*
	Maintain minutes and report to Board of Directors	X	X	X	X
	Review related party transactions	*	*	*	*

X - recommended timing \* = as needed