

THE CALDWELL PARTNERS INTERNATIONAL INC.

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

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The Caldwell Partners International Inc. Years Ended August 31, 2025 and August 31, 2024

MANAGEMENT'S REPORT TO SHAREHOLDERS

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

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

/s/ “C. Christopher Beck”

C. Christopher Beck
PRESIDENT AND CHIEF EXECUTIVE OFFICER

/s/ “Shreya Lathia”

Shreya Lathia
VP AND CHIEF FINANCIAL OFFICER

November 20, 2025



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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of The Caldwell Partners International Inc.

Opinion

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

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

(Hereinafter referred to as the “financial statements”).

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

Basis for Opinion

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

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

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



Key Audit Matters

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

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

Evaluation of Revenue Recognition for Uptick Revenue

Description of the matter

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

Why the matter is a key audit matter

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

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

How the matter was addressed in the audit

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

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



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

Description of the matter

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

Why the matter is a key audit matter

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

How the matter was addressed in the audit

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

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

Other Information

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

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

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



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

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

We have nothing to report in this regard.

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



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

We also:

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

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

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



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

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

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

Vaughan, Canada

November 20, 2025

THE CALDWELL PARTNERS INTERNATIONAL INC. CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(\$000s Canadian)

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

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

Signed on behalf of the Board:

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

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

THE CALDWELL PARTNERS INTERNATIONAL INC. CONSOLIDATED STATEMENTS OF EARNINGS

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

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS

(in \$000s Canadian)

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

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

THE CALDWELL PARTNERS INTERNATIONAL INC.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(in \$000s Canadian)

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

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

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

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

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

THE CALDWELL PARTNERS INTERNATIONAL INC.

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

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

1. General Information

The Caldwell Partners International Inc. (the “Company”) is a technology-powered talent acquisition firm specializing in recruitment at all levels. Through two distinct brands - Caldwell and IQTalent - the firm leverages the latest innovations in AI to offer an integrated spectrum of services delivered by teams with deep knowledge in their respective areas. Services include candidate research and sourcing through to full recruitment at the professional, executive and board levels, as well as a suite of talent strategy and assessment tools that can help clients hire the right people, then manage and inspire them to achieve maximum business results.

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

2. Basis of Presentation

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

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

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

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

Basis of measurement


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

Consolidation

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

All intercompany transactions and balances are eliminated on consolidation.

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



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

Business Combinations

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

Segment reporting

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

Foreign currency translation

(i) Functional and presentation currency

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

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

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



(ii) Transactions and balances

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

Cash and cash equivalents

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

Term Deposits

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

Advances

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

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

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


Financial instruments

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

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

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

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



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

(i) Financial assets

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

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

Accounts receivable

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

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

Investments

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

Equity investments in clients

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

Convertible Promissory Note Receivable

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

Associates

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

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

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

(ii) **Financial liabilities**

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

Property and equipment

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

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


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

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

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

Impairment of non-financial assets

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



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

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

Commission and bonus plans (short-term incentive plans)


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

Stock-based compensation (long-term incentive plans)

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

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

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



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

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

Provisions

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

Income taxes

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

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

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

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

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

Revenue

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

(i) Professional fees

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

Caldwell (executive search)

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


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

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

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

Deferred Revenue and Unbilled Revenue

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



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

Deferred and Unbilled Revenue

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

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

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

Professional fees involving equity


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

IQTalent (on-demand talent acquisition augmentation)

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

(ii) Direct expense reimbursements

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



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

Cost of sales

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

Leases


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

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

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

Finance lease receivable

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



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

Share capital

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

Dividends

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

Treasury shares

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

Earnings per share

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

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

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

Recently Adopted Accounting Standards

Classification of Liabilities as Current or Non-current

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



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

Accounting standards issued but not yet applied

Presentation and disclosure in financial statements (IFRS 18)

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

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

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

Critical accounting estimates and judgments

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

Revenue recognition

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

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



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

Allowance for doubtful accounts

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

Compensation accruals

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

Impairment of goodwill

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

Valuation of equity interests in clients

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

4. Investments and equity-accounted associates

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

Investment and other income:

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

Investment In Associate


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

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

Convertible Promissory Note Receivable

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

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



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

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

Interest Income

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

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

Fair value through OCI:

Marketable Securities

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

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

5. Property and Equipment

| | Furniture and equipment | Computer equipment | Computer application software | Leasehold Improvements | Total |
|---------------------------|-------------------------|--------------------|-------------------------------|------------------------|----------|
| At August 31, 2024 | | | | | |
| Opening net book value | 321 | 519 | - | 939 | 1,779 |
| Additions | 133 | 254 | - | 73 | 460 |
| Disposals | - | - | - | (114) | (114) |
| Depreciation for the year | (75) | (201) | - | (152) | (428) |
| Exchange differences | (14) | 24 | - | (9) | 1 |
| Closing net book value | 365 | 596 | - | 737 | 1,698 |
| At August 31, 2024 | | | | | |
| Cost | 3,051 | 4,090 | 764 | 5,011 | 12,916 |
| Accumulated Depreciation | (2,686) | (3,494) | (764) | (4,274) | (11,218) |
| Net Book Value | 365 | 596 | - | 737 | 1,698 |
| At August 31, 2025 | | | | | |
| Opening net book value | 365 | 596 | - | 737 | 1,698 |
| Additions | 11 | 215 | 52 | 113 | 391 |
| Impairment | (78) | - | - | (482) | (560) |
| Depreciation for the year | (71) | (214) | - | (129) | (414) |
| Exchange differences | 9 | 6 | - | 1 | 16 |
| Closing net book value | 236 | 603 | 52 | 240 | 1,131 |
| At August 31, 2025 | | | | | |
| Cost | 1,126 | 4,253 | 52 | 640 | 6,071 |
| Accumulated Depreciation | (890) | (3,650) | - | (400) | (4,940) |
| Net Book Value | 236 | 603 | 52 | 240 | 1,131 |

6. Intangible Assets

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

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

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

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

7. Goodwill

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

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

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

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

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

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

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

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

8. Nature of Expenses

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

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

9. Compensation of Key Management

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

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

10. Other Expense and Income

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

Separation payments

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

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

Exit of leased facilities

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

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

Employee Retention Tax Credits

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

11. Compensation Payable

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

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

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

Compensation payable consisted of the following:

Current compensation payable

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

Non-current compensation payable

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

Share-based compensation plans

Performance stock units (PSUs)

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

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

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

Deferred stock units (DSUs)

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

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

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

12. Leases

(i) Right-of-Use (“ROU”) Assets

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

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

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

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

Finance lease receivable

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

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

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

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

(ii) Lease Liability

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

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

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

13. Professional Fees

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

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

14. Unbilled Revenue and Deferred Revenue

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

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

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

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

15. Income Taxes

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

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

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

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

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

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

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

Deferred tax assets

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

Deferred tax liabilities

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

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

16. Earnings Per Share

(i) Basic

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

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

(ii) Diluted

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

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

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

17. Capital Stock

Common shares

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

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

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

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

Stock options

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

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

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

18. Working Capital, Prepaid Expense and Other Assets

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

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

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

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

19. Segmented Information

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

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

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

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

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

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

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

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

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

¹ Presented net of intercompany advances that are eliminated upon consolidation

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

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

20. Commitments

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

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

21. Financial Instruments

Classification of financial instruments

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

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

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

Fair value hierarchy

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

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

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

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

August 31, 2025

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

August 31, 2024

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

Fair value

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

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

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

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

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

Foreign currency risk

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

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

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

Liquidity risk

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

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

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

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

As at August 31, 2024

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

Credit risk

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

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

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

Accounts receivable comprised the following:

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

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

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

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

Interest rate risk and market price risk

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

22. Capital Management

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

23. Credit Facilities

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

24. Subsequent Events

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