Caldwell

IQTALENT PARTNERS

ANNUAL REPORT 2021

Caldwell

Dear Shareholders, Clients, and Friends:

What a difference a year can make. In reflecting on the past fiscal year and everything that happened, the word that comes to mind most readily is '*extraordinary*.' Merriam-Webster defines extraordinary as *going beyond what is usual, regular, or customary*, and there was certainly nothing about the past year that was regular or customary.

For the Caldwell team, Fiscal 2021 was a busy and unpredictable year set against an unprecedented backdrop. And yet, we had one of the most extraordinary years in our firm's history, growing the size of our team, expanding our products and services, and breaking all-time records for a number of key metrics, including generating $119.4M in revenue. A more than 65% increase over our previous record! In all respects, it was a year of enormous and transformational growth!

In December, we acquired IQTalent Partners, a talent acquisition and recruitment firm offering candidate sourcing, candidate research, and full-cycle recruiting to its clients, and then merged the two companies to create a technology-powered talent acquisition firm specializing in recruitment at all levels, to the benefit of our clients. The acquisition and subsequent merger accelerated our growth, advancing us into a new market, augmenting internal talent teams on an hourly business model.

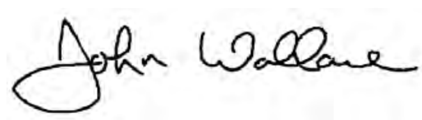
Our vision for our two organizations, working seamlessly together but with unique brands, is for IQTP to be a constant presence at our clients, providing recurring talent acquisition support, while Caldwell is engaged for higher-level retained executive searches not in the purview of our client's in-house recruiting teams.

On a segment basis, our executive search team came roaring back from a very challenging second half in Fiscal 2020, setting new records for revenue, search volume, and searches per recruiter. We added nine partners and principals to our team, expanding our global footprint significantly, and adding depth and breadth to our capabilities across functions, practices and geographies. We have added more partners since the close of the fiscal year and will continue to do so where it will benefit our clients.

The IQTP team's year was also one best summed up by amplified growth, closing out the fiscal year close to triple their prior year performance. More than a phenomenal investment, IQTP is a fantastic cultural fit, and a real expansion of our collective value proposition. Going forward, we will continue to look for portfolio investments that add to the breadth and depth of the products and services that we can bring to our clients.

At Caldwell we believe in the transformational power of great people, and it's as true for us as for any of our clients. Our people have dedicated themselves to going further than just filling roles but adding to the culture and ambition of our clients' organizations, as well as our own. We are as grateful as ever to the entire Caldwell / IQTP team for their resilience, flexibility and commitment to our clients, our candidates and each other. Their extraordinary effort has put us in a superlative position going into Fiscal 2022 and beyond!

Yours sincerely,



Elias Vamvakas

Chair of the Board

John Wallace

Chief Executive Officer

Caldwell

THE CALDWELL PARTNERS INTERNATIONAL INC

For the years ended August 31, 2021 and August 31, 2020

Management Discussion and Analysis ("MD&A")

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

PRESENTATION

The following discussion and analysis, prepared on November 16, 2021, should be read in conjunction with our consolidated annual audited financial statements and related notes and our Annual Information Form for the year ended August 31, 2021. Unless otherwise noted, all currency amounts are provided in thousands of Canadian dollars (except per share amounts). All references to quarters or years are for the fiscal periods unless otherwise noted. Unless otherwise noted as a non-GAAP financial measure or other operating measure, financial results are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

FORWARD-LOOKING STATEMENTS

Forward-looking statements in this document are based on current expectations subject to the significant risks and uncertainties cited. These forward-looking statements generally can be identified by the use of statements that include phrases such as "believe," "expect," "anticipate," "intend," "plan," "foresee," "may," "will," "likely," "estimates," "potential," "continue" or other similar words or phrases. Similarly, statements that describe our objectives, plans or goals also are forward-looking statements.

We are subject to many factors that could cause our actual results to differ materially from those contemplated by the relevant forward looking statement including, but not limited to, the impact of pandemic diseases, our ability to attract and retain key personnel; exposure to our partners taking our clients with them to another firm; the performance of the US, Canadian and international economies; foreign currency exchange rate fluctuations; competition from other companies directly or indirectly engaged in talent acquisition; cybersecurity requirements, vulnerabilities, threats and attacks; damage to our brand reputation; our ability to align our cost structure to changes in our revenue; liability risk in the services we perform; potential legal liability from clients, employees and candidates for employment; reliance on software that we license from third parties; reliance on third-party contractors for talent acquisition support; our ability to successfully recover from a disaster or other business continuity issues; adverse governmental and tax law rulings; successfully integrating or realizing the expected benefits from our acquisitions, adverse operating issues from acquired businesses; volatility of the market price and volume of our common shares; technological advances may significantly disrupt the labour market and weaken demand for human capital at a rapid rate; affiliation agreements may fail to renew or affiliates may be acquired; the impact on profitability from marketable securities valuation fluctuations; increasing dependence on third parties for the execution of critical functions; our ability to generate sufficient cash flow from operations to support our growth and fund any dividends; potential impairment of our acquired goodwill and intangible assets; and disruption as a result of actions of certain stockholders or potential acquirers of the Company. For more information on the factors that could affect the outcome of forward-looking statements, refer to the "Risk Factors" section of our Annual Information Form and other public filings (copies of which may be obtained at www.sedar.com). These factors should be considered carefully, and the reader should not place undue reliance on forward-looking statements. Although any forward-looking statements are based on what management currently believes to be reasonable assumptions, we cannot assure readers that actual results, performance or achievements will be consistent with these forward-looking statements. Management's assumptions may prove to be incorrect. Except as required by Canadian securities laws, we do not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time by us or on our behalf; such statements speak only as of the date made. The forward-looking statements included herein are expressly qualified in their entirety by this cautionary language.

COMPANY DESCRIPTION

The Caldwell Partners International Inc. (the "Company") is a technology-powered talent acquisition firm specializing in recruitment at all levels. We leverage the latest innovations in artificial intelligence to offer an integrated spectrum of services delivered by teams with deep knowledge in their respective areas, allowing us to have a more significant impact on our clients' long-term success. Services include candidate research and sourcing through to full lifecycle recruitment at the professional, executive and board levels, as well as a suite of talent strategy and assessment tools that can help clients hire the right people, then manage and inspire them to achieve maximum business results.

We operate through two distinct segments – retained executive search and analytics solutions are conducted as ***Caldwell***, and on-demand talent acquisition augmentation solutions are conducted as ***IQTalent Partners*** or ***IQTP***. Collectively, we believe talent transforms, and our purpose is to enable organizations to thrive and succeed by helping them identify, recruit and retain the best people.

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

BUSINESS SEGMENTS

Identification of Segments

Prior to our acquisition of IQTalent Partners, Inc. ("IQTP") on December 31, 2020, we operated with one brand and our segments were identified geographically as the United States, Canada and Europe. With the acquisition of IQTP, we changed our internal and external reporting and performance measurements and redefined our segments. The services Caldwell offers, the nature of its clients and its pricing and delivery model are uniform across geographies, and those geographies are largely interconnected in economic cycles. We therefore measure the key metrics and reporting of Caldwell as one segment. IQTP's business is managed and measured separately from Caldwell with unique branding, operations and pricing. As a result, we now operate with two distinct business segments differentiated by brand, services, operations and pricing models. The segment presentation of historical periods has been restated.

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

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

Segment Operating Characteristics

Revenue

Caldwell

Caldwell operates with partners in Canada, the United States, Europe and Australia, with functional currencies being the Canadian dollar, US dollar and British pound. We take pride in delivering an unmatched level of service and expertise to our clients from 19 locations throughout the world, including Atlanta, Calgary, Charleston, Chicago, Dallas, Houston, London, Los Angeles, Miami, Nashville, New York, Philadelphia, San Francisco, Stamford, Sydney, Toronto, Vancouver, Zurich and, through our licensee location in Auckland, New Zealand.

Caldwell's executive search revenue and operating income are difficult to predict and have historically varied significantly from quarter to quarter. There is no discernible seasonality in our business on a quarterly basis, although historically, we have usually seen lower revenue in quarters one and two compared to quarters three and four.

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

IQTP

IQTP operates from its 23,000 square-foot center of excellence office location in Nashville, TN, while also leveraging a virtual, work-from-home workforce primarily across the United States. IQTP's functional currency is the US dollar.

IQTP provides on-demand talent acquisition augmentation as a managed service to our clients, who are typically in-house talent acquisition departments. We provide research, sourcing and full lifecycle recruiting services at the professional level, with revenue generated per labour hour. IQTP's clients tend to be organizations with ongoing needs. As a result, client relationships and services are more recurring and more predictable than executive search. However, services are on-demand with no long-term contractual commitments and can vary significantly from quarter to quarter with economic cycles or events as experienced with the global pandemic. While monthly revenue fluctuates based on the number of working days in a month, there is no discernible seasonality in the IQTP business on a quarterly basis.

IQTP's capacity to generate revenue increases with the size of fully trained research, sourcing and recruitment staff. Staffing needs are dependent on the pipeline of active and potential business opportunities available to generate billable hours. Active accounts and potential new business in the pipeline are managed by senior leadership and are influenced significantly by competition and general economic hiring conditions. The number of billable hours in a period is based on the number of business days. As a result, revenue can vary from month to month based on available working days.

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

Cost of Sales

Caldwell

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

Our partners are paid draws--a set level of base compensation. Variable incentive compensation is based on a percentage of collected professional fees attributed to each partner, based on a tiered commission grid. The higher a partner's collected professional fees in a fiscal year, the higher the partner's earning percentage. In aggregate, as Annualized Professional Fees per Partner increases, compensation tiers and expense also increase. The partners' variable compensation incentives are credited first to draw amounts already paid as an advance, with any excess due as a commission payment. A deficit occurs when a partner's variable compensation earned is less than their draw. The full draw amount is expensed each period. Additionally, any excess variable compensation is expensed and accrued for future payment. Deficit amounts within a fiscal year may be recouped in subsequent quarters if a partner earns enough variable compensation over the remainder of the year to credit against any deficit which has already been expensed. Deficits at the end of each fiscal year are forgiven and not brought forward into future fiscal years for recoupment. In periods of organic growth, as new partner hires transition, deficits may increase.

In aggregate and over time, these costs are largely variable to professional fees, with fluctuations arising from changes in incentive compensation based on the Average Professional Fee per Partner and the leverage impact of certain fixed support costs during periods of rapid growth or decline. Our partners' variable incentive compensation is based on a percentage of the amount of collected professional fees attributed to each respective partner. The higher the collected professional fees in a fiscal year, the higher the partner's earning percentage.

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

IQTP
Cost of sales for on-demand recruiting services is comprised of research, sourcing and recruitment staff compensation, including benefits and payroll taxes and third-party contractor fees. Employees are primarily salaried with a lower variable compensation compared to the executive search partners. As a result, in the short term, IQTP’s cost of sales is more fixed in nature than Caldwell's. Other direct costs of providing our services are primarily related to candidate databases and research tools.

Staffing levels are actively managed with the utilization of hourly capacity, a key managerial metric. To help manage demand fluctuations, we also maintain a network of experienced non-employee contracted professionals. Although the overall cost of contracted professionals is higher than employees, when demand exceeds the available hours of employed staff, the contracted professional network allows us to scale to meet our clients' service delivery needs. During periods of significant revenue growth, margins may be compressed as contracted professional costs increase while additional in-house staff are hired and trained.

Selling, general and administrative

Selling, general and administrative expenses are similar in nature across Caldwell and IQTP, consisting of items such as occupancy, information technology, marketing, professional and other operating costs. We are actively working to consolidate certain support functions such as finance, accounting and select administrative functions. The results of operations presented in the consolidated statements of earnings do not include an allocation of corporate support costs from Caldwell to IQTP. Upon completing our integration efforts, we intend to allocate support costs based on each segment's relative efforts.

NON-GAAP FINANCIAL MEASURES AND OTHER OPERATING MEASURES

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

<u>Caldwell</u>

- Average Fee per Assignment: professional fees from executive seach for a given period divided by the related Number of Assignments. This metric is used to identify and track price trends as a key driver of our professional fees in executive search. It is impacted by both economic and competitive conditions as well as the seniority level of searches undertaken.

- Average Number of Partners: Excluding affiliation partners, the number of partners at the beginning of a period plus the number of partners at the end of each month during a period, divided by the related number of months. The Average Number of Partners is indicative of our capacity to generate professional fees in executive search.

- Annualized Professional Fees per Partner: professional fees from executive search divided by the Average Number of Partners; and if a quarterly period, multiplied by four to reflect an annualized number. The Annualized Revenue per Partner is indicative of how well our Partners are performing taken as a whole. This performance is driven by the Number of Assignments performed and the Average Fee per Assignment.

- Number of Assignments: The number of new executive search assignments contracted for during a period. This metric shows the search volume and is one of the drivers of professional fees in executive search.

- Number of Assignments per Partner: The Number of Assignments divided by the Average Number of Partners. This metric analyzes our partner productivity and utilization and is a measure used to identify and track volume trends in executive search as one of the key drivers of our professional fees.

IQTP

- Average Fees Billed per Business Day: IQTP professional fees for a given period divided by the Number of Business Days in the period. This metric is used to identify and track volume trends in on-demand talent acquisition augmentation managed services as one of the key drivers of professional fees. It is impacted by our productivity, resource management and market pricing.

- Number of Business Days: The aggregate number of weekday days in a period less any US holidays. This metric represents days of work that can be performed for and billed to IQTP clients in a period and is a key driver of professional fees in the on-demand talent acquisition augmentation managed services business.

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

- Capacity Utilization Rate: The total number hours IQTP clients are billed during a period divided by the total number of labour hours paid. The metric is used to identify and track how efficiently resources are being deployed in the IQTP on-demand talent acquisition augmentation managed services business.

- Average Number of Active Clients: The sum of the number of unique IQTP clients, for which there have been billable services performed, in each period divided by the total number of periods. The metric is used to identify and track the size of our customer base.

Consolidated

- Unencumbered Cash: A measure used to identify cash available for growth and strategic initiatives, calculated as the net of (i) total current assets, less (ii) total current liabilities, non-current acquisition related compensation and non-current debt not considered a permanent capital structure component. Management has reevaluated and simplified this calculation during the year. All historical amounts have been restated to conform to the new calculation. Over the periods presented, this change has approximated previously reported levels of unencumbered cash.

IMPACT OF THE COVID-19 PANDEMIC

We experienced record growth results during fiscal 2019 and through the first half of fiscal 2020 ending February 28, 2020.

Beginning in March of 2020, the COVID-19 pandemic swiftly impacted us across all our geographies. Impacted areas included decreased revenue and resulting operational changes and cost savings initiatives to control and reduce expenses as follows:

- Revenue declined as our clients' employment levels and hiring were dramatically reduced, resulting in lower levels of new searches and increased competitive pricing pressure.
- We experienced delays in closing searches and disruption in performing business development when face-to-face interviews were disrupted by travel and health restrictions as we adapted to a remote working environment.
- Revenue was additionally pressured by our taking a more conservative allowance for doubtful accounts due to the pandemic's anticipated economic impact on our clients.
- In reaction to the immediate and anticipated continuing revenue impact, we reduced our employee staffing levels through terminations and furloughs and reduced the base salary and draws of all employees, including management and the board of directors.
- To enhance immediate liquidity and eliminate further market risk exposure, we converted our managed bond funds to cash, which resulted in realized investment losses in the third quarter of fiscal 2020.
- We obtained significant government stimulus offsets in the United States and Canada.
- Mitigating the immediate negative revenue impact, was a reversal of year-to-date bonus accruals, a reduction in share-based compensation accruals from a decline in our share price, and a reduction in the average variable compensation paid to partners based on their respective revenue levels.

The heaviest financial pressures to our business continued throughout the second half of fiscal 2020 ending August 31, 2020. Beginning in September 2020, the start of our fiscal 2021, we experienced a significant increase in demand which accelerated throughout the fiscal year. We generated a 105.8% increase in revenue over fiscal 2020, and a 65.8% increase, exclusive of acquired IQTP revenues. New business booking activity rose steadily, particularly in the United States and the United Kingdom. As a result, we returned salaries and draws to pre-pandemic levels, and hired to accommodate the surge in search volumes.

We discuss these impacts in more detail in the following sections and reference our Business Outlook section for a discussion of anticipated future results.

ACQUISITION OF IQTALENT PARTNERS, INC.

As discussed in note 4 to the consolidated financial statements, on December 31, 2020, we acquired 100% of the shares of IQTP. Based in Nashville, Tennessee and operating primarily in North America, IQTP is a technology-driven talent acquisition firm offering candidate research and sourcing at all levels and full lifecycle recruiting at the professional level.

The acquisition-related consideration was funded with cash on hand and the issuance of new shares. Future purchase price amounts are anticipated to be funded by existing cash balances and cashflow from operations. Such amounts are based in USD and therefore future payments are subject to exchange rate fluctuations. The purchase price was structured as follows:

- The issuance of 5,101,138 new shares of the Company's common stock at the five-day volume-weighted average price leading up to the signing of the purchase agreement of $0.91 CAD per share equal to approximately $0.71 USD per share for a value of approximately $3,600 USD ($4,642 CAD). The shares are subject to a mandatory three-year hold period prior to selling and represent approximately 20% of the post-issuance shares of the Company.
- $3,000 USD ($3,817 CAD) in cash paid on January 15, 2021.
- $750 USD aggregate recognition and retention bonus pool allocated to the non-selling shareholder employees of IQTP, payable at the end of one year and dependent on each respective employee remaining employed. This will be amortized equally over the twelve-month period between January 1, 2021 and December 31, 2021 and recorded as acquisition-related expenses within the consolidated statements of earnings.
- $3,000 USD payable at the end of two years and dependent on the respective selling shareholders remaining employed. This will be amortized equally over the twenty-four month period between January 1, 2021 and December 31, 2022 and recorded as acquisition-related expenses within the consolidated statements of earnings.
- $600 USD cash contingent on revenue and profitability performance of IQTP business during the second year following close and dependent on the respective selling shareholders remaining employed. This will be amortized equally over the twenty-four month period between January 1, 2021 and December 31, 2022 and recorded as acquisition-related expenses within the consolidated statements of earnings.

Consideration reflected as purchase price:

Of the consideration components, the share issuance and initial cash paid on January 15, 2021 were treated as purchase price for the IQTP shares, allocated to the tangible and intangible assets of the acquired business, and were not tax-deductible.

The purchase price, net of cash acquired is as follows:

Cash paid at close	3,817
less cash acquired	(579)
Net cash paid at close	3,238
Value of common shares issued	4,642
Total purchase price, net of cash acquired	7,880

The preliminary purchase equation is based on management's best estimate of fair value of the assets and liabilities acquired. The actual amount allocated to certain identifiable net assets could vary as the purchase equation is finalized.

The preliminary purchase price allocation at the acquisition date is as follows:

Net Assets Acquired:	As at December 31, 2020
Prepaid expenses and other assets	233
Account receivable	3,067
Right-of-use assets	3,617
Marketable securities	51
Intangible assets	146
Goodwill	6,773
Accounts payable	(1,131)
Loans payable	(1,060)
PPP Loan payable	(178)
Deferred revenue	(8)
Income taxes payable	(13)
Lease liability	(3,617)
Total Net Assets Acquired:	7,880

The goodwill arising from this acquisition is attributable primarily to the skills and technical talent of IQTP's workforce and the synergies expected to be realized in integrating the two companies' operations. The goodwill is not deductible for tax purposes. Management has allocated this goodwill to the new IQTP segment for impairment testing.

Consideration reflected as acquisition-related expenses in the statements of earnings:

The remaining future cash consideration is dependent on the employees or selling shareholders remaining employed with the Company. As such, these amounts will be recorded on a straight-line basis over the required service periods. The acquisition-related compensation expenses will be significant relative to the size of the business and will suppress reported earnings during the first two years post-acquisition. This payment structure ensures the teams viewed as critical to the business have a strong incentive to stay. In addition, as this forms part of compensation expense, these amounts are fully deductible for income tax purposes when paid. These amounts will be recorded as acquisition-related expenses within the consolidated statements of earnings. See Acquisition-Related Expenses for more detail.

In addition to the accrual of acquisition-related compensation, we incurred legal, tax and financial diligence review costs related to the acquisition of IQTP, which were also recorded acquisition-related expenses in the consolidated financial statements.

The purchase price structured as compensation expense and transaction fees are as follows:

	Twelve months ended August 31, 2021
Acquisition-related compensation accruals	2,124
Professional fees	329
	2,453

These amounts are reported as acquisition-related expenses within the consolidated statements of earnings.

Acquisition accounting considerations:

IQTP's results have been included in our statement of earnings since the acquisition date which consists of the eight months ending August 31, 2021. On a pro forma basis, the inclusion of IQTP's results for the pre-acquisition period would have increased the Company's revenue by $3,997 for the first quarter ended November 30, 2020 and by $1,913 for the second quarter representing the one month ended December 31, 2020.

IQTP obtained a $2,080 USD ($2,624 CAD) loan pursuant to the Paycheck Protection Program ("PPP") established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") which was enacted on March 27, 2020 in the United States. The loan was originated on April 8, 2020. IQTP utilized the funds for permitted payroll purposes during the pandemic and filed with its lender for full forgiveness of the loan. The lender reviewed and agreed with IQTP's calculations and presented the loan to the Small Business ("SBA") in charge of PPP loans for final forgiveness review on December 22, 2020, prior to the acquisition date. IQTP's PPP obligations were part of the assumed liabilities of the business acquired on December 31, 2020. On June 2, 2021, management received notification from the SBA indicating the use of funds appeared valid for forgiveness but that the original loan amount advanced should have been limited to $1,940 USD ($2,448 CAD). As a result, the SBA requested repayment of $140 USD ($176 CAD as at August 31, 2021 and $178 as at December 31, 2020) of the original loan, with the remaining $1,940 USD ($2,448 CAD) to be forgiven. The Company has agreed with the SBA's proposal and has adjusted the purchase price allocation to increase loans payable and goodwill, by $140 USD ($176 CAD as at August 31, 2021 and $178 as at December 31, 2020). Management believes this should be the only adjustment to the loan amount, but the SBA maintains the right to review the loan further until it has been officially recorded as forgiven and paid by the SBA. We have not been provided a timeframe for the SBA's completion of their review.

The PPP program stipulates that with a change of control, to receive permission to assign an existing PPP loan, an escrow account must be created in favor of the lender and remain funded until the SBA has completed its forgiveness review. As a result, the Company funded $2,080 USD into an escrow account on December 31, 2020, which is recorded as restricted cash in the consolidated statements of financial position. The escrow will be released to the Company when and to the extent that the PPP loan is forgiven. The Company expects SBA forgiveness and escrow release of $1,940 USD, with the remainder $140 USD in escrow being used to repay the excess loan balance.

The impact of COVID-19 and the global pandemic also impacted the operations of IQTP where similar revenue trends to Caldwell were experienced. IQTP also enacted expense reduction initiatives during the pandemic and, similar to Caldwell, has experienced a significant resurgence of business.

SELECTED FINANCIAL INFORMATION

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

($000s except dividends and earnings per share)		**2021**		2020		2019
Caldwell professional fees	**$**	**96,120**	$	56,867	$	70,449
IQTP professional fees	**$**	**23,287**	$	-	$	-
Professional fees	**$**	**119,407**	$	56,867	$	70,449
Total revenue	**$**	**119,766**	$	58,193	$	72,138
Operating profit	**$**	**5,929**	$	3,766	$	1,640
Net earnings for the year attributable to owners of the Company	**$**	**4,519**	$	2,846	$	325
Basic earnings per share	**$**	**0.190**	$	0.139	$	0.016
Diluted earnings per share	**$**	**0.186**	$	0.139	$	0.016
Total assets	**$**	**87,133**	$	40,871	$	40,608
Total non-current financial liabilities	**$**	**14,838**	$	7,666	$	1,068
Unencumbered Cash[1]	**$**	**11,100**	$	11,259	$	9,130
Cash dividends per share	**$**	**-**	$	0.0450	$	0.0875
Period-end average share price	**$**	**2.21**	$	0.79	$	1.28
Caldwell key performance indicators[1]						
Period end number of partners		**43**		38		40
Average Number of Partners		**41.7**		38.4		39.5
Annualized Professional Fees per Partner	**$**	**2,303**	$	1,476	$	1,766
Number of Assignments		**614**		408		439
Number of Assignments per Partner		**14.7**		10.6		11.1
Average Fee per Assignment	**$**	**156**	$	139	$	159
IQTP key performance indicators[1]						
Number of Business Days		**168**		-		-
Average Fees Billed per Business Day	**$**	**139**		-		-
Proportion of Work Performed by Contract Professionals		**51%**		-		-
Capacity Utlization Rate		**98%**		-		-
Average Number of Active Clients		**108**		-		-

[1] Please refer to the section on Non-GAAP Financial Measures and Other Operating Measures on page 6 of this document

DISCUSSION OF FACTORS IMPACTING THE COMPANY'S RESULTS

Caldwell operating results over the last three years have been significantly impacted by the following factors:

- The COVID-19 pandemic which led to an immediate decrease in revenue, government stimulus benefits and a subsequent increase in revenue
- Our acquisition of IQTP which resulted in the addition of a material and growing new business line as well as the amortization of purchase price categorized as acquisition-related expenses in our financial results
- Fluctuations in management and board compensation expense caused by variability in both our financial performance and share price

The COVID-19 Pandemic

As discussed in the "Impact of the Covid-19 Pandemic" section, we experienced record growth leading up to the COVID-19 pandemic's occurrence. Fiscal 2019 revenue of $72.1 million was the highest in our firm's history, and the first half of fiscal 2020 (September 1, 2019 to February 28, 2020) was 13% higher than the same period in fiscal 2019. With the onset of the pandemic, we experienced immediate and significant pressure on our business with decreasing search volumes and average fee levels. This resulted in the second half of fiscal 2020 (March 1, 2020 to August 31, 2020) being 34.9% lower than the first half of fiscal 2020 and 44.2% lower than the second half of fiscal 2019.

We maintained positive earnings despite the decrease in professional fees through a combination of expense reduction initiatives, reduction in compensation accruals and the receipt of $2,598 in government stimulus grants.

In fiscal 2021, business recovery over the course of the first half of the year gave way to strong growth in the second half. For the year, increased search volumes and higher average fees led to record revenue and operating profit.

Acquisition of IQTalent Partners, Inc.

The acquisition of IQTP contributed significantly to the firm's revenue growth in fiscal 2021 generating $23,287 in revenue in the eight months following our acquisition on December 31, 2020.

The business operations of IQTP generated $1,842 in operating profit for the year. This was reduced by acquisition-related expenses of $2,124 resulting in a net operating loss of $282.

Acquisition-related compensation costs are paid in US dollars. A summary of how the acquisition-related compensation costs is set forth as follows in US dollars:

	Gross US Dollars				Monthly	Accrual
Pre-tax compensation	**f'21**	**f'22**	**f'23**	**Total**	**Expense**	Period
Employee purchase sharing	500	250	-	750	63	*12 months*
Retention end of year two	1,000	1,500	500	3,000	125	*24 months*
Earnout/retention end of year two	200	300	100	600	25	*24 months*
Total pre-tax	1,700	2,050	600	4,350	213	
Tax benefit (projected at 27.2%)	(462)	(558)	(163)	(1,183)	(58)	
Total post-tax	1,238	1,492	437	3,167	155	

While the amounts shown above are payable US dollars, at current exchange rates, the compensation amounts in Canadian dollars are as follows, subject to currency fluctuations:

Pre-tax compensation	Approximate Canadian Dollars[1] f'21	f'22	f'23	Total	Monthly Expense
Employee purchase sharing	625	313	-	938	78
Retention end of year two	1,250	1,875	625	3,750	156
Earnout/retention end of year two	250	375	125	750	32
Total pre-tax	2,125	2,563	750	5,438	266
Tax benefit	(578)	(697)	(204)	(1,479)	(72)
Total post-tax	1,547	1,866	546	3,959	194

[1] Assumes CAD/USD exchange rate of $1.25

As shown above, the monthly pre-tax acquisition-related compensation of approximately $266 was recognized in the results for each of the post-acquisition periods resulting in $2,124 of total acquisition-related expenses during the eight-month post-acquisition period.

Additionally, Caldwell incurred $329 in acquisition-related expenses for legal, tax and financial diligence review related to IQTP during the year.

Fluctuations in Management and Board Compensation Expense

We have two forms of management compensation that can fluctuate significantly. The first are short-term incentive plans which are tied primarily to the revenue and operating results of the Company for a particular fiscal year and can range from 0% to 150% of target depending on financial results. The second are long-term incentive plans that take the form of Performance Stock Units (PSUs) granted to management and Deferred Stock Units (DSUs) granted to directors. PSUs fluctuate based on our operating performance over a three-year period. Both PSUs and DSUs are notional share units that fluctuate in value based on the price of our common shares. Currently, a $0.01 fluctuation in the price per share of our common stock causes a corresponding change of approximately $27 in long-term incentive compensation expense. Our compensation plans are discussed in more detail in note 11 to our consolidated financial statements.

In fiscal 2020, the pandemic's impact caused operating results to fall significantly below plan, resulting in no short-term incentive plan attainment and a decrease in the average PSU performance factor. Our share price fell to $0.79 at the end of fiscal 2020 from an average of $1.28 at the end of fiscal 2019. The share price decline resulted in further decreases to both PSU and DSU expenses.

In fiscal 2021, operating results significantly exceeded plan as the pandemic's impact was not anticipated to rebound as quickly or strongly. This overachievement resulted in attaining a 150% performance on the short-term incentive plans and a significant increase in the average PSU performance factor. In turn, the share price increased 180% during the year from an average of $0.79 at the end of fiscal 2020 to $2.21 at the end of fiscal 2021. The share price increase resulted in further increases to PSU and DSU plan expenses.

The above factors resulted in aggregate expenses of our short-term incentive plan and PSU and DSU declining from $1,670 during fiscal 2019 to $56 in fiscal 2020 and rising to $7,103 during fiscal 2021.

Fiscal 2021 results are discussed more fully in this document, and fiscal 2020 results are more fully discussed under Operating Results within the 2020 Management Discussion and Analysis documents as filed on SEDAR (www.sedar.com). Additionally, the Business Outlook section discusses our current views on future operating profit performance.

OPERATING RESULTS AND DISCUSSION OF CHANGES TO PRIOR YEAR

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

	Three months ended August 31, 2021 (unaudited)				Three months ended August 31, 2020 (unaudited)			
	Caldwell	IQTP[1]	Elimination	Total	Caldwell	IQTP	Elimination	Total
Professional fees	31,429	10,324	(143)	41,610	11,152	-	-	11,152
Direct expense reimbursements	128	-	-	128	102	-	-	102
Revenues	31,557	10,324	(143)	41,738	11,254	-	-	11,254
Cost of sales	24,511	8,100	(143)	32,468	8,696	-	-	8,696
Government stimulus grants	-	-	-	-	(2,205)	-	-	(2,205)
Reimbursed direct expenses	128	-	-	128	102	-	-	102
Gross profit	6,918	2,224	-	9,142	4,661	-	-	4,661
Gross margin	22.0%	21.5%		22.0%	41.8%			41.8%
Selling, general and administrative	5,807	1,282	28	7,117	2,752	-	-	2,752
Acquisition related expenses	-	793	-	793	-	-	-	-
Government stimulus grants	-	-	-	-	(393)	-	-	(393)
Operating profit	1,111	149	(28)	1,232	2,302	-	-	2,302
Interest expense on lease liability	87	29	-	116	147	-	-	147
Interest on loans payable	(77)	84	-	7	-	-	-	-
Investment income	15	-	(28)	(13)	(7)	-	-	(7)
Foreign exchange loss	(301)	-	-	(301)	(128)	-	-	(128)
Earnings before tax	1,387	36	-	1,423	2,290	-	-	2,290
Income tax expense (recovery)	379	61	-	440	(282)	-	-	(282)
Net earnings (loss) for the period	1,008	(25)	-	983	2,572	-	-	2,572

	Twelve months ended August 31, 2021				Twelve months ended August 31, 2020			
	Caldwell	IQTP[1]	Elimination	Total	Caldwell	IQTP	Elimination	Total
Professional fees	96,120	23,640	(353)	119,407	56,867	-	-	56,867
Direct expense reimbursements	359	-	-	359	1,326	-	-	1,326
Revenues	96,479	23,640	(353)	119,766	58,193	-	-	58,193
Cost of sales	72,380	18,594	(353)	90,621	44,352	-	-	44,352
Government stimulus grants	(334)	-	-	(334)	(2,446)	-	-	(2,446)
Reimbursed direct expenses	359	-	-	359	1,326	-	-	1,326
Gross profit	24,074	5,046	-	29,120	14,961	-	-	14,961
Gross margin	25.0%	21.3%		24.4%	26.3%			26.3%
Selling, general and administrative	17,534	3,204	-	20,738	11,588	-	-	11,588
Acquisition related expenses	329	2,124	-	2,453	-	-	-	-
Government stimulus grants	-	-	-	-	(393)	-	-	(393)
Operating profit (loss)	6,211	(282)	-	5,929	3,766	-	-	3,766
Interest expense on lease liability	385	79	-	464	367	-	-	367
Interest on loans	(77)	104	-	27	-	-	-	-
Investment income	(32)	-	-	(32)	605	-	-	605
Foreign exchange loss (gain)	53	-	-	53	(179)	-	-	(179)
Earnings (loss) before tax	5,882	(465)	-	5,417	2,973	-	-	2,973
Income tax (income) expense	948	(50)	-	898	127	-	-	127
Net earnings (loss) for the year	4,934	(415)	-	4,519	2,846	-	-	2,846

[1] IQTP was acquired on December 31, 2020. The results of its operations have been consolidated from the date of acquisition.

Our presentation currency is the Canadian dollar. Our functional currencies follow the geographies of our subsidiaries and include the Canadian dollar, the US dollar and the British pound. Approximately 83% of our revenue was in the functional currency of the US dollar for 2021. The following table summarizes the foreign exchange rates impacting the business during fiscal 2021 and 2020 according to geographic segment and relative to the Canadian dollar:

Functional Currency	Fiscal 2021		Fiscal 2020	
	Q4	*YTD*	*Q4*	*YTD*
United States				
US dollar – average	1.25	1.26	1.34	1.34
US dollar – period end	1.26	1.26	1.30	1.30
Europe				
British pound – average	1.73	1.73	1.72	1.71
British pound – period end	1.74	1.74	1.74	1.74

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

	Three months ended August 31 (unaudited)					
Caldwell	2021 as Reported	FX[1]	Constant Currency	2020 as Reported	$ variance	% variance
Professional fees	31,429	1,903	33,332	11,152	22,180	198.9%
Direct expense reimbursements	128	7	135	102	33	32.4%
Revenues	31,557	1,910	33,467	11,254	22,213	197.4%
Cost of sales	24,511	1,604	26,115	8,696	17,419	200.3%
Government stimulus grants	-	-	-	(2,205)	2,205	-100.0%
Reimbursed direct expenses	128	7	135	102	33	32.4%
Gross profit	6,918	299	7,217	4,661	2,556	54.8%
Gross margin	22.0%		21.7%	41.8%		
Selling, general and administrative	5,807	19	5,826	2,752	3,074	111.7%
Government stimulus grants	-	-	-	(393)	393	-100.0%
Acquisition-related expenses	-	-	-	-	-	-
Operating profit	1,111	280	1,391	2,302	(911)	-39.6%

	Twelve months ended August 31					
Caldwell	2021 as Reported	FX[1]	Constant Currency	2020 as Reported	$ variance	% variance
Professional fees	96,120	4,677	100,797	56,867	43,930	77.3%
Direct expense reimbursements	359	16	375	1,326	(951)	-71.7%
Revenues	96,479	4,693	101,172	58,193	42,979	73.9%
Cost of Sales	72,380	3,467	75,847	44,352	31,495	71.0%
Government stimulus grants	(334)	-	(334)	(2,446)	2,112	-86.3%
Reimbursed direct expenses	359	16	375	1,326	(951)	-71.7%
Gross profit	24,074	1,210	25,284	14,961	10,323	69.0%
Gross margin	25.0%		25.1%	26.3%		
Selling, general and administrative	17,534	235	17,769	11,588	6,181	53.3%
Government stimulus grants	-	-	-	(393)	393	-100.0%
Acquisition-related expenses	329	-	329	-	329	-
Operating profit	6,211	975	7,186	3,766	3,420	90.8%

[1] Impact of adjusting foreign exchange rates to 2020 actual rates

REVENUE

PROFESSIONAL FEES

Fourth Quarter Professional Fees

Consolidated:
Professional fees for the fourth quarter of 2021 increased 273.1% (290.2% excluding an unfavourable 17.1% variance from exchange rate fluctuations) over the comparable period last year to $41,610 (2020: $11,152). Caldwell's professional fees increased 181.8% to $31,429 (2020: $11,152) and IQTP added $10,181 ($10,324 less $143 of eliminated intercompany revenue).

Caldwell:
Exchange rate changes over the prior year had an unfavourable impact of $1,903. On a constant currency basis, Caldwell's professional fees for the fourth quarter of 2021 increased 198.9% over the comparable period last year to $33,332 (2020: $11,152). The increase in professional fees resulted from:

- A 65.5% increase in the Number of Assignments to 182 (2020: 110), the result of:
    - A higher Number of Assignments per Partner at 4.2 (2020: 3.0)
    - A higher Average Number of Partners at 43.3 (2020: 37.0)
- A higher Average Fee per Assignment of $183 at constant currency (2020: $101)

IQTP:
IQTP's professional fees for the fourth quarter totalled $10,181 ($10,324 less $143 of eliminated intercompany revenue). IQTP generated accelerating revenues on the success of new customer acquisitions and also benefitted from the economic recovery in the human capital sector.

Year-to-Date Professional Fees

Consolidated:
Professional fees for the year increased 110.0% (118.2% excluding an unfavourable 8.2% variance from exchange rate fluctuations) over the comparable period last year to $119,407 (2020: $56,867). Caldwell's professional fees increased 69.0% to $96,120 (2020: $56,867) and IQTP generated $23,287 ($23,640 less $353 in eliminating intercompany) during our eight-month ownership period.

Caldwell:
Exchange rate changes over the prior year had an unfavourable impact of $4,677. On a constant currency basis, professional fees for the year increased 77.3% over the comparable period last year to $100,797 (2020: $56,867). The increase in professional fees resulted from:

- A 50.5% increase in the Number of Assignments to 614 (2020: 408), the result of:
    - A higher Number of Assignments per Partner at 14.7 (2020: 10.6)
    - A higher Average Number of Partners at 41.7 (2020: 38.4)
- A higher Average Fee per Assignment of $164 at constancy currency (2020: $139)

IQTP:
Professional fees for the year of $23,287 ($23,640 less $353 of eliminated intercompany revenue) reflect the eight-month period since our acquisition of IQTP on December 31, 2020. IQTP's growth is accelerating with average daily billing increasing throughout the post acquisition period as follows:

- $ 113 per business day in the second quarter
- $ 136 per business day in the third quarter
- $ 157 per business day in the fourth quarter

Our results include 168 business days post acquisition in fiscal 2021. There are approximately 250 business days in a full year.

DIRECT EXPENSE REIMBURSEMENTS

Direct expenses incurred and billed to clients during the fiscal 2021 fourth quarter were $128 (2020: $102). Year-to-date direct expenses incurred and billed to clients were $359 (2020: $1,326). Expense reimbursements all pertain to Caldwell. Direct expenses have been lower in the current year, resulting from reduced partner and candidate travel costs due to pandemic-related travel restrictions and remote work trends. As direct expense reimbursements equal the expenses incurred, there is no direct impact to our profitability caused by fluctuations in direct expenses.

COST OF SALES

Fourth Quarter Cost of Sales

Consolidated:
Fourth quarter cost of sales increased 273.4% (291.8% excluding a favourable 18.4% variance from exchange rate fluctuations), or $23,772 to $32,468 (2020: $8,696). On a segment basis, Caldwell's cost of sales increased $15,815 (181.9%), and IQTP incurred $7,957 ($8,100 less $143 of eliminated intercompany costs) of the increase during the post-acquisition period. As a percentage of professional fees, cost of sales was flat at 78.0% versus the same period last year.

Caldwell:
Exchange rate changes over the prior year had a favourable impact of $1,604. On a constant currency basis, Caldwell's fourth quarter cost of sales increased 200.3% or $17,419 to $26,115 (2020: $8,696). As a percentage of professional fees, cost of sales was flat at 78.0% over the same period last year, due to the following factors:

- Increased partner compensation from higher average commission tiers on significantly higher Annualized Professional Fees per Partner (12.0% of professional fees) offset by
- Lower partner support personnel compensation as a percentage of professional fees. Non-partner personnel costs are semi-fixed during rapid periods of revenue growth or decline, and we continued to increase staffing from the reduced levels during the pandemic to accommodate our current run-rates (10.5% of professional fees)
- Lower search delivery materials expenses which are semi-fixed costs and did not increase in proportion to revenue (1.5% of professional fees)

IQTP:

Fourth quarter cost of sales for IQTP of $7,957 ($8,100 less $143 of eliminated intercompany costs) represented 78.2% of professional fees. IQTP's cost of sales continues to be negatively impacted by the significant use of higher cost contracted professionals to meet rapidly growing service delivery requirements. Utilizing contracted professionals allows us to scale quickly and provides us with flexibility in managing our cost structure through economic cycles. With our rapid growth, the Proportion of Work Performed by Contract Professionals expanded from 44% in the second quarter to 52% in the third quarter and 54% in the fourth quarter. Additional internal employees continue to be hired, trained and deployed. Employee hires are anticipated to reduce our reliance on contractors over time.

Year-to-Date Cost of Sales

Consolidated:

Year-to-date cost of sales increased 104.3% (112.1% excluding a favourable 7.8% variance from exchange rate fluctuations), or $46,269 to $90,621 (2020: $44,352). On a segment basis, Caldwell's cost of sales increased $28,028 (63.2%), and the acquired business of IQTP added $18,241 ($18,594 less $353 of eliminated intercompany costs). As a percentage of professional fees, cost of sales decreased 2.1% to 75.9%, from 78.0% in the same period last year.

Caldwell:

Exchange rate changes over the prior year had a favourable impact of $3,467. On a constant currency basis, cost of sales for the year increased 71.0% or $31,495 to $75,847 (2020: $44,352). As a percentage of professional fees, cost of sales decreased 2.7% to 75.3% from 78.0% in the same period last year. The 2.7% decrease in cost of sales as a percentage of professional fees was due to the following factors:

- Lower partner support personnel compensation, which is semi-fixed during rapid periods of revenue growth or decline, on the higher revenue and a flat year-over-year average headcount (6.0% of professional fees)
- Lower semi-fixed search delivery materials expenses (1.0% of professional fees) partially offset by
- Increased partner compensation from higher average commission tiers on significantly higher Annualized Professional Fees per Partner (4.3% of professional fees)

Partner support personnel staffing levels were reduced through furloughs and terminations during the third quarter of fiscal 2020 in response to the decrease in business activity brought on by the pandemic. As business began to return in the fourth quarter of fiscal 2020, furloughed staff were brought back, and searches for new hires were initiated. Business activity continued to increase throughout fiscal 2021 with new support hires lagging business activity until catching up by the end of the fourth quarter.

IQTP:

Cost of sales for the year of $18,241 ($18,594 less $353 of eliminated intercompany costs) reflects the eight months of ownership activity since our acquisition of IQTP on December 31, 2020 and represents 78.3% of IQTP's professional fees.

GOVERNMENT STIMULUS GRANTS

The Canadian business in our Caldwell segment was slower to recover than the United States. Consequently, we continued to benefit from the available government stimulus grants in that geography during 2021. Government stimulus grants were received by the Company from both Canada and the United States in the previous fiscal year.

During the fourth quarter of 2021, there were no government stimulus grants received (2020: $2,598). During the full year fiscal 2021 $334 was received (2020: $2,893). Stimulus grants are recorded as cost reductions within cost of sales expenses and selling, general and administrative expenses in our consolidated statements of earnings. With the improvement in the Canadian business during the quarter, we no longer qualify and do not expect to receive these government stimulus grants going forward. No government stimulus grants were received from the US during fiscal 2021.

GROSS PROFIT

Fourth Quarter Gross Profit

Consolidated:
Fourth quarter gross profit increased $4,481 or 96.1% (102.6% excluding an unfavourable 6.5% variance from exchange rate fluctuations) to $9,142 (2020: $4,661). As a percentage of professional fees, gross profit margin decreased to 22.0% from 41.8%. The 19.8% decrease is the result of $2,205 in government stimulus grants in the prior year and none having been received in the current year. Exclusive of the government stimulus grants, gross profit increased $6,686 or 272.2% and gross margin was flat year-over year at 22.0%.

Caldwell:
Exchange rate changes had an unfavourable impact of $299. As noted above, 2020 results included $2,205 in government stimulus grants. Exclusive of these grants, gross profit on a constant currency basis increased by 193.9% and gross margin decreased to 21.7% this year from 22.0% last year. This 0.3% gross margin decrease came from the growth rate in the cost of sales exceeding the growth rate in professional fees.

IQTP:
Gross profit for the fourth quarter was $2,224 (21.5% gross margin as a percentage of professional fees). As a result of the rapidly growing demand for IQTP’s services during the period, IQTP continued to expand its use of non-employee contracted professionals as permanent employees are being recruited. Contracted professionals have a higher cost than employees and their expanded use increased costs and reduced gross margin levels in the period.

Year-to-Date Gross Profit

Consolidated:
Gross profit for 2021 increased $14,159 or 94.6% (102.7% excluding an unfavourable 8.1% variance from exchange rate fluctuations) to $29,120 (2020: $14,961). As a percentage of professional fees, gross profit margin decreased to 24.4% from 26.3%. The 1.9% decrease is the result of $2,446 in government stimulus grants received in the prior year versus $334 in the current year. Exclusive of the government stimulus

grants, gross profit increased $16,271 or 130.0% and gross margin increased 2.1% to 24.1% from 22.0% last year.

Caldwell:
Exchange rate changes had an unfavourable impact of $1,210. On a constant currency basis, gross profit for 2021 increased 69.0% to $25,284 (2020: $14,961), with gross margin as a percentage of professional fees decreasing to 25.1% from 26.3%. This 1.2% margin decrease came from the reduction in government stimulus grants (4.0%) partially offset by the increase in professional fees outpacing cost of sales (2.8%).

IQTP:
Gross profit for the year of $5,046 (21.3% gross margin as a percentage of professional fees) reflects IQTP's results for the eight-month post-acquisition period.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (SG&A)

Fourth Quarter SG&A

Consolidated:
In the fourth quarter, SG&A increased 158.6% or $4,365 over the same period in the prior year to $7,117 (2020: $2,752). Excluding the impact of exchange rate variances of $19, expenses increased $4,384 or 159.3% over the same period last year. On a segment basis, SG&A from Caldwell increased $3,055 and SG&A from the acquired business of IQTP added $1,310.

Caldwell:
Exchange rate changes had a favourable impact of $19. On a constant currency basis fourth quarter SG&A increased 111.7% to $5,826 (2020: $2,752). The $3,074 constant currency increase resulted from the following:

Unfavourable variances:

- Increased share-based compensation expense ($1,950), the result of:
  - A 46% increase in the weighted average share price during the period from $1.51 at May 31, 2021 to $2.21 at August 31, 2021 ($1,831)
  - A catch-up charge to account for increases in the standard PSU performance factors resulting from revenue and operating profit exceeding targets ($132)
  - Partially offset by increases in prior year due to amended performance factors and higher share prices ($13)
- Higher board of director costs due to higher DSU expenses on the 46% increase in the average share price ($353)
- Higher corporate compensation on hiring to accommodate growth ($293)
- Higher bonus accruals from exceeding targeted performance in the current year resulting from cost savings programs initiated during the pandemic versus bonus reversals last year ($281)
- Higher Caldwell Analytics operating expenses from investments to the service line ($200)
- An increase in marketing expenses ($182) from marketing strategy consulting
- Higher recruitments costs on partner and staff additions ($168)

Favourable variances:

- Lower occupancy costs resulting from the exit of permanent leased locations in Dallas and London where our teams reverted to work from home and flexible space arrangements ($244). We do not foresee a new lease in Dallas, but we did enter a new lease in London in the first quarter of 2022. We will also be increasing space to accommodate IQTP's growth during 2022
- Miscellaneous net favourable variances across smaller cost areas ($109)

IQTP:
Fourth quarter SG&A for IQTP was $1,310 and is comprised primarily of management compensation and facilities expenses.

Year-to-Date SG&A

Consolidated:
For the year, SG&A increased 79.0% or $9,150 over the same period in the prior year to $20,738 (2020: $11,588). Excluding the impact of exchange rate variances of $235, expenses increased $9,385 or 81.0% over the same period last year. On a segment basis, SG&A from Caldwell increased $5,946 and SG&A from the acquired business of IQTP added $3,204.

Caldwell:
Exchange rate changes had a favourable impact of $235. On a constant currency basis SG&A increased 53.3% to $17,769 (2020: $11,588) during the year. The $6,181 constant currency increase resulted from the following:

Unfavourable variances:

- Increased share-based compensation expense ($4,611), the result of:
  - A 180% increase in the weighted average share price during the period from $0.79 at August 31, 2020 to $2.21 at August 31, 2021 ($2,995)
  - A catch-up charge on the increase in the revenue performance factor on the special PSU grant, to its maximum 200% level based on our increased revenue performance relative to established targets ($747)
  - Increases in the average standard PSU performance factor from 69% at August 31, 2020 to 150% at August 31, 2021, as a result of exceeding targeted performance ($869)
- Higher bonus accruals from exceeding targeted performance in the current year resulting from cost savings programs initiated during the pandemic versus bonus reversals in the prior year ($1,476)
- Higher board of directors' costs as a result of higher DSU expenses on the 181% increase in average share price ($857)
- Higher corporate compensation on hiring to accommodate firm growth ($529)
- Increased recruitment expenses due to efforts to increase hiring of staff ($447)

Favourable variances:

- Lower occupancy costs resulting from the exit of permanent leased locations in Dallas and London, where our teams have reverted to work from home and flexible space arrangements ($798). As discussed above, we anticipate an increase in lease costs in the future but intend to leverage behavioural changes of increased virtual and remote work arrangements as we continue to grow

- Our annual partner meeting was held in the first quarter of the prior year but not in the current year due to travel restrictions ($353). We currently anticipate having an in-person conference in April 2022.
- Lower business development expenses due to reduced travel from pandemic travel restrictions and remote work changes ($261)
- Lower staff travel, meeting and office expenses due to remote work ($166)
- Lower depreciation expense on lower capital expenditures ($58)
- Miscellaneous net favourable variances across smaller cost areas ($103)

IQTP:
SG&A for 2021 of $3,204 reflects IQTP's eight months post-acquisition period since of December 31, 2020. As noted above, these costs relate primarily to management compensation and facilities expenses.

ACQUISITION-RELATED EXPENSES

As discussed on page 13 of this MD&A, IQTP acquisition-related compensation accruals are being recorded for all remaining payments due in the future which are contingent on employees or the selling shareholders being actively employed on the payment date. These costs will continue to suppress the profitability of IQTP during the amortization period. These costs were $793 and $2,124 for the fourth quarter and year, respectively. In addition, $329 in costs for legal, tax and financial due diligence were also incurred as acquisition-related expenses during the year.

OPERATING PROFIT

Fourth Quarter Operating Profit

Operating profit for the fourth quarter was $1,232, ($1,512 excluding the $280 unfavourable impact of exchange rates) (2020: $2,302). The $1,070 decrease compared to last year relates to:

- An increase in gross profit, exclusive of government stimulus grants of $6,686 from flat gross margins on significantly higher professional fees (up 273.1%)
- Lower government stimulus grants ($2,598)
- Higher selling, general and administrative expenses ($4,365)
- Acquisition-related expenses which will end on December 31, 2022 ($793)

The above variances are discussed in the relevant preceding sections and include the impact of unfavourable impact of exchange rates ($280).

On a segment basis, Caldwell's operating profit decreased $1,191 ($1,240 on a constant currency basis) and IQTP generated operating profit after acquisition-related expenses of $121.

Year-to-Date Operating Profit

Operating profit for the year was $5,929, ($6,904 excluding the $975 unfavourable impact of exchange rates) (2020: $3,766). The $2,163 increase over last year relates to:

- An increase in gross profit, exclusive of government stimulus grants of $16,271 with $2,866 arising from margin improvement (up 2.4% of professional fees) and $13,405 arising from significantly higher professional fees (up 110.0%)
- Lower government stimulus grants ($2,505)
- Higher selling, general and administrative expenses ($9,150)
- Acquisition-related expenses of $2,453 consisting of:
    - Purchase price recorded as compensation expense which will conclude on December 31, 2022 ($2,124)
    - Acquisition-related professional fees ($329)

The above variances are discussed in the relevant preceding sections and include the unfavourable impact of exchange rates ($975).

On a segment basis, Caldwell's operating profit increased $2,445 ($3,091 on a constant currency basis) after accounting for professional fees incurred as acquisition-related expenses of $329, and IQTP generated an operating loss of $282 after recording acquisition-related expenses of $2,124.

INVESTMENT INCOME

Historically, we invested excess cash balances and managed market risk by using third-party investment managers to follow the specific investment criteria established and approved by the Investment Committee of the Board of Directors to reduce market risk exposure. All managed funds were sold during the third quarter of 2020 to maximize liquidity and eliminate further market risk arising from the pandemic's economic uncertainty. Cash balances have not yet been reinvested.

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

Professionally managed fixed income funds within marketable securities were designated at fair value through profit and loss. As a result, those marketable securities were recorded at fair value, with gains and losses recorded in investment income.

We have designated the client equity investments within marketable securities at fair value through OCI. As a result, these marketable securities are recorded at fair value, with gains and losses recorded in other comprehensive income. Our policy regarding client equity investments within marketable securities is to sell the investments as soon as we are reasonably able to do so.

For the fourth quarter of 2021, we reported investment income of $13 (2020: $7) consisting of interest on term deposits. Also during the fourth quarter of 2021, net realized and unrealized gains on marketable securities of $78 (2020: $nil) and $22 (2020: $210), respectively were recognized as part of other comprehensive income.

For fiscal 2021, we reported investment income of $32 (2020: loss of $605) consisting of interest on term deposits (2020: $20). Investment income for 2020 included $625 in net losses on the sale of managed investment funds. Also during the year, net realized and unrealized gains on marketable securities of $78 (2020: $nil) and $87 (2020: $210), respectively were recognized as part of other comprehensive income.

INCOME TAXES

Our effective tax rate on a consolidated basis has been historically high relative to the statutory tax rates we experience in each of our geographies. This was primarily the result of earnings before tax generated in US and Canada where we are in tax-paying situations, and losses before tax in the UK where, due to the uncertainty of utilizing losses against future taxable income, we have not recognized deferred tax assets on the UK net operating losses. Our income tax expense effectively represents the tax on our US and Canadian operations, without the benefit of tax shelters created by any current period UK losses. In periods when the UK is profitable, we do not need to recognize tax expense until our historical tax loss carryforwards have been fully utilized, or until we recognize UK deferred tax assets on the loss carryforwards once we can demonstrate sustainable taxable income in the UK. Therefore, in periods where the UK generates profit, such as the prior year, we will incur lower than expected taxes based on statutory tax rates.

On December 27, 2020, changes to the PPP were enacted in the United States, permitting expenses that were paid with forgiven PPP loan proceeds to be tax-deductible. This overrides previous Internal Revenue Service guidance disallowing deductions for these eligible expenses. As a result of this legislative change, approximately $2,066 in additional tax deductions are available in the Company's fiscal 2020 US tax filing, resulting in a reduction of current taxes payable of approximately $562 at the current US effective tax rate of 27.2%. As a result, a $562 reduction in income tax expense was recorded in the second quarter and is reflected in the results for 2021.

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

A net income tax expense of $440 was recorded in the fourth quarter of 2021 (2020: recovery of $282). The effective income tax rate for the three months ended August 31, 2021 was 30.9% (2020: -12.3%). The UK did not recognize income tax recovery based on its history of operating losses.

On a segment basis, Caldwell and IQTP had fourth-quarter income tax expense of $379 (2020: recovery of $282) and $61, respectively.

For the full year there was net income tax expense of $898 (2020: $127). The effective income tax rate for year was 16.6% (2020: 4.3%). Income taxes were reduced by approximately $562 related to fiscal 2020 expenses paid with forgiven PPP loan proceeds as discussed above and income tax recovery was not recognized in the UK due to its history of operating losses, whereas income earned in the UK in 2020 utilized unrecognized loss carryforwards, reducing our 2020 effective income tax rate.

On a segment basis, Caldwell had full-year income tax expense of $948 (2020: $127) and IQTP recorded a tax recovery of $50.

NET EARNINGS AND BASIC EARNINGS PER SHARE

Fourth quarter net income was $983 ($0.039 per share) compared to $2,572 ($0.126 per share) in the comparable period a year earlier.

Net income for the year was $4,519 ($0.190 per share) compared to net income of $2,846 ($0.139 per share) in the comparable period a year earlier. While the reporting of purchase price as compensation expense included in acquisition-related expenses will suppress current and near-term earnings, the IQTP acquisition exclusive of these costs has been accretive to our consolidated earnings per share for the third-quarter and year-to-date periods.

SUMMARY OF QUARTERLY RESULTS

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

	2020					2021[1]				
	Q1	*Q2*	*Q3*	*Q4*	*Annual*	*Q1*	*Q2*	*Q3*	*Q4*	*Annual*
Professional Fees - Caldwell	$ 17,557	$ 16,896	$ 11,262	$ 11,152	$ 56,867	$ 18,053	$ 19,724	$ 26,914	$ 31,429	$ 96,120
Professional Fees - IQTP	-	-	-	-	$ -	-	$ 4,285	$ 8,821	$ 10,181	$ 23,287
Consolidated Professional Fees	$ 17,557	$ 16,896	$ 11,262	$ 11,152	$ 56,867	$ 18,053	$ 24,009	$ 35,735	$ 41,610	$ 119,407
Direct expense reimbursements	$ 519	$ 411	$ 294	$ 102	$ 1,326	$ 74	$ 73	$ 84	$ 128	$ 359
Revenue	$ 18,076	$ 17,307	$ 11,556	$ 11,254	$ 58,193	$ 18,127	$ 24,082	$ 35,819	$ 41,738	$ 119,766
Cost of sales	$ 13,467	$ 13,023	$ 9,166	$ 8,696	$ 44,352	$ 13,337	$ 18,079	$ 26,737	$ 32,468	$ 90,621
Government stimulus grants	$ -	$ -	$ (241)	$ (2,205)	$ (2,446)	$ (110)	$ (156)	$ (68)	$ -	$ (334)
Gross profit	$ 4,090	$ 3,873	$ 2,337	$ 4,661	$ 14,961	$ 4,826	$ 6,086	$ 9,066	$ 9,142	$ 29,120
Gross profit margin	23.3%	22.9%	20.8%	41.8%	26.3%	26.7%	25.3%	25.4%	22.0%	24.4%
Selling, general and administrative	$ 3,695	$ 3,541	$ 1,600	$ 2,752	$ 11,588	$ 3,174	$ 5,389	$ 5,058	$ 7,117	$ 20,738
Acquisition related expenses	$ -	$ -	$ -	$ -	$ -	$ 225	$ 644	$ 791	$ 793	$ 2,453
Government stimulus grants	$ -	$ -	$ -	$ (393)	$ (393)	$ -	$ -	$ -	$ -	$ -
Net operating (loss) profit	$ 395	$ 332	$ 737	$ 2,302	$ 3,766	$ 1,427	$ 53	$ 3,217	$ 1,232	$ 5,929
Finance (income) expenses	$ (158)	$ 9	$ 930	$ 12	$ 793	$ 132	$ 195	$ 376	$ (191)	$ 512
Net earnings (loss) before tax	$ 553	$ 323	$ (193)	$ 2,290	$ 2,973	$ 1,295	$ (142)	$ 2,841	$ 1,423	$ 5,417
Income tax expense (income)	$ 91	$ 7	$ 311	$ (282)	$ 127	$ 361	$ (512)	$ 609	$ 440	$ 898
Effective income tax rate	16.5%	2.2%	(161.1%)	(12.3%)	4.3%	27.9%	360.6%	21.4%	30.9%	16.6%
Net earnings (loss) before tax	$ 462	$ 316	$ (504)	$ 2,572	$ 2,846	$ 934	$ 370	$ 2,232	$ 983	$ 4,519
Basic earnings (loss) per share	$ 0.023	$ 0.015	$ (0.025)	$ 0.126	$ 0.139	$ 0.046	$ 0.016	$ 0.088	$ 0.039	$ 0.190
Fully diluted earnings (loss) per share	$ 0.023	$ 0.015	$ (0.025)	$ 0.126	$ 0.139	$ 0.046	$ 0.015	$ 0.086	$ 0.038	$ 0.186
Unencumbered cash	$ 9,765	$ 8,467	$ 10,018	$ 11,259	$ 11,259	$ 12,734	$ 9,455	$ 12,304	$ 11,100	$ 11,100

[1] *IQTP was acquired on December 31, 2020. The results of its operations have been consolidated from the date of acquisition.*

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

BUSINESS SEGMENT KEY PERFORMANCE INDICATORS

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

Caldwell:

	2020					2021				
	Q1	*Q2*	*Q3*	*Q4*	*Annual*	*Q1*	*Q2*	*Q3*	*Q4*	*Annual*
Professional Fees - Caldwell	$ 17,557	$ 16,896	$ 11,262	$ 11,152	$ 56,867	$ 18,053	$ 19,724	$ 26,914	$ 31,429	$ 96,120
Period end number of partners	39	40	37	38	38	40	43	43	43	43
Average Number of Partners	39.0	39.5	38.3	37.3	38.4	39.1	41.5	43.6	43.3	41.7
Annualized Professional Fees per Partner	$ 1,795	$ 1,705	$ 1,172	$ 1,193	$ 1,476	$ 1,844	$ 1,901	$ 2,469	$ 2,895	$ 2,303
Number of Assignments	113	124	61	110	408	111	148	173	182	614
Number of Assignments per Partner	2.9	3.1	1.6	2.9	10.6	2.8	3.6	4.0	4.2	14.7
Average Fee per Assignment	$ 155	$ 136	$ 184	$ 101	$ 139	$ 162	$ 133	$ 156	$ 172	$ 156

IQTP:

	2021			
	Q2 [1]	*Q3*	*Q4*	*Annual*
Professional Fees - IQTP	$ 4,285	$ 8,821	$ 10,181	$ 23,287
Number of Business Days	38	65	65	168
Average Fees Billed per Business Day	$ 113	$ 136	$ 157	$ 139
Proportion of Work Performed by Contract Professionals	44%	52%	54%	51%
Capacity Utlization Rate	96%	99%	99%	98%
Average Number of Active Clients	84	105	126	108

[1] IQTP was acquired on December 31, 2020. The results of its operations have been consolidated from the date of acquisition.

DIVIDENDS

In April of 2020, the Board of Directors suspended the dividend. Given the Company's focus on strategic growth initiatives, the Board has concluded it will not declare a dividend at this time.

LIQUIDITY AND CAPITAL RESOURCES

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

As at August 31, 2021, we had cash and cash equivalents of $29,214 and no current marketable securities. At year-end 2020, the total cash and cash equivalents was $14,481. The $14,733 increase is the result of cash generated from earnings and the net increase in compensation payable being only partially offset by payments made as part of the IQTP acquisition and commission payments made to-date.

Our cash and compensation payable balances fluctuate significantly from period to period based on commission payment timing per our executive search business's compensation plans. Compensation payable is generally at its lowest after the largest deferred compensation payments are made at the end of each February and generally grows during subsequent periods. The compensation payable is funded by our cash, marketable security balances and accounts receivable, which build during the same cycle as the compensation liability and are similarly reduced as cash is used to satisfy the compensation liability. As a result, the cash balances and compensation payable typically move together. At August 31, 2021, current compensation payable was $36,852 (August 31, 2020: $12,812), and total cash was $29,214 (August 31, 2020: $14,481) and accounts receivable were $23,218 (August 31, 2020: $7,316). As a result of these trends, we use the non-GAAP measure of Unencumbered Cash as a more consistent measure for the cash we have available for growth and strategic initiatives.

Unencumbered Cash is defined in the section on Non-GAAP Financial Measures and Other Operating Measures on page 7 of this document. Based on the nature of IQTP's accounts and working capital cycle, we reviewed and updated our definition of Unencumbered Cash with the acquisition of IQTP. Prior periods presented have been restated. The following chart sets forth the calculation of Unencumbered Cash and provides a reconciliation to cash and cash-equivalents:

	as at		
	August 31 2021	***August 31 2020***	***increase/ (decrease)***
Current assets			
Cash and cash equivalents	29,214	14,481	14,733
Accounts receivable	23,218	7,316	15,902
Income taxes receivable	-	928	(928)
Unbilled revenue	4,217	2,430	1,787
Prepaid expenses and other assets	2,332	2,553	(221)
Total current assets	58,981	27,708	31,273
Current liabilities			
Accounts payable	4,640	1,764	2,876
Compensation payable	36,852	12,812	24,040
Income taxes payable	3,007	-	3,007
Lease liability	1,868	1,873	(5)
Total current liabilities	46,367	16,449	29,918
Non-current acquisition related compensation	1,514	-	1,514
Total net liabilities within unencumbered cash	47,881	16,449	31,432
Total Unencumbered Cash	$11,100	$11,259	($159)

Unencumbered cash does not reflect $3,909 (2020: $1,660) in current deferred tax assets that are required to be aggregated with long-term deferred tax assets and presented as non-current in our statement of financial position. We believe such current deferred tax assets will be utilized during fiscal 2022, increasing our unencumbered cash.

We have restricted cash balances of $2,624 at August 31, 2021. As discussed in note 4 to our consolidated financial statements, we assumed a $2,624 PPP loan in connection with our acquisition of IQTP. A requirement of the SBA in a change of control with an outstanding PPP loan is that cash be placed in escrow pending the SBA's forgiveness of the loan. If the SBA forgives the loan, the escrow cash is returned to us. If the loan is not fully forgiven, the escrow cash is used to repay any unforgiven amount of the loan. On June 2, 2021, management received notification from the SBA indicating the use of funds appeared valid for forgiveness but that the original loan amount advanced should have been limited to $2,448. As a result, the SBA requested repayment of $176 of the original loan, with the remaining $2,448 to be forgiven. The Company has agreed with the SBA's proposal and anticipates receiving the $2,448 from escrow, at which time it will increase our unencumbered cash balance.

Accounts receivable were $23,218 at August 31, 2021, up $15,902 from $7,316 at the end of fiscal 2020. The increase is the result of the significant increase in revenue during the year as well as the IQTP acquisition. Days outstanding based on quarterly revenue were 51 days at August 31, 2021, down from 53 days at August 31, 2020. Our allowance for professional fee adjustments was $619 at August 31, 2021 compared to $1,315 at August 31, 2020.

Our investment in property and equipment at August 31, 2021 was $1,970, down $158 from $2,128 at the end of fiscal 2020. This reflects additions of $251, depreciation expense of $393 and unfavourable exchange rate fluctuations of $16. Additions consist of capital expenditures on computer hardware, leasehold improvements and office furniture.

At August 31, 2021, our ROU asset was $9,451 up $1,760 from $7,691 at the end of fiscal 2020, reflecting $3,617 in leases acquired with IQTP, additions of $273, depreciation expense of $1,982 and unfavourable exchange rate fluctuations of $148.

At August 31, 2021, our lease liability was $10,330 up from $8,805 at the end of fiscal 2020, reflecting $3,617 in leases assumed with IQTP, additions of $236, repayments of $2,619, interest accretion of $464 and exchange rate fluctuations of $173.

Total liabilities were $61,381 at August 31, 2021, an increase of $37,266 from $24,115 at the end of fiscal 2020. The increase is primarily the result of higher compensation payable due to both the increase in revenue over last year, the IQTP acquisition and PSU and DSUs impacted by the higher share price and improved performance factors.

Shareholders' equity at August 31, 2021 was $25,752, an increase of $8,996 from $16,756 at the end of 2020. The increase reflects the common share issuance related to the IQTP acquisition of $4,642, net earnings of $4,519, gains on marketable securities of $165 and stock compensation of $50 partially offset by currency translation losses on consolidation of $380.

CONTRACTUAL OBLIGATIONS

	Total	2022	2023	2024	2025	2026	Thereafter
Accounts payable	$ 4,640	4,640	-	-	-	-	-
Compensation payable	43,130	36,852	4,634	460	-	-	1,184
Lease liability	10,428	1,868	1,994	1,353	1,346	1,268	2,599
Loans payable[1]	176	176	-	-	-	-	-
Total	$ 58,374	$ 43,536	$ 6,628	$ 1,813	$ 1,346	$ 1,268	$ 3,783

[1] *Assuming $2,448 in forgiveness of IQTP's PPP loan, per note 4 of the consolidated financial statements. $2,624 would be owed if not forgiven.*

The lease liability commitments are in respect to the base rent component of the office space's cost required to operate our business and do not include expected operating expenses that we will be required to pay. They also do not reflect offsetting sublease payments from which the Company expects to recoup $34 through September 30, 2021. Cash outlays for our contractual obligations and commitments identified above are expected to be funded by cash on hand and cash generated by operating activities in the outlay's respective year. The Company does not have any material commitments to purchase property and equipment.

OUTSTANDING SHARES

As of August 31, 2021, the Company's authorized share capital consists of an unlimited number of Common Shares, of which 25,505,693 are issued and outstanding (August 31, 2020: 20,404,555). 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. Effective December 31, 2020, the Company issued 5,101,138 of new common shares to finance, in part, the acquisition of IQTP. As of August 31, 2021, options to purchase 900,000 common shares of the Company were outstanding (August 31, 2020: 500,000). Effective September 30, 2021, 125,000 of the outstanding options were exercised, and another 125,000 of the outstanding options expired.

BUSINESS OUTLOOK

Our fiscal 2021 fourth-quarter consolidated revenue of $41.7 million was a 270.9% increase over the prior year and the highest in our history.

Our Caldwell executive search segment contributed $31.6 million in revenue in the fourth quarter, a 180.4% increase over the fourth quarter of fiscal 2020 (mid-pandemic) and a 50.5% increase over the fourth quarter of fiscal 2019 (pre-pandemic)—all accomplished with organic growth. Fourth quarter revenue also represented a 16.9% increase sequentially over the third quarter. Coming out of the pandemic, we experienced a surge in the annualized Number of Assignments per Partner, averaging 14.7 for the year—a number that has generally averaged approximately 12 in prior years. We are additionally at a record high partner count, with partner recruitment a continued priority. We anticipate an easement in executive search assignments during fiscal 2022 as hiring catches up to post-pandemic growth demand and executive search volumes moderate. We also saw the departure of two large producers at the end of the fourth quarter. While we have already replaced these departures with new partner hires, there will be a period of integration for the new hires, and their revenue levels may not equal that of the departures.

Our acquired IQTP segment added $10.2 million in third-party revenue during the fourth quarter—a 15.4% sequential increase from the third quarter. Like Caldwell, IQTP has benefitted from the economic recovery in the talent sector, seeing sustained and significant growth in demand for its services since pandemic lows. IQTP's flexible on-demand pricing model coupled with our innovative use of AI technology is resonating with clients. In addition, our lead generation programs and robust word-of-mouth referrals continue to provide a strong pipeline for IQTP's growth during fiscal 2022 and into the future. Because of these benefitting factors, we do not anticipate IQTP's growth to slow from its post-pandemic surge.

Both of our business segments remain at very high employee utilization rates. We are leveraging virtual and flexible work arrangements and continue experiencing lower travel costs and reduced real estate needs compared to historical norms. We have now caught up with hiring to meet needs within Caldwell, but IQTP remains in a large-scale hiring mode to address increasing demand. To accommodate this employee expansion, we have committed to an additional 12,114 square feet of leased real estate space, increasing our current footprint in Nashville from 22,980 square feet to 35,094 square feet.

Maintaining our current growth trends will depend on the continued hiring activity of our clients. In addition, operating profit and earnings will continue to be suppressed by the amortization of acquisition-related costs based on IQTP's purchase price structure; however, those costs have a finite expense period ending December 31, 2022, as discussed in our financial statements and this MD&A.

Our vision for our two segments working in tandem is for IQTP to be a constant presence at our clients, providing recurring talent acquisition support, with Caldwell engaged for higher-end retained executive searches not undertaken by our clients' in-house teams. Together we will be a seamless integration into the talent acquisition needs at all levels for our clients. We will continue to review business and technology acquisition opportunities that align with client-driven talent offerings and our belief that Talent Transforms.

RELATED PARTY TRANSACTIONS

Pursuant to its lease agreements, the Company paid rent for its Toronto office to a company owned by a shareholder, C. Douglas Caldwell, registered as owning more than 10% of the common shares of the Company. The amount of consideration agreed to by the parties was determined to be the fair market rental rates at the inception of the lease by an independent commercial real estate counselor and was approved by the independent Members of the Board of Directors. The lease term expired on March 31, 2020 and the office was relocated. Occupancy costs, recorded within general and administrative expenses in the consolidated statements of earnings, have been recognized for the year ended August 31, 2020 in the amount of $130. There were no occupancy costs related to this property for the year ended August 31, 2021.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

Revenue recognition

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

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

Further information on unbilled and deferred revenue is included in note 14 in the Consolidated Financial Statements.

Allowance for professional fee adjustments and doubtful accounts

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

Compensation accruals

Partner commissions for the Caldwell executive search segment are based on a per partner basis on amounts billed during 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 to set an estimated commission tier to accrue compensation expense throughout the year. Additionally, management short term incentive plans are tied primarily to the revenue and operating results of the Company for a respective fiscal year and management long term incentive plans are both to the Company’s share price as well as operating results over a three-year period. Full year partner collection results, actual operating results and changes in share price that differ from management’s current estimates would affect the results of operations in future periods.

Valuation of equity interests in clients

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

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 6 of the Consolidated Financial Statements. Future results that differ from management’s current estimates would affect the results of operation in future periods.

RECENT ACCOUNTING PRONOUNCEMENTS

Accounting standards issued but not yet applied

Classification of Liabilities as Current or Non-current

On January 23, 2020, the IASB issued amendments to IAS 1 Presentation of Financial Statements, to clarify the classification of liabilities as current or non-current. The amendments are effective for annual periods beginning on or after January 1, 2023. The Company intends to adopt these amendments in its consolidated financial statements for the annual period beginning September 1, 2023. The adoption of these amendments is not expected to have a material impact on the Company.

Annual Improvements to IFRS Standards 2018–2020
On May 14, 2020, the IASB issued narrow-scope amendments to certain standards as part of its annual improvement process. Amendments were made to clarify which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognize a financial liability in accordance with IFRS 9. There is also an amendment to IFRS 16 Leases to remove from an example the illustration of the reimbursement of leasehold improvements by the lessor. Lastly, an amendment was made to IFRS 1 First-time Adoption of International Financial Reporting Standards for subsidiaries as a first-time adopter. The Company intends to adopt these amendments prospectively in its consolidated financial statements for the annual period beginning September 1, 2022. The adoption of these standards is not expected to have a material impact on the Company.

Definition of Accounting Estimates (Amendments to IAS 8)
On February 12, 2021, the IASB issued *Definition of Accounting Estimates (Amendments to IAS 8)*.
The amendments are effective for annual periods beginning on or after January 1, 2023. Early adoption is permitted. The amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The adoption of these amendments is not expected to have a material impact on the Company.

Disclosure initiative – Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
On February 12, 2021, the IASB issued Disclosure Initiative – Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements). The amendments are effective for annual periods beginning on or after January 1, 2023. Early adoption is permitted.

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

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

The adoption of these amendments is not expected to have a material impact on the Company.

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

Pandemics and outbreaks

On March 11, the World Health Organization (WHO) declared COVID-19 a global pandemic. The pandemic caused a material decline in revenue for approximately six months and significantly impacted our operations. Given the pandemic's dynamic nature, it is unknown how our clients, and therefore our revenue, may continue to be affected if the pandemic continues or the future impact on hiring trends from a similar outbreak.

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

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

Exposure to departing partners taking our clients to another firm

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

Performance of the US, Canadian and international economies

Our revenue is affected by global economic conditions and economic activity in the regions where we operate. During economic slowdowns, companies may hire fewer employees which may harm our financial condition. We mitigate this risk to some extent by seeking diversity within our revenue base across geographies, industries and functions. Also, much of our compensation is performance-based and variable to revenue.

Foreign currency exchange rate risks may affect our financial results

With operations in Canada, the United States and the United Kingdom, we do business in multiple currencies. During the most recently completed fiscal year, 87% of our revenue was generated outside of Canada and transacted in a currency other than the Canadian dollar. Translation of foreign currency financial statements into the Canadian dollar impacts our profitability. Fluctuations in relative currency values, particularly the Canadian dollar strengthening, could hurt our profitability and financial condition. When we have significant short-term net cash or intercompany loan balances, we will move our cash balances by geography and currency to match the respective cash balances to future cash utilization by currency. Our current focus is to ensure the stability of cash needs by currency over strictly minimizing P&L fluctuations.

Competition from other companies directly or indirectly engaged in talent acquisition

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

Cybersecurity requirements, vulnerabilities, threats and attacks

Increased global cybersecurity vulnerabilities, threats, and more sophisticated and targeted cyber-related attacks pose a risk to our systems and networks' security and the confidentiality, availability, and integrity of the data we maintain from our clients, candidates, and employees. We have a program in place to detect and respond to data security incidents. However, we remain potentially vulnerable to additional known or unknown threats. We also have access to sensitive, confidential or personal data or information subject to privacy and security laws, regulations and client-imposed controls. Despite our efforts to protect sensitive, confidential or personal data or information, we may be vulnerable to security breaches, theft, lost data, employee errors and/or malfeasance that could potentially lead to the compromising of sensitive, confidential or personal data or information, improper use of our systems or networks, unauthorized access, use, disclosure, modification or destruction of information. Also, a cyber-related attack could result in other negative consequences, including damage to our reputation or competitiveness, remediation or increased protection costs, litigation, or regulatory action, which could negatively impact our results of operations. We attempt to mitigate this risk by maintaining and complying with our data privacy policy informing our clients and candidates of how we use their personal information. We additionally utilize a third-party information and security technology company to advise us on risk testing and mitigation to aid our internal information technology staff. We also maintain a cyber-insurance policy that might mitigate certain financial costs if we suffer a breach that causes us to incur financial losses.

Brand Reputation

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

Alignment of our cost structure with revenue

We must ensure that our costs and workforce continue to be in proportion to the demand for our services. Failure to align our cost structure and headcount with net revenue could adversely affect our business, financial condition, and operations results. We attempt to mitigate this risk related to short-term revenue shifts by business segment. In our Caldwell business, we tie a large portion of our search professionals' compensation to their individual and team revenue and for management to consolidated revenue and operating profit. In our IQTP business, we maintain a portion of our total workforce as hourly contractors allowing us to rapidly increase or reduce our workforce in response to demand shifts.

Liability risk in the services we perform

In the normal course of our operations, we become involved in various legal actions, either as plaintiff or defendant, including but not limited to our commercial relationships, employment matters and services delivered, in addition to other events. Such matters include both actual as well as threatened claims. Possible claims include failure to maintain the confidentiality of the candidate's employment search or for discrimination or other violations of the employment laws or malpractice. In various countries, we are subject to data protection laws impacting the processing of candidate information. To mitigate this risk, we engage outside counsel regularly to review our policies and form of contracts. We utilize protective language in our standard client contracts and maintain professional liability insurance in amounts and coverage that we believe are adequate; however, we cannot guarantee that our insurance will cover all claims or that coverage will always be available. Significant uninsured liabilities could harm our business, financial condition and results of operations. Furthermore, even if any action settles within insurance limits, this can increase our insurance premiums. Therefore, there can be no assurance that their resolution will not have a material adverse effect on our financial condition or operations results.

Potential legal liability from clients, employees and candidates for employment

We are exposed to potential claims concerning the executive search process. For example, a client could assert a claim for matters such as breach of an off-limit agreement or recommending a candidate who subsequently proves to be unsuitable for the position filled. Further, the current employer of a candidate whom we placed could file a claim against us alleging interference with an employment contract, a candidate could assert an action against us for failure to maintain the confidentiality of the candidate's employment search, and a candidate or employee could assert an action against us for alleged discrimination, violations of labour and employment law or other matters. Also, in various countries, we are subject to data protection laws impacting the processing of candidate information and other regulatory requirements, including the legality of gathering historical compensation data from candidates under an expanding number of equal pay laws. We attempt to mitigate these risks through onboarding and continuing training for our employees of existing and developing legal guidelines. We also carry insurance policies that may reimburse us for certain suffered losses in this area, although such reimbursement and the amount cannot be guaranteed.

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

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

We are subject to concentration risk as it relates to the use of third-party contracted talent acquisition support

In addition to full-time and part-time employees, we engage contractors at IQTP as part of our total workforce. The use of contractors provides variable flexibility to scale up and down through business cycles and rapid periods of growth or decline. One specific company we contract with accounts for approximately 19% of our total workforce. We believe our relations with this company are good and our pricing is mutually acceptable. Should an event prevent this company from providing contracted support for our business, or should we disagree on acceptable pricing, the lack of availability of contractors could negatively impact our ability to serve our clients, resulting in lower revenue in the short term. We mitigate our exposure to contractors by maintaining good relations and mutually beneficial pricing terms. We also mitigate the risk by maintaining good relations with other contracting companies where volumes could be increased to partially offset the loss of our primary contracting company.

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

Should we experience a disaster or other business continuity problem, such as an earthquake, hurricane, terrorist attack, security breach, power loss, telecommunications failure or other natural or man-made disaster, our continued success will depend, in part, on the availability of our personnel, our office facilities, and the proper functioning of our computer, telecommunication and other related systems and operations. In such an event, we could experience near-term operational challenges with certain areas of our operations. In particular, our ability to recover from any disaster or other business continuity problem will depend on our ability to protect our technology infrastructure against damage from business continuity events that could have a significant disruptive effect on our operations. We could potentially lose client data or experience material adverse interruptions to our operations or delivery of services to our clients in a disaster. A disaster on a significant scale or affecting certain of our key operating areas within or across regions, or our inability to successfully recover should we experience a disaster, pandemic or other business continuity problem, could materially interrupt our business operations and cause material financial loss, loss of human capital, regulatory actions, reputational harm, damaged client relationships or legal liability. We mitigate this risk by using reputable, established technology providers for the third-party hosting and managing the servers running our telecommunications infrastructure and our search database information. These third parties do not eliminate the above-described risks. Still, their financial resources dedicated to protecting, continuity of service, recovery and response to systems continuity are much greater than our own. We also provide all of our employees with laptops or tablet devices that provide continuity of services if our offices are not accessible.

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

We are subject to income taxes in Canada, the United States and various other foreign jurisdictions. Domestic and international tax liabilities are subject to the allocation of income among various tax jurisdictions. Our effective tax rate could be adversely affected by changes in the mix of earnings among countries with differing statutory tax rates or changes in the valuation allowance of deferred tax assets or tax laws. We attempt to mitigate this risk by working with our third-party income tax consultants to regularly review our tax structure and advise optimal tax structures. As described in note 13 to our annual financial statements, we received a United States government stimulus grant in the form of a forgivable loan. While we believe we received the funds with a good faith need and have subsequently met the use criteria and terms to enable forgiveness, the loan's forgiveness is subject to the review of our lender and possible governmental audit. It is possible the loan will not be forgiven and will need to be repaid.

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

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

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

If our acquisitions are not successfully integrated, our business, financial condition and results of operations, and our professional reputation could be materially adversely affected. Further, we cannot guarantee that acquisitions will result in the anticipated financial, operational, or other benefits. Some acquisitions may not be immediately accretive to earnings, and some expansion may result in significant expenditures. We mitigate these risks by formalizing integration plans in key areas such as accounting, legal and risk functions and performing comprehensive pre-acquisition due diligence reviews. We add staff when we believe needed to accommodate the increased business and support requirements. We also look to structure the purchase price to provide strong incentives for key employees to remain employed, even if this results in some of the purchase price being reflected as compensation expense, adversely impacting our operating results.

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

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

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

From time to time, the TSX has experienced significant price and volume volatility unrelated to specific companies' performance which could impact the common shares' market price. Caldwell specifically has generally low trading volumes, and that thin trading market may cause small trades to have significant impacts on the price of our Common Shares. Moreover, our stock's market price may also be adversely affected by factors such as the concentration of Common Shares held by a small number of shareholders and the low number of Common Shares that trade on average on a daily basis. These factors can increase the volatility of the volume of Common Shares offered to be purchased or sold at any particular time. Shares held by Ewing Morris, senior management, and our board of directors total approximately 42.0% of our outstanding Common Shares. While all these parties may be subject to trading restrictions from time to time based on material information they may receive, we have scheduled mandatory timeframes each quarter when we prohibit these parties from trading due to known financial information ("Blackout Periods"). Our Blackout Periods begin immediately with the end of each quarterly financial reporting period and continue until the completion of two business days after our earnings for the respective quarter have been publicly released. As a result, our share float during Blackout Periods is more constrained than periods outside of Blackout Periods. Additionally, of the 42.0% of the shares subject to Blackout Periods, 19.2% were obtained by the selling shareholders of IQTalent Partners, Inc. subject to a three-year lock-up agreement and may not be traded at any time until after December 31, 2023. Investors should consider liquidity issues arising from the above share concentrations and trading restrictions.

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

We have Performance Share Units (PSUs) for management and Deferred Share Units (DSUs) for our board of directors. These are notional units that track the value of our Common Shares. In addition, the PSUs are subject to performance factors based on attaining financial goals established for management by the board of directors. These performance factors can increase or decrease the value of the PSUs. As a result, the exact impact of an increase or decrease to our share price will change each quarter based on the number of outstanding PSUs and DSUs and the current PSU performance factors. For example, based on current performance factors, a $0.01 change in our share price would result in approximately a $27 change in compensation expense on a pre-tax basis. We mitigate this risk by tying the PSUs to a performance factor, ensuring that if operating results are below expectations, PSU compensation will be reduced to partially offset a shortfall in financial results.

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

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

Affiliation agreements may fail to renew, or affiliates may be acquired

We believe our relationships are positive with our licensed affiliate in New Zealand. Nonetheless, such agreements are subject to renewal upon maturity dates outlined in our audited annual and interim financial statements. Additionally, such agreements have exit provisions for either party upon a change of control of the other party, ending an agreement before the respective contract's full term.

We invest in marketable securities whose valuations fluctuate

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

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

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

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

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

Our ability to access credit could be limited

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

We have significant shareholder concentration

As of November 16, 2021, approximately 52.9% of our outstanding Common Shares are held by insiders as filed with the System for Electronic Disclosure by Insiders (SEDI). Ewing Morris & Co. Investment Partners Ltd. ("Ewing Morris") is reported to own, directly or indirectly, 15.0% of the outstanding Common Shares. Mr. Darcy D. Morris, CEO of Ewing Morris, is also a director of the Company. Mr. C. Douglas Caldwell, the founder of The Caldwell Partners International Inc., is reported to own, directly or indirectly, 10.9% of the Company's outstanding Common Shares. Mr. Caldwell is no longer affiliated with us outside of his share ownership. While no other party directly or beneficially owns more than 10.0% of our Common Shares, our senior management and remaining directors hold approximately 27.0% of our Common Shares. This concentration of shares could have a material impact on the outcome of any matters brought forth to the shareholders for a vote. While we cannot control how our shareholders vote, we mitigate the effects of controlling interests through our board of directors' governance oversight representing all shareholders, including minority shareholders.

We may be subject to the actions of activist shareholders

Our Board of Directors and management team are committed to acting in all our shareholders' best interest. We value constructive input from investors and regularly engage in dialogue with our shareholders regarding strategy and performance. Activist shareholders who disagree with the composition of the Board of Directors, our strategy or the way the Company is managed may seek to effect change through various strategies and channels. Responding to shareholder activism can be costly and time-consuming, disrupt our operations, and divert the attention of management and our employees from our strategic initiatives. Activist campaigns can create perceived uncertainties as to our future direction, strategy, or leadership. They may result in the loss of potential business opportunities, harm our ability to retain or attract employees, investors, and customers, and cause our stock price to experience periods of volatility or stagnation.

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

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

DISCLOSURE CONTROLS AND PROCEDURES

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

The Chief Executive Officer and the President and Chief Financial Officer, after evaluating the effectiveness of our disclosure procedures as at August 31, 2021, have concluded that our disclosure controls and procedures are adequate and effective to ensure that material information relating to the Company and its subsidiaries would have been known to them.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

In designing and evaluating such controls, it should be recognized that due to inherent limitations, any control, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and may not prevent or detect misstatements. Projections of any evaluations of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Additionally, management is required to use judgment in evaluating controls and procedures.

Due to COVID-19 restrictions and health and safety concerns, we implemented firm-wide remote work from home protocols. Management has reviewed and evaluated the impact of these protocols on existing internal controls over financial reporting and determined that they are unaffected.

Management evaluated the effectiveness of our internal controls' design and operation over financial reporting as at August 31, 2021. Based on that evaluation, the Chief Executive Officer and the President and Chief Financial Officer concluded that internal controls over financial reporting are effective as at August 31, 2021.

Management has also evaluated whether there were changes in our internal controls over financial reporting during the reporting period ended August 31, 2021 that materially affected, or are reasonably likely to affect, our internal controls over financial reporting. Management has determined that no changes occurred during the year ended August 31, 2021 that would have a material impact.

OTHER INFORMATION

Additional information relating to the Company, including our Annual Information Form, is available on SEDAR at www.sedar.com.

THE CALDWELL PARTNERS INTERNATIONAL INC.

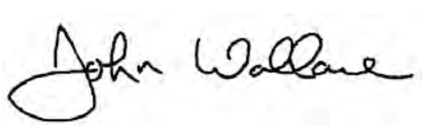
Consolidated Financial Statements
for the years ended August 31, 2021
and August 31, 2020

The Caldwell Partners International Inc.
Years Ended August 31, 2021 and August 31, 2020

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.



John N. Wallace
CHIEF EXECUTIVE OFFICER

C. Christopher Beck
PRESIDENT AND CHIEF FINANCIAL OFFICER

November 16, 2021

KPMG LLP
Bay Adelaide Centre
333 Bay Street, Suite 4600
Toronto, ON M5H 2S5
Telephone (416) 777-8500
Fax (416) 777-3969
www.kpmg.ca

INDEPENDENT AUDITORS' 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 statement of financial position as at August 31, 2021 and August 31, 2020;
- the consolidated statement of earnings for the years then ended;
- the consolidated statement of comprehensive earnings for the years then ended;
- the consolidated statements of cash flows for the years then ended;
- the consolidated statements of changes in equity for the years then ended; and
- notes to the consolidated financial statements, including a summary of significant accounting policies.

(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, 2021 and August 31, 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

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 **"Auditors' Responsibilities for the Audit of the Financial Statements"** section of our auditor' 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, 2021. 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 auditors’ report.

Evaluation of Revenue Recognition for Uptick Revenue.

Description of the matter

We draw attention to Note 3 to the financial statements. The Entity has recorded Professional Fees of $119,407 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, which 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 audit procedures regarding the Entity's assumptions in estimating uptick revenue at period end.

How the matter was addressed in the audit

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

- We assessed the Entity's historical ability to accurately estimate uptick revenue by comparing the actual uptick revenue earned for a selection of contracts to the original estimate made in previous periods.
- For a selection of contracts in process at period-end, we performed subsequent receipt testing of uptick revenue for contracts open at period-end to assess the reasonability of the Entity's estimation of uptick revenue.

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 auditors' report thereon, included in a document likely to be entitled "Glossy 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 auditors' 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 auditors' report.

We have nothing to report in this regard.

The information, other than the financial statements and the auditors' report thereon, included in a document likely to be entitled "Glossy Annual Report" is expected to be made available to us after the date of this auditors' 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 International Financial Reporting Standards (IFRSs), 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.

Auditors' 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 auditors' 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 auditors' 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 auditors' 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance 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 auditors' 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 auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Canada
November 16, 2021

THE CALDWELL PARTNERS INTERNATIONAL INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in $000s Canadian)

	As at August 31 2021	*As at August 31 2020*
Assets		
Current assets		
Cash and cash equivalents	29,214	14,481
Accounts receivable (notes 4 and 22)	23,218	7,316
Income taxes receivable (note 15)	-	928
Unbilled revenue (note 14)	4,217	2,430
Prepaid expenses and other assets	2,332	2,553
	58,981	27,708
Non-current assets		
Restricted cash (note 4)	2,624	45
Marketable securities (notes 4, 5 and 22)	242	71
Advances	506	695
Property and equipment (note 6)	1,970	2,128
Right-of-use assets (notes 4 and 12)	9,549	7,691
Intangible assets (notes 4 and 7)	234	-
Goodwill (notes 4 and 8)	7,960	1,288
Deferred income taxes	5,067	1,245
Total assets	87,133	40,871
Liabilities		
Current liabilities		
Accounts payable (note 4)	4,640	1,764
Compensation payable (notes 10 and 11)	36,852	12,812
Income taxes payable (note 15)	3,007	-
Lease liability (notes 4 and 12)	1,868	1,873
Loans Payable (notes 4, 22 and 24)	176	-
	46,543	16,449
Non-current liabilities		
Compensation payable (notes 10 and 11)	6,278	734
Lease liability (notes 4 and 12)	8,560	6,932
	61,381	24,115
Equity attributable to owners of the Company		
Share capital (notes 4 and 17)	12,157	7,515
Contributed surplus (note 17)	15,063	15,013
Accumulated other comprehensive income	204	419
Deficit	(1,672)	(6,191)
Total equity	25,752	16,756
Total liabilities and equity	87,133	40,871

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

Signed on behalf of the Board:

Elias Vamvakas
Chair of the Board

Kathryn A. Welsh
Chair of the Audit Committee

THE CALDWELL PARTNERS INTERNATIONAL INC.

CONSOLIDATED STATEMENTS OF EARNINGS

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

	Twelve months ended August 31 2021	2020[1]
Revenues		
Professional fees (notes 14 and 19)	119,407	56,867
Direct expense reimbursements	359	1,326
	119,766	58,193
Cost of sales expenses		
Cost of sales (notes 9 and 11)	90,621	44,352
Government stimulus grants (note 13)	(334)	(2,446)
Reimbursed direct expenses	359	1,326
	90,646	43,232
Gross profit	29,120	14,961
Selling, general and administrative (notes 9, 10 and 11)	20,738	11,588
Acquisition-related expenses (note 4)	2,453	-
Government stimulus grants (note 13)	-	(393)
	23,191	11,195
Operating profit	5,929	3,766
Finance expenses (income)		
Interest expense on lease liability (note 12)	464	367
Interest expense on loans payable (note 24)	27	-
Investment (income) loss (note 5)	(32)	605
Foreign exchange loss (income)	53	(179)
Earnings before income tax	5,417	2,973
Income tax expense (note 15)	898	127
Net earnings for the year attributable to owners of the Company	4,519	2,846
Earnings per share (note 16)		
Basic	$0.190	$0.139
Diluted	$0.186	$0.139

CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS

(in $000s Canadian)

	Twelve months ended August 31 2021	2020
Net earnings for the period	4,519	2,846
Other comprehensive income:		
Items that may be reclassified subsequently to net earnings		
Gain on marketable securities (note 5)	165	210
Cumulative translation adjustment	(380)	(372)
Comprehensive earnings for the year attributable to owners of the Company	4,304	2,684

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

[1] Certain comparative figures have been restated to conform with current year presentation.

THE CALDWELL PARTNERS INTERNATIONAL INC.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(in $000s Canadian)

				Accumulated Other Comprehensive Income (Loss)		
	Deficit	Share Capital	Contributed Surplus	Cumulative Translation Adjustment	Gain on Marketable Securities	Total Equity
Balance - August 31, 2019	**(9,256)**	**7,515**	**15,005**	**967**	**(386)**	**13,845**
Adoption of IFRS 16	1,137	-	-	-	-	1,137
Net earnings for the year	2,846	-	-	-	-	2,846
Dividend payments declared (note 17)	(918)	-	-	-	-	(918)
Share based payment expense (note 17)	-	-	8	-		8
Gain on marketable securities available for sale					210	210
Change in cumulative translation adjustment	-	-	-	(372)	-	(372)
Balance - August 31, 2020	**(6,191)**	**7,515**	**15,013**	**595**	**(176)**	**16,756**
Net earnings for the year	4,519	-	-	-	-	4,519
Common share issuance (notes 4 and 17)	-	4,642	-	-	-	4,642
Share-based payment expense (note 17)	-	-	50	-	-	50
Gain on marketable securities available for sale	-	-	-	-	165	165
Change in cumulative translation adjustment	-	-	-	(380)	-	(380)
Balance - August 31, 2021	**(1,672)**	**12,157**	**15,063**	**215**	**(11)**	**25,752**

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)

	Twelve months ended August 31 2021	2020
Cash flow provided by (used in)		
Operating activities		
Net earnings for the year	4,519	2,846
Add (deduct) items not affecting cash		
Depreciation of property and equipment (notes 6 and 9)	393	461
Depreciation of right-of-use assets (note 12)	1,982	1,565
Amortization of intangible assets (notes 7 and 9)	19	-
Amortization of advances	646	1,128
Interest expense on lease liabilities (note 12)	464	367
Share based payment expense (note 17)	50	8
Loss (gain) on unrealized foreign exchange on subsidiary loans	13	(262)
Gain on lease modification (note 12)	(37)	-
Interest on loans payable (note 24)	27	-
Gain on government stimulus grants	-	(2,132)
Loss on disposition of assets	-	103
Loss on disposition of right-of-use assets	-	87
Reduction in lease liability due to early termination	-	(91)
Fees received in shares	-	(23)
Loss on marketable securities classified as FVPL	-	625
Decrease in deferred income taxes	-	520
Changes in working capital (note 18)	16,802	(3,813)
Net cash provided by operating activities	24,878	1,389
Investing activities		
Acquisition of business, net of cash acquired (note 4)	(3,238)	-
Payment of advances	(437)	(576)
Purchase of property and equipment	(251)	(1,320)
Purchase of marketable securities	(180)	
Purchase of intangible assets	(108)	
Sale of marketable securities	289	
Tenant inducement on right-of-use assets	-	367
Proceeds from sale of marketable securities	-	5,207
Net cash (used in) provided by investing activities	(3,925)	3,678
Financing activities		
Increase in restricted cash (note 4)	(2,619)	-
Payment of lease liabilities (note 12)	(2,619)	(2,021)
Payment of loans payable (notes 4 and 22)	(1,043)	-
Sublease payments received	346	310
Dividend payments	-	(1,377)
Proceeds from government loan (note 13)	-	2,267
Net cash used in financing activities	(5,935)	(821)
Effect of exchange rate changes on cash and cash equivalents	(284)	(388)
Net increase in cash and cash equivalents	14,733	3,858
Cash and cash equivalents, beginning of year	14,481	10,623
Cash and cash equivalents, end of period	29,214	14,481

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

(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 Partners ("IQTP") – the firm leverages the latest innovations in AI to offer an integrated spectrum of services delivered by teams with deep knowledge in their respective areas. Services include candidate research and sourcing through to full recruitment at the professional, executive and board levels, as well as a suite of talent strategy and assessment tools that can help clients hire the right people, then manage and inspire them to achieve maximum business results.

The Company was incorporated by articles of incorporation under the Business Corporations Act (Ontario) on August 22, 1979 and is listed on the Toronto Stock Exchange (symbol: CWL). The shares also trade on the OTCQX Market in the United States (OTCQX: CWLPF). The Company's head office is located at 79 Wellington Street West, Suite 2410, Toronto, Ontario. The Company operates in Canada, the United States, Europe and, through a licence agreement, New Zealand.

2. Basis of Presentation

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

The Board of Directors approved these consolidated financial statements for issue effective November 16, 2021.

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

The significant 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, since its acquisition effective December 31, 2020 (see note 4), 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.

The acquisition method of accounting is used to account for the acquisition of subsidiaries. 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.

Business Combinations

Business combinations are accounted for using the acquisition method as of the date when control is transferred to the Company. The Company measures goodwill as the excess of the sum of the fair value of the consideration transferred over the net identifiable assets acquired and liabilities assumed, all measured as at the acquisition date. 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 performance of the operating segments, has been identified as the Chief Executive Officer. Prior to the acquisition of IQTP (note 4), the Company’s consolidated operations were segmented by major geographical regions. Effective with the acquisition of IQTP, the Company began segmenting the business into Caldwell and IQTP.

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.

Restricted cash

Restricted cash includes a cash balance held in an escrow account by a US financial institution. The account must remain funded until the Small Business Administration of the United States ("SBA") has completed its forgiveness review. See note 4 for additional information.

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, usually 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.

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 there is a legally enforceable right to offset the recognized amounts and 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 subsequently 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 borrower 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.

Marketable securities

The Company's marketable securities during the periods presented consist of two investment asset classes, managed fixed income funds and equity investments in clients:

Fixed income funds investments
The Company's professionally managed fixed income funds within marketable securities are recorded initially at their fair value and subsequently measured at fair value through profit and loss (FVPL). These investments were divested in the third quarter of fiscal 2020.

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.

(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, when material, 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 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 for the amount by which the asset's carrying amount exceeds its recoverable amount.

Goodwill is reviewed for impairment annually or at any time if an indicator of impairment exists.

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.

The Company evaluates impairment losses, other than goodwill impairment, for potential reversals whenever events or circumstances warrant such consideration.

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 performance stock units, deferred stock units and stock options periodically to certain employees and directors.

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 generally dependent on notional dividends received on the holdings, the Company's share price at the vesting date and a performance factor, as applicable. Prior to 2020, all grants were considered standard PSU grants having a performance factor ranging between 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 over the cumulative three-year vesting period ("Standard Grants").

Beginning fiscal 2020, there are two categories of PSU awards—a reduced Standard Grant and a new Special Grant. For each of fiscal 2020, 2021 and 2022 the normal Standard Grant was reduced to 50% of the previous allotment. The remaining 50% of the allotments for fiscal 2020, 2021 and 2022 were aggregated and accelerated into a special grant (the "Special Grant"). The Special Grant has the same vesting and settlement features as the Standard Grant, but with a performance factor ranging between 0% and 200% based on Board of Directors-established revenue targets set for fiscal 2022.

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.

Stock options currently outstanding vest over two years and have a contractual life of five years. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. 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) licence 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.

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 looking at the total amount of uptick revenue during the trailing 24-month period relative to the amount of retained 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.

<u>Deferred Revenue</u>
When aggregate amounts billed to clients exceed the calculated revenue to be recognized, the Company defers the excess amount billed for recognition in a future period 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.

<u>Unbilled Revenue</u>
When aggregate amounts billed to clients are less than the calculated revenue to be recognized, the Company recognizes additional revenue in the current period concerning amounts to be billed in a future period. 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.

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 marketable securities note 5.

<u>IQTP (on-demand talent acquisition augmentation)</u>

Professional fees arising from the IQTP'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 only fixed consideration comprised of an hourly rate to be billed over a number of hours to be determined on a week-by-week basis. IQTP bills its clients monthly based on the actual number of hours incurred during the period.

(ii) Licence fees

Licence fee revenue is comprised of the licence and technical assistance fees paid by the Company's affiliates, as discussed in note 24. The licence fee revenue is recognized as earned, based on the revenue of the affiliates during the respective periods.

(iii) 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 deferred, the related amount of estimated compensation expense directly associated with such professional fees is also deferred. This expense deferral is recorded as a reduction 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.

The Company sub-leases some of its properties. The right-of-use assets recognized from the head leases are presented in non-current assets and measured at fair value on transition to IFRS 16. The sub-lease contracts are classified as finance leases.

Government grants

The Company recognizes government grants when there is reasonable assurance that it will comply with the conditions required to qualify for the grant, and that the grant will be received. The Company's policy is to recognize government grants as a reduction to the related expense that the grant is intended to offset.

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.

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.

Recently Adopted Accounting Standards

- *Conceptual Framework*

On March 29, 2018, the IASB issued its revised Conceptual Framework for Financial Reporting. The revised Conceptual Framework does not constitute a substantial revision from the previously effective guidance but does provide additional guidance on topics not previously covered, such as presentation and disclosure. This amendment was effective on January 1, 2020. The Company adopted the amendment beginning September 1, 2020. It did not have a significant impact.

- *Definition of Material*

On October 31, 2018, the IASB issued amendments to IAS 1 Presentation of financial statements and IAS 8 Accounting policies, changes in accounting estimates and errors. These amendments clarify and align the definition of material and provide guidance to help improve consistency in the application of materiality when used in other IFRS standards. These amendments were effective on January 1, 2020. The Company adopted these amendments beginning September 1, 2020. The adoption of these amendments did not have a significant impact.

Accounting standards issued but not yet applied

Classification of Liabilities as Current or Non-current
On January 23, 2020, the IASB issued amendments to IAS 1 Presentation of Financial Statements, to clarify the classification of liabilities as current or non-current. The amendments are effective for annual periods beginning on or after January 1, 2023. The Company intends to adopt these amendments in its consolidated financial statements for the annual period beginning September 1, 2023. The adoption of these amendments is not expected to have a material impact on the Company.

Annual Improvements to IFRS Standards 2018–2020
On May 14, 2020, the IASB issued narrow-scope amendments to certain standards as part of its annual improvement process. Amendments were made to clarify which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognize a financial liability in accordance with IFRS 9. There is also an amendment to IFRS 16 Leases to remove from an example the illustration of the reimbursement of leasehold improvements by the lessor. Lastly, an amendment was made to IFRS 1 First-time Adoption of International Financial Reporting Standards for subsidiaries as a first-time adopter. The Company intends to adopt these amendments prospectively in its consolidated financial statements for the annual period beginning September 1, 2022. The adoption of these standards is not expected to have a material impact on the Company.

Definition of Accounting Estimates (Amendments to IAS 8)
On February 12, 2021, the IASB issued *Definition of Accounting Estimates (Amendments to IAS 8)*. The amendments are effective for annual periods beginning on or after January 1, 2023. Early adoption is permitted. The amendments introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The adoption of these amendments is not expected to have a material impact on the Company.

Disclosure initiative – Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
On February 12, 2021, the IASB issued Disclosure Initiative – Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements). The amendments are effective for annual periods beginning on or after January 1, 2023. Early adoption is permitted.

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

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

The adoption of these amendments is not expected to have a material impact on the Company.

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 a deferral of revenue to a future period. Changes in the average performance period or the proportion of effort expended throughout the performance period for its executive searches could lead to an under or overvaluation of revenue.

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. Additionally, management short term incentive plans are tied primarily to the revenue and operating results of the Company for a respective fiscal year and management long term incentive plans are both to the Company's share price as well as operating results over a three-year period. Full year partner collection results, actual operating results and changes in share price that differ from management's current estimates would affect the results of operations in future periods.

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

4. Business Acquisition

On December 31, 2020, the Company acquired 100% of the shares of IQTalent Partners, Inc. ("IQTP"). Based in Nashville, Tennessee and operating primarily in North America, IQTP is a technology-driven talent acquisition firm offering candidate research and sourcing at all levels, and full lifecycle recruiting at the professional level.

The acquisition-related consideration was funded with cash on hand and the issuance of new shares. Future amounts payable under the purchase and sale agreement are anticipated to be funded by existing cash balances and cashflow from operations. Such amounts are based in USD and therefore future payments are subject to exchange rate fluctuations. The purchase price was structured as follows:

- The issuance of 5,101,138 new shares of the Company's common stock at the five-day volume-weighted average price leading up to the signing of the purchase agreement of $0.91 CAD per share equal to approximately $0.71 USD per share for a value of approximately $3,600 USD ($4,642 CAD). The shares are subject to a mandatory three-year hold period prior to selling and represent approximately 20% of the post-issuance shares of the Company.
- $3,000 USD ($3,817 CAD) in cash paid on January 15, 2021.
- $750 USD aggregate recognition and retention bonus pool allocated to the non-selling shareholder employees of IQTP, payable at the end of one year and dependent on each respective employee remaining employed. This will be amortized equally over the twelve month period between January 1, 2021 and December 31, 2021 and recorded as acquisition-related expenses within the consolidated statements of earnings.
- $3,000 USD payable at the end of two years and dependent on the respective selling shareholders remaining employed. This will be amortized equally over the twenty-four month period between January 1, 2021 and December 31, 2022 and recorded as acquisition-related expenses within the consolidated statements of earnings.
- $600 USD cash contingent on revenue and profitability performance of IQTP business during the second year following close and dependent on the respective selling shareholders remaining employed. This will be amortized equally over the twenty-four month period between January 1, 2021 and December 31, 2022 and recorded as acquisition-related expenses within the consolidated statements of earnings.

Consideration reflected as purchase price:

Of the purchase price components, the share issuance and initial cash paid on January 15, 2021 were treated as purchase price for the IQTP shares, allocated to the tangible and intangible assets of the acquired business, and were generally not tax-deductible.

The purchase price, net of cash acquired is as follows:

Cash paid at close	3,817
less cash acquired	(579)
Net cash paid at close	3,238
Value of common shares issued	4,642
Total purchase price, net of cash acquired	7,880

The purchase equation is based on management's best estimate of fair value of the assets and liabilities acquired. The actual amount allocated to certain identifiable net assets could vary as the purchase equation is finalized. The preliminary purchase price allocation at the acquisition date is as follows:

Net Assets Acquired:	As at December 31, 2020
Prepaid expenses and other assets	233
Account receivable	3,067
Right-of-use assets	3,617
Marketable securities	51
Intangible assets	146
Goodwill	6,773
Accounts payable	(1,131)
Loans payable	(1,060)
PPP Loan payable	(178)
Deferred revenue	(8)
Income taxes payable	(13)
Lease liability	(3,617)
Total Net Assets Acquired:	7,880

The goodwill arising from this acquisition is attributable primarily to the skills and technical talent of IQTP's workforce as well as the synergies expected to be realized in integrating the operations of the two companies. The goodwill is not deductible for tax purposes. Management has allocated this goodwill to the new IQTP segment for impairment testing.

Consideration reflected as acquisition-related expenses in the statements of earnings:

The remaining future cash consideration is dependent on the employees or selling shareholders remaining employed with the Company. As such, these amounts are being recorded on a straight-line basis over the required service periods. The acquisition-related compensation expenses will be significant relative to the size of the business and will suppress reported earnings during the first two years post-acquisition. This payment structure ensures the teams viewed as critical to the business have a strong incentive to stay. In addition, as this forms part of compensation expense, these amounts are fully deductible for income tax purposes when paid. These amounts will be recorded as acquisition-related expenses.

In addition to the amortization of acquisition related compensation, the Company incurred legal, tax and financial diligence review costs related to the acquisition of IQTP which were also recorded in acquisition-related expenses.

The purchase price structured as compensation expense and transaction fees are as follows:

	Twelve months ended August 31, 2021
Acquisition-related compensation accruals	2,124
Professional fees	329
	2,453

These amounts are reported as acquisition-related expenses in the consolidated statement of earnings and accrued as compensation payable in the consolidated statement of financial position and disclosed in note 11.

Acquisition accounting considerations:

IQTP's results have been included in our statement of earnings since the acquisition date which consists of the eight months ending August 31, 2021. On a pro forma basis, the inclusion of IQTP's results for the pre-acquisition period would have increased the Company's revenue by $3,997 for the first quarter ended November 30, 2020 and by $1,913 for the second quarter representing the one month ended December 31, 2020.

IQTP obtained a $2,080 USD ($2,624 CAD) loan pursuant to the Paycheck Protection Program ("PPP") established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") which was enacted on March 27, 2020 in the United States. The loan was originated on April 8, 2020. IQTP utilized the funds for permitted payroll purposes during the pandemic and filed with its lender for full forgiveness of the loan. The lender reviewed and agreed with IQTP's calculations and presented the loan to the SBA for final forgiveness review on December 22, 2020, prior to the acquisition date. IQTP's PPP obligations were part of the assumed liabilities of the business acquired on December 31, 2020. On June 2, 2021, management received notification from the SBA indicating the use of funds appeared valid for forgiveness but that the original loan amount advanced should have been limited to $1,940 USD ($2,448 CAD). As a result, the SBA requested repayment of $140 USD ($176 CAD as at August 31, 2021 and $178 as at December 31, 2020) of the original loan, with the remaining $1,940 USD ($2,448 CAD) to be forgiven. The Company has agreed with the SBA's proposal and has adjusted the purchase price allocation to increase loans payable and goodwill, by $140 USD ($176 CAD as at August 31, 2021 and $178 as at December 31, 2020). Management believes this should be the only adjustment to the loan amount, but the SBA maintains the right to review the loan further until it has been officially recorded as forgiven and paid.

The PPP program stipulates that with a change of control, to receive permission to assign an existing PPP loan, an escrow account must be created in favor of the lender and remain funded until the SBA has completed its forgiveness review. The Company funded $2,080 USD ($2,624 CAD) into an escrow account, which is recorded as restricted cash in the consolidated statements of financial position. The escrow will be released to the Company when and to the extent that the PPP loan is forgiven.

5. Marketable Securities

The Company's marketable securities at August 31, 2021 and August 31, 2020 are comprised of equity securities obtained through search fees being paid partially in equity of the client and which are held for long-term investment until there is a market for sale (classified as fair value through OCI).

Client equity investments were $242 and $71 at August 31, 2021 and August 31, 2020, respectively.

	Fair value	Current portion (FVPL)	Non-current portion (FVOCI)
August 31, 2021	242	-	242
August 31, 2020	71	-	71

Investment income consisted of the following:

	12 months ended August 31, 2021	2020
Interest	32	20
Loss on marketable securities	-	(625)
	32	(605)

During fiscal 2021, net realized and unrealized gains on marketable securities of $107 (2020: $nil) and $120 (2020: $210), respectively were recognized as part of other comprehensive income.

6. Property and Equipment

	Furniture and equipment	Computer equipment	Computer application software	Leasehold improvements	Total
Year ended August 31, 2020:					
Opening net book value	449	432	-	498	1,379
Additions	231	84	-	1,005	1,320
Disposals	(54)	-	-	(49)	(103)
Depreciation for the year	(78)	(149)	-	(234)	(461)
Exchange differences	(2)	(2)	-	(3)	(7)
Closing net book value	546	365	-	1,217	2,128
At August 31, 2020:					
Cost	2,885	3,117	762	4,890	11,655
Accumulated depreciation	(2,339)	(2,752)	(762)	(3,673)	(9,526)
Net book value	546	365	-	1,217	2,128
Year ended August 31, 2021:					
Opening net book value	546	365	-	1,217	2,128
Additions	42	157	2	50	251
Disposals	-	-	-	-	-
Depreciation for the year	(113)	(134)	(1)	(145)	(393)
Exchange differences	(4)	(3)	-	(9)	(16)
Closing net book value	471	385	1	1,113	1,970
At August 31, 2021:					
Cost	2,923	3,271	764	4,931	11,889
Accumulated depreciation	(2,452)	(2,886)	(763)	(3,818)	(9,919)
Net book value	471	385	1	1,113	1,970

7. Intangible Assets

	2021
Year ended August 31,	
Opening net book value	-
Acquisition of intangible assets	146
Additions	108
Amortization for the year	(19)
Exchange differences	(1)
Closing net book value	234
At August 31,	
Cost	253
Accumulated amortization	(19)
Net book value	234

Intangible assets consist of the acquired client list from IQTP and the rights to use the domain address "caldwell.com", acquired during 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.

8. Goodwill

In assessing goodwill for impairment as at August 31, 2021, the Company compared the aggregate recoverable amount of the assets included in its CGUs', Caldwell United States and IQTP 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 upon Board of Directors-approved budgets for the next year and forecasts for an additional four years, and using the following assumptions to extend the cash flows into future periods:

Caldwell United States

	2021	2020
Average growth rate	5%	5%
Expected gross margin	26%	24%
Discount rate	8%	8%

IQTP

	2021
Average growth rate	5%
Expected gross margin	25%
Discount rate	8%

The impairment tests performed over the Caldwell United States goodwill resulted in no impairment as at August 31, 2021 or 2020. The impairment tests performed over the IQTP goodwill resulted in no impairment as at August 31, 2021.

9. Nature of Expenses

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

	Twelve months ended August 31, 2021	2020
Compensation costs (excluding acquisition related expenses)	100,592	45,998
Occupancy costs, including ROU asset depreciation	4,524	4,484
Acquisition-related expenses (note 4)	2,453	-
Search execution materials	2,125	868
Sales and marketing	953	928
Depreciation of property and equipment	393	461
Reimbursed direct expenses	359	1,326
Amortization of intangible assets	19	-
Government stimulus grants	(334)	(2,839)
Other	2,753	3,201
Total directs costs and expenses	113,837	54,427

10. Compensation of Key Management

Key management includes the Board of Directors and four officers of the Company. Effective with the addition of IQTP on December 31, 2020, the definition of key management was revised, reducing the number of officers from five to four. This change resulted in a decrease in the amount previously reported for the year ending August 31, 2020 by $488. Key management compensation does not include acquisition-related compensation accruals (see note 4).

Compensation expense pertaining to key management included:

	Twelve months ended August 31, 2021	2020
Salaries, bonuses and short-term benefits	2,967	1,287
Share-based compensation expense	5,524	(16)
	8,491	1,271

11. Compensation Payable

The Company maintains certain short-term and long-term incentive plans designed to align compensation with performance. Compensation payable consists of the following:

Current compensation payable

	As at August 31, 2021	August 31, 2020
Salaries, commissions and bonuses	34,766	12,425
Acquisition-related compensation	631	-
Performance Stock Units	1,455	387
	36,852	12,812

Non-current compensation payable

	As at	
	August 31, 2021	August 31, 2020
Performance Stock Units	3,580	396
Acquisition-related compensation	1,514	-
Deferred Stock Units	1,184	338
	6,278	734

Commissions and bonuses

Commissions and bonuses represent incentive compensation for search delivery and support personnel. Such amounts are paid at various points during the year and are short-term in nature.

Share-based compensation plans

Performance stock units (PSUs)

The estimated cost of the PSU plan is being amortized on a straight-line basis over the three-year vesting period. The forms of PSU grants are discussed in note 3. Standard Grants are valued with a weighted average performance factor estimated at 150% (2020: 69%) of target. Special Grants are valued with a weighted average performance factor of 200% (2020: 100%). Both grants are valued at an average unit price of $2.21 (2020: $0.79). PSU expense for the year ended August 31, 2021 of $4,678 (2020: $68) was recorded 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,	
	2021	2020
	Notional units (000s)	Notional units (000s)
Outstanding at beginning of year	2,231	1,808
Granted	415	1,090
Adjustment for dividends paid	-	120
Settled	(665)	(787)
Outstanding at end of year	1,981	2,231

Deferred stock units (DSUs)

DSU expense of $846 (2020: recovery of $12) for the year ended August 31, 2021 based on an average unit price of $2.21 (2020: $0.79), has been recorded within general and administrative expenses in the consolidated statements of earnings.

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

	Twelve months ended August 31, 2021	2020
	Notional units (000s)	Notional units (000s)
Outstanding at beginning of year	429	276
Granted	106	138
Adjustment for dividends paid	-	15
Outstanding at end of year	535	429

12. Leases

a. Right-of-Use Assets

The Company adopted IFRS 16 effective September 1, 2019, recording a right-of-use asset for leased premises.

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

	Twelve months ended August 31, 2021	2020
Opening net book value	7,691	-
Adoption of IFRS 16	-	5,676
Acquisitions (note 4)	3,617	-
Additions	915	4,087
Reduction in ROU due to early termination of lease	(544)	(87)
Tenant improvement allowance	-	(367)
Foreign exchange	(148)	(53)
Depreciation	(1,982)	(1,565)
Outstanding at end of period	9,549	7,691

	As at August 31, 2021	2020
Cost	13,096	9,256
Accumulated depreciation	(3,547)	(1,565)
	9,549	7,691

b. Lease Liability

The Company adopted IFRS 16 effective September 1, 2019, recording a lease liability for our leases. A summary of the Company's lease liability is below:

	Twelve months ended August 31,	
	2021	2020
Outstanding at beginning of period	8,805	-
Adoption of IFRS 16	-	6,523
Acquisitions (note 4)	3,617	-
Additions	841	4,087
Reduction in liability due to early termination of lease	(507)	(91)
Lease payments	(2,619)	(2,021)
Foreign exchange	(173)	(60)
Interest and accretion expense	464	367
Outstanding at end of period	10,428	8,805

	As at August 31,	
	2021	2020
Current portion	1,868	1,873
Non-current portion	8,560	6,932
Total lease liabilities	10,428	8,805

13. Government Stimulus Grants

The Company has participated in available stimulus grants offered by the governments in Canada and the United States to help offset the negative impact of the COVID-19 pandemic.

Canada government stimulus grant

Within Canada, the Company participated in the Canada Emergency Wage Subsidy ("CEWS") and the Canada Emergency Rent Subsidy ("CERS"). CEWS provides qualifying companies with a monthly financial support grant based on payroll, subject to certain caps. CERS provides rent and mortgage support to businesses. Eligibility for both programs is triggered by and scaled according to the reduction in year-over-year Canadian revenue on a month-by-month basis. The Company recognized a total of $237 (2020: $707) and $97 (2020: $nil) in CEWS and CERS government stimulus grant income, respectively, as a reduction in cost of sales expenses.

United States government stimulus grant

On April 22, 2020, the Company was granted a US dollar-denominated PPP loan from TD Bank N.A. in the amount of USD $1,613 ($2,267 at the grant date exchange rate).

The loan was in the form of a note dated April 22, 2020 issued by the Company, maturing on April 22, 2022 and bore interest at a rate of 1.0% per annum. Subject to certain limitations, funds from the loan used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations were eligible for forgiveness upon review and approval by the lender in accordance with the CARES Act.

The Company utilized the loan proceeds during the previous fiscal year in compliance with the relevant provisions of the program by validly using the entire proceeds of the loan for qualifying expenses during the coverage period. The Company therefore concluded that forgiveness of the loan was probable and as a result, recategorized the proceeds from a loan to that of a government grant in the fourth quarter of fiscal 2020, represented by reductions in cost of goods sold and general and administrative expenses, respectively.

On December 3, 2020, the Company was notified by TD Bank N.A. that the Small Business Administration of the United States ("SBA") had granted full forgiveness of the PPP loan that had been granted to the Company and that there was no remaining loan balance.

On December 27, 2020, changes to the PPP were enacted in the United States permitting expenses that were paid with forgiven PPP loan proceeds to be tax-deductible. This overrode previous Internal Revenue Service guidance disallowing deductions for these eligible expenses. As a result of this legislative change, approximately $2,066 in additional tax deductions were available in the Company's fiscal 2020 US tax filing.

The Company, through its acquisition of IQTP, assumed an additional PPP loan commitment as discussed in note 4.

14. Unbilled Revenue and Deferred Revenue

As at August 31, 2021 aggregate amounts billed to clients were less than the calculated revenue to be recognized. As a result, the Company recorded a net unbilled revenue asset of $4,217 (August 31, 2020: $2,430) and a related increase to compensation payable of $2,108 (August 31, 2020: $1,215). A summary of the gross unbilled and deferred revenue amounts is below:

	As at	
	August 31, 2021	August 31, 2020
Unbilled revenue	6,330	3,106
Deferred revenue	(2,113)	(676)
	4,217	2,430

15. Income Taxes

	Twelve months ended August 31,	
	2021	2020
Current tax:		
Current tax on net earnings for the year	4,786	(411)
Deferred tax:		
Origination and reversal of temporary differences	(3,888)	538
	898	127

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

	2021	2020
Canadian statutory income tax rate	25.9%	26.5%
Recognition of previously unrecognized tax losses	0.0%	(16.9%)
Non-deductible expenses	0.9%	6.8%
Prior years taxes	(9.9%)	(9.4%)
Foreign Rate differences	0.2%	(6.2%)
Rate change	(0.2%)	3.0%
Other	(0.7%)	0.5%
	16.2%	4.3%

The analysis of deferred tax assets and liabilities is as follows:	2021	2020
Deferred tax assets:		
Deferred tax assets to be recovered after more than 12 months	3,531	2,341
Deferred tax assets to be recovered within 12 months	4,783	1,938
Deferred tax liabilities:		
Deferred tax liabilities to be recovered after more than 12 months	(2,882)	(2,401)
Deferred tax liabilities to be recovered within 12 months	(365)	(633)
Deferred tax assets (net)	5,067	1,245

The movement of the deferred income tax account is as follows:	2021	2020
Outstanding at beginning of year	1,245	1,963
Adjustments on initial application of IFRS 16	-	(474)
(Debit)/Credit to statement of earnings	3,888	(538)
(Debit)/Credit to statement of comprehensive earnings	(32)	245
Exchange differences	(34)	49
Outstanding at end of year	5,067	1,245

The movement in deferred income tax assets and liabilities during the year, without taking into consideration tl
offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax assets

	Compensation payable	Lease Liabilily	Other	Total
At August 31, 2019	2,799	-	519	3,318
Adjustments on initial application of IFRS 16	-	2,515	(474)	2,041
Charged/(credited) to the statement of earnings	(946)	(280)	243	(983)
Exchange differences	(35)	(16)	(46)	(97)
At August 31, 2020	1,818	2,219	242	4,279
Adjustments on initial application of IFRS 16	-	-	-	-
Charged/(credited) to the statement of earnings	3,836	430	(121)	4,145
Exchange differences	(56)	(47)	(8)	(111)
At August 31, 2021	5,598	2,603	113	8,314

Deferred tax liabilities

	Excess Carrying Value of PP&E over tax base	Revenue not Taxable until a future year	Other	Total
At August 31, 2019	281	907	167	1,355
Adjustments on initial application of IFRS 16	2,255	-	260	2,515
Charged to statement of earnings	(78)	(238)	(129)	(445)
Charged to statement of comprehensive earnings	-	(245)	-	(245)
Exchange differences	(116)	(24)	(6)	(146)
At August 31, 2020	2,342	400	292	3,034
Adjustments on initial application of IFRS 16	-	-	-	-
Charged/(credited) to the statement of earnings	486	(191)	(45)	250
Charged to statement of comprehensive earnings	-	32	-	32
Exchange differences	47	(45)	(71)	(69)
At August 31, 2021	2,875	196	176	3,247

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 $204 (2020: $213) that can be carried forward against future taxable income.

As at August 31, 2021, the Company has non-capital losses of $1,073 with indefinite expiry dates available to reduce income of future years in the United Kingdom.

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,	
	2021	2020
Net earnings for the period attributable to owners of the Company	4,519	2,846
Weighted average number of common shares outstanding	23,800,655	20,404,555
Basic earnings per share	$0.190	$0.139

(ii) Diluted

Diluted earnings per share is 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.

	Twelve months ended August 31,	
	2021	2020
Net earnings for the period attributable to owners of the Company	4,519	2,846
Weighted average number of common shares outstanding	23,800,655	20,404,555
Adjustment for stock options	439,008	56,706
Weighted average number of common shares for diluted earnings per share	24,239,663	20,461,261
Diluted earnings per share	$0.186	$0.139

17. Share Capital

Common shares

As at August 31, 2021, the authorized share capital of the Company consists of an unlimited number of Common Shares of which 25,505,693 are issued and outstanding (August 31, 2020: 20,404,555). 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 December 31, 2020, as discussed in note 4, the Company issued 5,101,138 common shares in connection with its acquisition of IQTP. The common shares issued are subject to a three year hold period.

Leading up to the pandemic, the Company had declared quarterly dividends since May 1, 2012. The dividend was suspended on April 2, 2020 as a result of the economic uncertainty arising out of the pandemic and has not been reinstated to date due to cash used in the acquisition of IQTP and the company's ongoing review of capital allocation for growth needs.

A summary of dividends declared from fiscal 2020 to present is as follows:

Declaration Date	Payment Date	Dividend Per Share	Aggregate dividends declared
November 18, 2019	December 19, 2019	$0.0225	$459
January 9, 2020	March 16, 2020	$0.0225	$459

Stock options

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

	August 31, 2021		August 31, 2020	
	Number of options outstanding (000s)	Weighted average exercise price	Number of options outstanding (000s)	Weighted average exercise price
Outstanding at beginning of period	500	$0.93	250	$1.05
Issued during the period	400	$0.73	250	$0.80
Expired during period	-	-	-	-
Outstanding at end of period	900	$0.84	500	$0.93
Exercisable at end of period	375		250	

All options currently outstanding have a contractual life of five years with half vesting one year after the date of grant and the remainder vesting two years after the date of grant. Options have an exercise price equal to the fair value of the common shares on the date of issuance. Stock option expense of $50 has been recorded in the year ended August 31, 2021 (2020: $8).

18. Changes in Working Capital

Changes in working capital balances on the consolidated statements of cash flow are summarized as follows:

	Year ended August 31	
	2021	*2020*
(Increase) decrease in accounts receivable	(12,972)	4,703
Increase in income taxes receivable	861	(939)
(Increase) decrease in unbilled revenue	(1,835)	1,623
Decrease (increase) in prepaid expenses and other assets	20	(8)
Increase in deferred tax assets	(3,891)	-
Increase in income taxes payable	2,977	-
Increase (decrease) in accounts payable	1,742	(4)
Increase (decrease) in compensation payable	22,639	(7,122)
Increase in acquisition-related compensation (note 4)	2,145	-
Increase (decrease) in cash settled share-based compensation	5,544	(334)
Decrease in income taxes payable	-	(577)
Payment of cash settled share-based compensation	(428)	(1,155)
	16,802	(3,813)

19. Segmented Information

Following the acquisition of IQTP (note 4), the Company's consolidated operations have been segmented by business line into Caldwell and IQTP with retroactive presentation.

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

	Twelve months ended August 31, 2021			
	Caldwell	IQTP[1]	Elimination	Total
Professional fees	96,120	23,640	(353)	119,407
Direct expense reimbursements	359	-	-	359
Revenues	96,479	23,640	(353)	119,766
Cost of sales	72,380	18,594	(353)	90,621
Government stimulus grants	(334)	-	-	(334)
Reimbursed direct expenses	359	-	-	359
Gross profit	24,074	5,046	-	29,120
Gross margin	25.0%	21.3%		24.4%
Selling, general and administrative	17,534	3,204	-	20,738
Acquisition related expenses	329	2,124	-	2,453
Government stimulus grants	-	-	-	-
Operating profit (loss)	6,211	(282)	-	5,929
Interest expense on lease liability	385	79	-	464
Interest on loans	(77)	104	-	27
Investment income	(32)	-	-	(32)
Foreign exchange loss (gain)	53	-	-	53
Earnings (loss) before tax	5,882	(465)	-	5,417
Income tax (income) expense	948	(50)	-	898
Net earnings (loss) for the year	4,934	(415)	-	4,519

	Twelve months ended August 31, 2020			
	Caldwell	IQTP	Elimination	Total
Professional fees	56,867	-	-	56,867
Direct expense reimbursements	1,326	-	-	1,326
Revenues	58,193	-	-	58,193
Cost of sales	44,352	-	-	44,352
Government stimulus grants	(2,446)	-	-	(2,446)
Reimbursed direct expenses	1,326	-	-	1,326
Gross profit	14,961	-	-	14,961
Gross margin	26.3%			26.3%
Selling, general and administrative	11,588	-	-	11,588
Government stimulus grants	(393)	-	-	(393)
Operating profit	3,766	-	-	3,766
Interest expense on lease liability	367	-	-	367
Investment loss	605	-	-	605
Foreign exchange gain	(179)	-	-	(179)
Earnings before tax	2,973	-	-	2,973
Income tax expense	127	-	-	127
Net earnings for the year	2,846	-	-	2,846

[1] IQTP was acquired on December 31, 2020. The results of its operations have been consolidated from the date of acquisition.

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, 2021	Twelve months ending August 31, 2020
United States[1]	99,287	42,842
Canada	16,010	10,784
United Kingdom	4,110	3,241
Consolidated	119,407	56,867

[1] All of IQTP's revenue was generated within the United States during the period

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

	At August 31, 2021			At August 31, 2020		
	Caldwell	IQTP	Total	Search	IQTP	Total
Property and equipment	1,970	-	1,970	2,128	-	2,128
Right-of-use assets	6,325	3,224	9,549	7,691	-	7,691
Goodwill	1,246	6,714	7,960	1,288	-	1,288
Total assets	70,974	16,159	87,133	40,871	-	40,871

Depreciation recorded on property and equipment and amortization of intangible assets by business line is as follows:

	Twelve months ended August 31, 2021			Twelve months ended August 31, 2020		
	Caldwell	IQTP	Total	Caldwell	IQTP	Total
Depreciation expense:						
Property and equipement	393	-	393	461	-	461
Right-of-use assets	1,622	360	1,982	1,565	-	1,565

20. Commitments

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

Twelve months ending August 31, 2022	3,196
Twelve months ending August 31, 2023	2,962
Twelve months ending August 31, 2024	1,970
Twelve months ending August 31, 2025	1,952
Twelve months ending August 31, 2026	1,799
September 1, 2026 and thereafter	3,247
	15,126

21. Related Party Transactions

Pursuant to its lease agreements, the Company paid rent for its Toronto office to an affiliated company owned by a shareholder, C. Douglas Caldwell, registered as owning more than 10% of the Company. The amount of consideration agreed to by the parties was determined to be the fair market rental rates at the inception of the lease by an independent commercial real estate counselor and was approved by the independent Members of the Board of Directors. The lease term expired effective March 31, 2020. The Toronto office was relocated at the end of this lease term. No occupancy costs within general and administrative expenses in the consolidated statements of earnings have been recognized for the year ended August 31, 2021 (2020: $130).

22. Financial Instruments

Classification of financial instruments

A summary of the classifications of financial instruments as at August 31, 2021 and August 31, 2020 is shown below:

Financial instruments	Financial assets at amortized cost	Liabilities at amortized cost	FVOCI	As at August 31, 2021
Cash and cash equivalents	29,214	-	-	29,214
Accounts receivable	23,218	-	-	23,218
Restricted cash	2,624	-	-	2,624
Other receivables[1]	29	-	-	29
Accounts payable	-	(4,640)	-	(4,640)
Compensation payable	-	(36,852)	-	(36,852)
Non-current marketable securities	-	-	242	242
	55,085	(41,492)	242	13,835

[1] *Included within prepaids and other assets in the consolidated statements of financial position*

Financial instruments	Financial assets at amortized cost	Liabilities at amortized cost	FVOCI	As at August 31, 2020
Cash and cash equivalents	14,481	-	-	14,481
Accounts receivable	7,316	-	-	7,316
Other receivables[1]	385	-	-	385
Restricted cash	45	-	-	45
Accounts payable	-	(1,764)	-	(1,764)
Compensation payable	-	(12,812)	-	(12,812)
Non-current marketable securities	-	-	71	71
	22,227	(14,576)	71	7,722

[1] *Included within prepaids and other assets in the consolidated statements of financial position*

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, 2021 and August 31, 2020 consist of marketable securities, which are comprised of certain equity securities held for investment obtained through search fees being paid partially in equity of the client as discussed in note 5.

August 31, 2021

	Level 1	Level 2	Level 3
Marketable securities	192	-	50

August 31, 2020

	Level 1	Level 2	Level 3
Marketable securities	71	-	-

Fair value

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

The equity securities held at August 31, 2021 and August 31, 2020 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 NASDAQ. The remaining marketable securities are included within level 3 of the fair value hierarchy and are in a private company whose value is derived from estimates used in recent financings. These investments are subsequently measured at fair value through OCI. As at August 31, 2021, the Company has $242 invested in these securities (2020: $71). 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 $12 (2020: $4).

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, 2021, the Company has US dollar net monetary asset exposure of $18,052 (2020: $10,332). 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 $903 recognized in the cumulative translation adjustment in the Company's consolidated statements of comprehensive earnings for the year ended August 31, 2021 (2020: $517). As these are long-term investments and not expected to be liquidated to Canadian dollars, they are not hedged.

As at August 31, 2021, the Company has British pound sterling net monetary asset exposure of $282 (2020: $297). 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 $14 recognized in the cumulative translation adjustment in the Company's consolidated statements of comprehensive earnings for the year ended August 31, 2020 (2020: $15). 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, as far as possible, 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 in excess of anticipated needs.

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

	As at August 31, 2021			
	Less than 6 months	6 months to 1 year	1 to 3 years	More than 3 years
Accounts payable	4,640	-	-	-
Compensation payable	36,221	-	3,580	1,184
Acquisition-related compensation payable	631	-	1,514	-
Lease liability	942	926	3,339	5,221
	42,434	926	8,433	6,405

	As at August 31, 2020			
	Less than 6 months	6 months to 1 year	1 to 3 years	More than 3 years
Accounts payable	1,764	-	-	-
Compensation payable	12,812	-	396	338
Acquisition-related compensation payable	-	-	-	-
Lease liability	921	952	3,299	3,633
	15,497	952	3,695	3,971

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, marketable securities and restricted cash. The Company places its cash and cash equivalents with high credit quality financial institutions. Similarly, when invested, the professionally managed fixed income funds within marketable securities are held by reputable financial institutions and hold government and other investment grade fixed income securities. 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.

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 the Significant Accounting Policy section 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. As a result of the anticipated economic impact on clients by the COVID-19 pandemic, collection reserves as at August 31, 2020 were increased to reflect greater uncertainties on client concessions and client credit positions. Specific reserves were increased, and judgment was applied to the overall accounts receivable portfolio to maintain a level of days of sales outstanding, net of provision, consistent with prior periods. Business conditions improved and the Company experienced stronger collection performance during fiscal 2021 than had been anticipated at August 31, 2020. As a result, the Company reversed unused loss allowances during the year and has recorded a lower accrued loss allowance at August 31, 2021 than the prior year despite a growth in receivables.

Accounts receivable comprised the following as at August 31:

	As at August 31	
	2021	2020
Trade receivables	23,666	7,802
Less: loss allowance	(619)	(1,315)
	23,047	6,487
Other receivables	171	829
Accounts receivable	23,218	7,316

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

	Twelve months ended August 31,	
	2021	2020
Beginning of year	1,315	501
Increase in loss allowance	1,161	1,595
Receivables acquired (note 4)	61	-
Unused loss allowance reversed	(1,442)	(16)
Provision for professional fee adjustments	(220)	1,579
Receivables written off during the year as uncollectible	(476)	(765)
End of year	619	1,315

As at August 31, 2021, accounts receivable of $23,047 (2020: $6,487) were estimated to be fully performing. The loss allowance of $619 (2020: $1,315) consists primarily of accounts over 90 days old.

At August 31, 2020 the loss allowance consisted of $735 in accounts over 90 days and $580 of accounts under 90 days old. Of the under 90 day balance, $186 were for known performance issues and $394 was for an estimation of performance issues based on expanding days of sales outstanding, the pandemic's impact on lengthening collection cycles and pressures from clients on concessions and credit concerns.

Interest rate risk and market price risk

As discussed in note 4, the Company has $176 in outstanding debt in the way of the net portion of a government loan received pursuant to the PPP and not expected to be forgiven. It carries a fixed interest rate of 1.0%. Once the SBA has formally completed its review, the Company plans to repay this portion.

The Company has not currently drawn on its credit facility with TD Bank (see note 24). Therefore, exposure to interest rate risk is minimal. The Company does invest excess cash in short-term deposits and therefore decreases 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).

23. Capital Management

The Company's capital is comprised of common shares of the Company, contributed surplus and 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 government loan payable and credit facility do not have specific covenants or restrictions, they are not subject to any externally imposed capital requirements.

24. Credit Facilities

On September 28, 2016 the Company entered into an agreement with TD Bank to establish a $3,000 revolving demand, floating-rate credit facility (the "Credit Facility") for future working capital needs. The Credit Facility maximum limit was increased to $5,000 effective May 28, 2020. The facility is limited based on 80.0% of the Company's eligible global accounts receivable 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, 2021 is $4,671. The facility bears variable interest on drawn amounts based on the Canadian prime rate plus 1.0% per annum. As at August 31, 2021, no amounts were outstanding on the credit facility (August 31, 2020: $nil) and letters of credit of $329 (August 31, 2020: $344) have been issued against the facility.

The Company acquired IQTP’s term loan and revolving demand, floating rate credit facility (“IQTP credit facility”) with First Horizon Bank, upon the acquisition of the business. The term loan bore interest at 4.49% and matured on January 14, 2025. It was fully repaid without penalty leaving no balance outstanding as at July 15, 2021. The IQTP credit facility matured on April 30, 2021 with no amounts outstanding.

The Company also assumed any obligation pursuant to IQTP’s PPP loan. As at August 31, 2021, $176 is expected to be payable pursuant to the loan as discussed in note 4.

25. Affiliation Relationships

The Company enters into licensing arrangements with certain entities to provide executive search services in markets not directly served by the Company. In exchange for licence fee payments, the licencees have rights to use the Caldwell brand, search processes, methodologies and related intellectual property. For the year ended August 31, 2021 licence fees amounted to $87 (2020: $177).

Effective November 8, 2015, the Company entered into a five-year licensing agreement with Simon Monks and Partners Limited, a New Zealand corporation, which subsequently changed its name to The Caldwell Partners International New Zealand Limited (“Caldwell New Zealand”), operating in New Zealand. Effective February 10, 2020, the Company and Caldwell New Zealand agreed to renew their existing agreement for an additional five year period, provided the extension now allows either party to terminate the agreement with six months' notice unilaterally. For the year ended August 31, 2021, license fees from The Caldwell Partners International New Zealand Limited were $87 and for the year ended August 31, 2020 they were $104.

Effective January 14, 2019, the Company entered into a five-year licensing agreement with Hattonneale Pty Ltd. (“Hattoneale”), an Australian corporation, operating in Australia. Due to the global pandemic’s impact on Hattonneale’s business, Hattonneale ceased its executive search operations to focus on board advisory services, and the Company’s affiliation agreement with Hattonneale was mutually terminated effective August 31, 2020. As a result, there were no license fees from Hattonneale the year ended August 31, 2021 (2020: $73).

Directors

Elias Vamvakas, Chair of the Board
Chairman, Greybrook Capital Inc.

Paul R. Daoust
Corporate Director

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

John N. Wallace
Chief Executive Officer
The Caldwell Partners International Inc.

Kathryn A. Welsh
Corporate Director

David Windley
President, IQTalent Partners

John Young
Chief Executive Officer, Boat Rocker Media Inc.

Officers

John N. Wallace
Chief Executive Officer
The Caldwell Partners International Inc.

C. Christopher Beck, CPA
President & Chief Financial Officer
The Caldwell Partners International Inc.

Michael Falagario, CPA, CFA
Vice President, Finance and Corporate Secretary
The Caldwell Partners International Inc.

Shareholder Information

Auditors

KPMG LLP (Canada)
Chartered Accountants, Toronto, Ontario

Counsel

Miller Thomson LLP
Barristers and Solicitors, Toronto, Ontario

Stock Exchange Listing

The Toronto Stock Exchange (symbol: CWL)

Transfer Agent

Computershare Limited

Computershare Limited operates a telephone information inquiry line that can be reached by dialing toll free:
+1 866 313 1872 or +1 604 699 4954

Correspondence may be addressed to:

The Caldwell Partners International Inc.
c/o Computershare Limited
100 University Avenue, 8th floor
Toronto, Ontario, M5J 2Y1

for other information, please contact:

C. Christopher Beck
President & Chief Financial Officer
The Caldwell Partners International Inc.

79 Wellington Street West
TD South Tower Suite 2410, P.O. Box 75
Toronto, ON M5K 1E7
+1 416 920 7702 fax +1 416 920 8533
leaders@caldwell.com

TRANSFORMING THE WORLD OF TALENT

WE BELIEVE TALENT TRANSFORMS

Caldwell Partners is a technology-powered talent acquisition firm specializing in recruitment at all levels. Through two distinct brands – Caldwell and IQTalent Partners – 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.

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

www.caldwell.com @CaldwellSearch