THE CALDWELL PARTNERS INTERNATIONAL INC.

MANAGEMENT DISCUSSION AND ANALYSIS

Second Quarters Ended

February 28, 2026 and 2025

(unaudited)

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Management Discussion and Analysis ("MD&A")

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

PRESENTATION

The following discussion and analysis, prepared on April 9, 2026 should be read in conjunction with the consolidated interim financial statements with related notes for the quarter ended February 28, 2026. 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, our ability to attract and retain key personnel; exposure to departing partners taking our clients to another firm; the performance of the US, Canadian and international economies; technological advances that may significantly disrupt the labour market and weaken demand for human capital at a rapid rate; competition from other companies directly or indirectly engaged in talent acquisition; cybersecurity requirements, vulnerabilities, threats and attacks; damage to our brand reputation; foreign currency exchange rate fluctuations; our ability to align our cost structure to changes in our revenue; liability risk in the services we perform; potential legal liability from clients, employees and candidates for employment; reliance on software that we license from third parties; reliance on third-party contractors for talent acquisition support; the classification of third-party labour as contractors versus employee relationships; our ability to successfully recover from a disaster or other business continuity issues; adverse governmental and tax law rulings; successfully integrating or realizing the expected benefits from our acquisitions, adverse operating issues from acquired businesses; volatility of the market price and trading volume of our common shares, including its impact on our compensation plans; affiliation agreements that may fail to renew or affiliates that 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; our limited ability to access credit; risks related to deposit-taking institutions; 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.

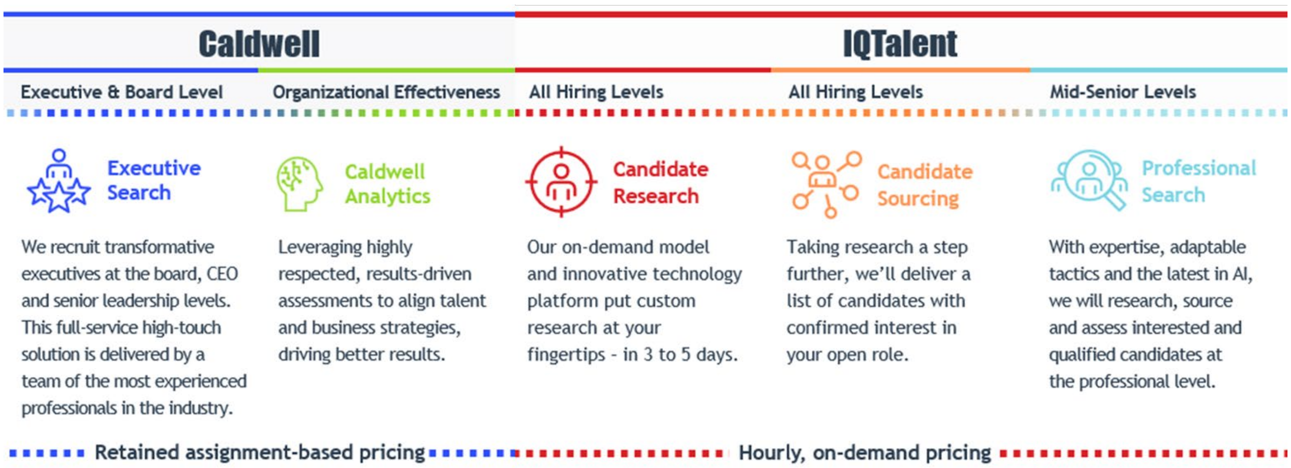
The Company’s common shares are listed on the Toronto Stock Exchange (TSX: CWL) and also trade on the OTCQX Market in the United States (OTCQX: CWLPF). Please visit our website at www.caldwell.com for further information.

BUSINESS SEGMENTS

Identification of Segments

We operate through two distinct segments – retained executive search and analytics solutions are conducted as ***Caldwell***, and on-demand talent acquisition augmentation solutions are conducted as ***IQTalent***. The services Caldwell offers, the nature of its clients and its pricing and delivery model are uniform across geographies, and those geographies are largely interconnected in economic cycles. We therefore measure the key metrics and reporting of Caldwell as one segment. IQTalent’s business is managed and measured separately from Caldwell with unique branding, operations and pricing. As a result, we operate with two distinct business segments differentiated by brand, services, operations and pricing models.

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



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

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

Segment Operating Characteristics

Revenue

Caldwell
Caldwell operates with partners in Canada, the United States, Europe, and the Middle East, 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 multiple locations throughout the world, including Atlanta, Boston, Calgary, Charleston, Chicago, Dallas, Denver, Dubai, Houston, London, Los Angeles, Miami, Nashville, New York, Park City, Philadelphia, San Francisco, Stamford, Toronto, Vancouver, and Zurich.

Caldwell's executive search revenue and operating income are difficult to predict and have historically varied significantly from quarter to quarter. There is no discernible seasonality in our business on a quarterly basis, although historically, we have usually seen lower revenue in the first and second quarters compared to the third and fourth quarters. Over the past ten years, revenue in the second half of the year has increased over the first half by an average of 21%. Adjusting for the pandemic in fiscal 2020, this metric grows to 27%.

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

IQTalent

IQTalent provides on-demand talent acquisition augmentation as a managed service to our clients, who are typically in-house talent acquisition departments. We provide candidate research and sourcing at all talent levels and full lifecycle recruiting services at the professional level, with revenue generated per labour hour. Services are on-demand with no long-term contractual commitments and can vary significantly from quarter to quarter and with economic cycles or events. As services are billed to clients on an hourly basis, revenue fluctuates based on the number of business days. There are 253 business days in fiscal 2026, with 62 days (24.5%) in the first quarter, 63 days (24.9%) in the second quarter, 63 days (24.9%) in the third quarter and 65 days (25.7%) in the fourth quarter. Fiscal 2025 had 252 business days, with 62 days (24.6%) in the first quarter, 62 days (24.6%) in the second quarter, 64 days (25.4%) in the third quarter and 64 days (25.4%) in the fourth quarter.

IQTalent's capacity to generate revenue increases with the size of fully trained research, sourcing and recruitment staff. Third-party contractors are used to help manage fluctuations in customer demand. Staffing needs are dependent on the pipeline of active and potential business opportunities available to generate billable hours. Active accounts and potential new business in the pipeline are managed by senior leadership and are influenced significantly by competition and general economic hiring conditions.

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

Cost of Sales

Caldwell

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

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

In aggregate and over time, these costs are largely variable to professional fees, with fluctuations arising from changes in incentive compensation based on the Annualized Professional Fees per Partner and the leverage impact of certain fixed support costs during periods of rapid growth or decline. Please see the discussion on Non-GAAP measures for further details on the Average Professional Fee per Partner metric.

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

IQTalent

Cost of sales for on-demand recruiting services is comprised of research, sourcing and recruitment staff compensation, including benefits and payroll taxes and third-party contractor fees. Employees are primarily salaried with traditional bonus plans tied to company and individual performance. As a result, in the short term, IQTalent's cost of sales is more fixed in nature than Caldwell's. Other direct costs of providing our services are primarily related to candidate databases and research tools.

Staffing levels are actively managed with the utilization of hourly capacity, a key operating metric. To help manage demand fluctuations, we also maintain a network of experienced non-employee contracted professionals. Although the overall cost of contracted professionals in the United States 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.

Contractors are generally paid for actual hours worked that fluctuate each period relative to the number of working business days. In contrast to salaried employees, the cost of contractors is variable to revenue.

Selling, general and administrative

Selling, general and administrative expenses are similar in nature across Caldwell and IQTalent, consisting of items such as occupancy, information technology, marketing, professional and other operating costs. We have consolidated certain support functions such as finance, accounting, payroll, information technology, marketing and select administrative functions. We allocate shared support costs from Caldwell to IQTalent in the segmented statements of earnings based on the incremental direct cost of managing IQTalent. Costs related to our status and operation as a public company are not allocated to IQTalent.

NON-GAAP FINANCIAL MEASURES AND OTHER OPERATING MEASURES

Certain non-GAAP financial measures and other operating measures are used to manage the business and explain the results of operations. Such measures do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers.

Non-GAAP measures and other operating measures used herein have been calculated on a consistent basis for the periods presented and include the following defined terms:

Caldwell

- Average Fee per Assignment: Professional fees reported as revenue from executive search for a given period divided by the related Number of Assignments. This metric is used to identify and track price trends as a key driver of our professional fees in executive search. It is impacted by both economic and competitive conditions as well as the seniority level of searches undertaken. Please note that over short periods of time and during periods of rapid revenue growth or decline, Average Fee per Assignment can be a trailing indicator of the ultimate actual average fee per search, as the number of searches booked precedes the recognition of the associated search revenue.

- Average Number of Partners: The number of active executive search revenue-producing partners at the beginning of a period plus the number of active executive search revenue-producing partners at the end of each month during the 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. Principals are excluded from this metric as they are generally newly-promoted and are yet to establish themselves in the market as revenue-producers. The expectation is for principals to progress to partners over time.

- Annualized Professional Fees per Partner: Professional fees from executive search divided by the Average Number of Partners; and if an interim period, annualized to a full year. The Annualized Professional Fees per Partner indicates how well our partners are performing as a whole. This performance is driven by the Number of Assignments performed and the Average Fee per Assignment. Annualized Professional Fees per Partner also impacts our cost of sales as the more an individual partner bills, the higher the commission tier they are paid. As the Annualized Professional Fees per Partner rises, compensation expense as a percentage of professional fees also generally rises.

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

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

IQTalent

- Average Fees Billed per Business Day: IQTalent professional fees for a given period divided by the Number of Business Days in the period. This metric is used to identify and track price and volume trends in this segment as one of the key drivers of professional fees. It is impacted by market pricing and the Average Number of Active Clients.

- Number of Business Days: The aggregate number of weekday days in a period less any US holidays. This metric represents days of work that can be performed for and billed to IQTalent clients in a period and is a key driver of professional fees in this segment.

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

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

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

- Average Revenue per Active Client: Professional fees for a given period divided by the Average Number of Active Clients for that period. This metric is used to identify and track the average revenue-generating value of our clients in the IQTalent segment.

Consolidated

- Unencumbered Cash: A measure used to identify cash available for growth and strategic initiatives, as well as a source of funding during any periods of negative cash flow from operations, calculated as the net of (i) total current assets, less (ii) total current liabilities. Unencumbered cash is an approximation; actual cash and cash equivalents can be lower than unencumbered cash.

- Average Period End Share Price: The volume-weighted average share price in Caldwell stock for the last ten business days of the month. This metric drives the Share Price Impact on Operating Profit.

- Share Price Impact on Operating Profit: The change in operating profit during a period resulting from the increase or decrease in share-based expenses solely the result of changes in share price during the period.

EXECUTIVE SUMMARY OF OPERATING RESULTS AND BUSINESS OUTLOOK

Fiscal 2025 reflected a resilient return in hiring demand with significant improvements in revenue and profitability at both Caldwell and IQTalent. This momentum continued into the first half of fiscal 2026.

- Consolidated professional fees for the first two quarters of fiscal 2026 were $56.1 million — a 27.1% increase from the same period last year.

- Consolidated operating profit for the first two quarters of fiscal 2026 was $1.6 million, compared to an operating loss of $0.6 million in the same period last year.

Caldwell

- Caldwell's professional fees for the first half of fiscal 2026 were $50.7 million — a 31.4% increase from the same period last year.

  - This was driven by a 26.1% increase in the Average Fee per Assignment as well as a 4.2% increase in the Number of Assignments.
  - Number of Assignments per Partner, annualized, rose to 10.9 as compared to 10.4 in the same period last year.

- Caldwell's operating profit of $1.2 million in the first half of fiscal 2026 compared favourably to an operating loss of $0.2 million in the same period last year, with professional fees outpacing growth in costs of sales. While higher revenue drove a solid operating profit, our results included expenses related to establishing our UAE office in Dubai, our annual partner conference and stock-based compensation expense from the increase in our share price during the quarter. We view our partner conference as a necessary investment in fostering collaboration and partnerships internally.

IQTalent

- At IQTalent, we continued to focus on maintaining revenue and managing costs, resulting in continued profitability.

- IQTalent's professional fees for the first half of fiscal 2026 were $5.4 million, and, after adjusting for the impact of currency translation, were comparable to the same period last year. While the Average Number of Active Clients declined by 9.6%, this was offset by an increase in the Average Revenue per Active Client, driven by longer term projects.

- IQTalent's operating profit in the first half of fiscal 2026 was $0.5 million, compared to an operating loss of $0.4 million in the same period last year, achieved through disciplined cost management.

We believe in the strength of our company, team, service offerings, balance sheet, and future. We remain focused on continued partner growth and delivering value to our shareholders through increased profitability and a disciplined capital allocation strategy.

On April 9, 2026, the Board of Directors declared a dividend of $0.01 per Common Share (one cent per Common Share), payable to holders of Common Shares of record on April 20, 2026, to be paid on June 15, 2026.

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

- Existing and emerging geopolitical events and changes in economic factors may impact our clients' demand for talent. Specifically, the conflict in the Middle East is already negatively impacting revenue and profitability in that region and, if prolonged, may dampen hiring demand in our other geographies.
- As discussed in the SG&A section of this MD&A, changes in the Average Period End Share Price can have a significant impact on share-based compensation expense. Assuming no change in the share-based compensation performance factors and the number of outstanding grants, for each $0.01 increase or decrease in our Average Period End Share Price, there would be a

corresponding increase or decrease in compensation expense of approximately $16.

- Please refer to a complete list of risk factors set forth in our Annual MD&A, for the year ended August 31, 2025.

SUMMARY OF QUARTERLY RESULTS

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

	2024		2025				2026	
	Q3	*Q4*	*Q1*	*Q2*	*Q3*	*Q4*	*Q1*	*Q2*
Professional Fees - Caldwell	$ 26,400	$ 19,157	$ 18,389	$ 20,190	$ 25,010	$ 27,662	$ 26,074	$ 24,622
Professional Fees - IQTalent	$ 2,838	$ 2,894	$ 2,766	$ 2,797	$ 2,727	$ 3,714	$ 2,977	$ 2,446
Consolidated Professional Fees	$ 29,238	$ 22,051	$ 21,155	$ 22,987	$ 27,737	$ 31,376	$ 29,051	$ 27,068
Direct expense reimbursements	$ 279	$ 182	$ 205	$ 171	$ 194	$ 232	$ 230	$ 229
Revenue	$ 29,517	$ 22,233	$ 21,360	$ 23,158	$ 27,931	$ 31,608	$ 29,281	$ 27,297
Cost of sales	$ 21,993	$ 17,522	$ 16,943	$ 18,187	$ 21,402	$ 24,512	$ 23,140	$ 21,033
Reimbursed direct expenses	$ 279	$ 182	$ 205	$ 171	$ 194	$ 232	$ 230	$ 229
Gross profit	$ 7,245	$ 4,529	$ 4,212	$ 4,800	$ 6,335	$ 6,864	$ 5,911	$ 6,035
Gross profit as a %ge of Professional Fees	24.8%	20.5%	19.9%	20.9%	22.8%	21.9%	20.3%	22.3%
Selling, general and administrative	$ 4,849	$ 4,458	$ 4,193	$ 5,449	$ 4,375	$ 4,347	$ 5,055	$ 5,264
Other (income) expenses	$ -	$ -	$ -	$ -	$ 112	$ -	$ -	$ -
Net operating profit (loss)	$ 2,396	$ 71	$ 19	$ (649)	$ 1,848	$ 2,517	$ 856	$ 771
Finance expenses (income)	$ 37	$ 278	$ (486)	$ (354)	$ 725	$ 118	$ (256)	$ 475
Net earnings (loss) before tax	$ 2,359	$ (207)	$ 505	$ (295)	$ 1,123	$ 2,399	$ 1,112	$ 296
Income tax expense (recovery)	$ 613	$ 264	$ 40	$ (84)	$ 282	$ 932	$ 529	$ 274
Effective income tax rate	26.0%	(127.5%)	7.9%	28.5%	25.1%	38.8%	47.6%	92.6%
Net earnings (loss) after tax	$ 1,746	$ (471)	$ 465	$ (211)	$ 841	$ 1,467	$ 583	$ 22
Basic earnings (loss) per share	$ 0.059	$ (0.016)	$ 0.016	$ (0.007)	$ 0.028	$ 0.050	$ 0.020	$ 0.001
Fully diluted earnings (loss) per share	$ 0.059	$ (0.016)	$ 0.016	$ (0.007)	$ 0.028	$ 0.050	$ 0.020	$ 0.001

[1] IQTalent professional fees are shown net of the elimination of intercompany revenue.
Notable financial items have impacted on 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:

	2024		2025				2026	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Professional Fees - Caldwell	$ 26,400	$ 19,157	$ 18,389	$ 20,190	$ 25,010	$ 27,662	$ 26,074	$ 24,622
Period-end Number of Partners	47	49	50	53	51	48	50	51
Average Number of Partners	46.0	48.0	50.3	51.0	52.0	49.5	49.8	50.5
Annualized Professional Fees per Partner	$ 2,296	$ 1,596	$ 1,462	$ 1,584	$ 1,924	$ 2,235	$ 2,094	$ 1,950
Number of Assignments	166	95	133	129	135	179	140	133
Number of Assignments per Partner	3.6	2.0	2.6	2.5	2.6	3.6	2.8	2.6
Average Fee per Assignment	$ 159	$ 202	$ 138	$ 157	$ 185	$ 155	$ 186	$ 185

IQTalent:

	2024		2025				2026	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Professional Fees - IQTalent	$ 2,838	$ 2,894	$ 2,766	$ 2,797	$ 2,727	$ 3,714	$ 2,977	$ 2,446
Number of Business Days	65	64	62	62	64	64	62	63
Average Fees Billed per Business Day	$ 44	$ 45	$ 45	$ 45	$ 43	$ 58	$ 48	$ 39
Proportion of Contract Professionals	17%	24%	23%	19%	34%	53%	47%	38%
Utlization Rate	94%	93%	93%	91%	91%	93%	98%	95%
Average Number of Active Clients	53	46	40	43	37	38	40	35
Average Revenue per Active Client	$ 54	$ 63	$ 69	$ 65	$ 74	$ 98	$ 74	$ 70

Consolidated:

			2025				2026	
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Unencumbered Cash	$ 9,420	$ 9,585	$ 10,228	$ 8,982	$ 11,104	$ 12,809	$ 12,812	$ 11,850
Average Period End Share Price	$ 0.78	$ 1.03	$ 1.11	$ 1.04	$ 0.76	$ 0.70	$ 0.85	$ 0.96
Share Price Impact on Operating Profit	$ (80)	$ (211)	$ (63)	$ 32	$ 315	$ 121	$ (208)	$ (172)

OPERATING RESULTS AND DISCUSSION OF CHANGES TO PRIOR YEAR

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

	Three months ended February 28, 2026			
	Caldwell	IQTalent	Elimination	Total
Professional fees	24,622	2,471	(25)	27,068
Direct expense reimbursements	229	-	-	229
Revenues	24,851	2,471	(25)	27,297
Cost of sales	19,231	1,827	(25)	21,033
Reimbursed direct expenses	229	-	-	229
Gross profit	5,391	644	-	6,035
Gross profit as a % of professional fees	21.9%	26.1%		22.3%
Selling, general and administrative	4,817	447	-	5,264
Operating profit	574	197	-	771
Interest expense on lease liability	105	-	-	105
Investment (income) expense	(487)	415	-	(72)
Foreign exchange loss	442	-	-	442
Earnings (loss) before tax	514	(218)	-	296
Income tax expense (recovery)	326	(52)	-	274
Net earnings (loss) for the period	188	(166)	-	22

	Three months ended February 28, 2025			
	Caldwell	IQTalent	Elimination	Total
Professional fees	20,190	2,797	-	22,987
Direct expense reimbursements	171	-	-	171
Revenues	20,361	2,797	-	23,158
Cost of sales	15,936	2,251	-	18,187
Reimbursed direct expenses	171	-	-	171
Gross profit	4,254	546	-	4,800
Gross profit as a % of professional fees	21.1%	19.5%		20.9%
Selling, general and administrative	4,614	835	-	5,449
Operating loss	(360)	(289)	-	(649)
Interest expense on lease liability	99	-	-	99
Investment (income) expense	(501)	437	-	(64)
Foreign exchange income	(389)	-	-	(389)
Earnings (loss) before tax	431	(726)	-	(295)
Income tax (recovery) expense	110	(194)	-	(84)
Net earnings (loss) for the period	321	(532)	-	(211)

	Six months ended February 28, 2026			
	Caldwell	IQTalent	Elimination	Total
Professional fees	50,696	5,496	(73)	56,119
Direct expense reimbursements	459	-	-	459
Revenues	51,155	5,496	(73)	56,578
Cost of sales	40,149	4,097	(73)	44,173
Reimbursed direct expenses	459	-	-	459
Gross profit	10,547	1,399	-	11,946
Gross profit as a % of professional fees	20.8%	25.5%		21.3%
Selling, general and administrative	9,378	941	-	10,319
Operating profit	1,169	458	-	1,627
Interest expense on lease liability	216	-	-	216
Investment and other (income) expense	(1,072)	867	-	(205)
Foreign exchange loss	208	-	-	208
Earnings (loss) before tax	1,817	(409)	-	1,408
Income tax expense (recovery)	893	(90)	-	803
Net earnings (loss) for the period	924	(319)	-	605

	Six months ended February 28, 2025			
	Caldwell	IQTalent	Elimination	Total
Professional fees	38,579	5,563	-	44,142
Direct expense reimbursements	376	-	-	376
Revenues	38,955	5,563	-	44,518
Cost of sales	30,702	4,428	-	35,130
Reimbursed direct expenses	376	-	-	376
Gross profit	7,877	1,135	-	9,012
Gross profit as a % of professional fees	20.4%	20.4%		20.4%
Selling, general and administrative	8,063	1,579	-	9,642
Operating loss	(186)	(444)	-	(630)
Interest expense on lease liability	200	-	-	200
Investment (income) expense	(1,049)	864	-	(185)
Foreign exchange gain	(855)	-	-	(855)
Earnings (loss) before tax	1,518	(1,308)	-	210
Income tax expense (recovery)	304	(348)	-	(44)
Net earnings (loss) for the period	1,214	(960)	-	254

Our presentation currency is the Canadian dollar. Our functional currencies follow the geographies of our subsidiaries and include the Canadian dollar, the US dollar, the British pound and the UAE Dirham. The UAE Dirham is pegged to the US dollar. Approximately 75% of our revenue was in the functional currency of the US dollar in the first two quarters of fiscal 2026. The following table summarizes the foreign exchange rates impacting the business, relative to the Canadian dollar:

	F'26		F'25	
	Q2	Year-to-date	Q2	Year-to-date
United States				
US dollar – average	1.37	1.39	1.43	1.40
US dollar – period end	1.36	1.36	1.44	1.44
Europe				
British pound – average	1.85	1.86	1.79	1.79
British pound – period end	1.84	1.84	1.82	1.82

To better explain the changes in our operating results, we compare current-period results with prior-period results after adjusting for the impact of currency translation. The constant currency results for our Caldwell and IQTalent segments, restated using prior-period foreign exchange rates, are as follows:

	Three months ended Feb 28,					
Caldwell	2026 As Reported	FX[1]	Constant Currency	2025 As Reported	$ variance	% variance
Professional fees	24,622	679	25,301	20,190	5,111	25.3%
Direct expense reimbursements	229	8	237	171	66	38.6%
Revenues	24,851	687	25,538	20,361	5,177	25.4%
Cost of Sales	19,231	558	19,789	15,936	3,853	24.2%
Reimbursed direct expenses	229	8	237	171	66	38.6%
Gross profit	5,391	121	5,512	4,254	1,258	29.6%
Gross margin	21.9%	17.8%	21.8%	21.1%		
Selling, general and administrative	4,817	123	4,940	4,614	326	7.1%
Operating profit	574	(2)	572	(360)	932	nm[(2)]

[1] Impact of adjusting foreign exchange rates to fiscal 2025 actual rates

[2] Not meaningful

Caldwell	Six months ended Feb 28, 2026 As Reported	FX[1]	Constant Currency	2025 As Reported	$ variance	% variance
Professional fees	50,696	363	51,059	38,579	12,480	32.3%
Direct expense reimbursements	459	5	464	376	88	23.4%
Revenues	51,155	368	51,523	38,955	12,568	32.3%
Cost of Sales	40,149	266	40,415	30,702	9,713	31.6%
Reimbursed direct expenses	459	5	464	376	88	23.4%
Gross profit	10,547	97	10,644	7,877	2,767	35.1%
Gross margin	20.8%	26.7%	20.8%	20.4%		
Selling, general and administrative	9,378	52	9,430	8,063	1,367	17.0%
Operating profit	1,169	45	1,214	(186)	1,400	nm[2]

[1] Impact of adjusting foreign exchange rates to fiscal 2025 actual rates
[2] Not meaningful

IQTalent	Three months ended Feb 28, 2026 As Reported	FX[1]	Constant Currency	2025 As Reported	$ variance	% variance
Professional fees	2,471	114	2,585	2,797	(212)	-7.6%
Revenues	2,471	114	2,585	2,797	(212)	-7.6%
Cost of Sales	1,827	82	1,909	2,251	(342)	-15.2%
Gross profit	644	32	676	546	130	23.8%
Gross margin	26.1%	28.1%	26.2%	19.5%		
Selling, general and administrative	447	19	466	835	(369)	-44.2%
Operating profit (loss)	197	13	210	(289)	499	nm[2]

[1] Impact of adjusting foreign exchange rates to fiscal 2025 actual rates
[2] Not meaningful

IQTalent	Six months ended Feb 28, 2026 As Reported	FX[1]	Constant Currency	2025 As Reported	$ variance	% variance
Professional fees	5,496	71	5,567	5,563	4	0.1%
Revenues	5,496	71	5,567	5,563	4	0.1%
Cost of Sales	4,097	51	4,148	4,428	(280)	-6.3%
Gross profit	1,399	20	1,419	1,135	284	25.0%
Gross margin	25.5%	28.2%	25.5%	20.4%		
Selling, general and administrative	941	12	953	1,579	(626)	-39.6%
Operating profit	458	8	466	(444)	910	nm[2]

[1] Impact of adjusting foreign exchange rates to fiscal 2025 actual rates
[2] Not meaningful

REVENUE

PROFESSIONAL FEES

Second Quarter Professional Fees

Consolidated:
Professional fees for the second quarter of 2026 increased 17.8% from the same period last year to $27,068 (2025: $22,987). Caldwell's professional fees increased 22.0% to $24,622 (2025: $20,190) and IQTalent's professional fees decreased 12.5% to $2,446 ($2,471, less eliminated intercompany revenue of $25) (2025: $2,797).

Caldwell:
Exchange rate changes over the prior year had an unfavourable impact of $679. On a constant currency basis, Caldwell's professional fees for the second quarter of 2026 increased 25.3% over the same period last year to $25,301 (2025: $20,190). The constant currency increase in professional fees resulted from:

- A 21.5% increase in the constant currency Average Fee per Assignment to $190 (2025: $157);
- A 3.1% increase in the Number of Assignments to 133 (2025: 129); partially offset by,
- A 1.0% decrease in the Average Number of Partners at 50.5 (2025: 51.0) which decreases the fee-producing base.

IQTalent (excluding intercompany elimination):
Exchange rate changes over the prior year had an unfavourable impact of $114. On a constant currency basis, IQTalent's professional fees for the second quarter of 2026 decreased 7.6% over the same period last year to $2,585 (2025: $2,797). The constant currency decrease in professional fees resulted from lower constant currency Average Fees Billed per Business Day in the second quarter of $41 (2025: $45), primarily due to a decrease in the Average Number of Active Clients to 35 (2025: 43), partially offset by a higher constant currency Average Revenue per Active Client of $74 (2025: $65) driven by larger projects.

Year-to-date Professional Fees

Consolidated:
Professional fees for the six months ended February 28, 2026 increased 27.1% from the same period last year to $56,119 (2025: $44,142). Caldwell's professional fees increased 31.4% to $50,696 (2025: $38,579) and IQTalent decreased 2.5% to $5,423 ($5,496, less eliminated intercompany revenue of $73) (2025: $5,563).

Caldwell:
Exchange rate changes over the prior year had an unfavourable impact of $363. On a constant currency basis, Caldwell's professional fees for the six months ended February 28, 2026 increased 32.3% from the same period last year to $51,059 (2025: $38,579). The constant currency increase in professional fees resulted from:

- A 4.2% increase in the Number of Assignments to 273 (2025: 262);
- A 27.0% increase in the constant currency Average Fee per Assignment to $187 (2025: $147); partially offset by,
- A 1.6% decrease in the Average Number of Partners at 50.1 (2025: 50.9) which decreases the fee-producing base.

IQTalent (excluding intercompany elimination):
Exchange rate changes over the prior year had an unfavourable impact of $71. On a constant currency basis, IQTalent's professional fees for the six months ended February 28, 2026 increased 0.1% over the same period last year to $5,567 (2025: $5,563). The constant currency increase in professional fees resulted from an increase in the constant currency Average Revenue per Active Client to $74 (2025: $67) and one additional Business Day in the current period, partially offset by a decrease in the Average Number of Active Clients to 38 (2025: 42). Constant currency Average Fees Billed per Business Day remained unchanged at $45.

DIRECT EXPENSE REIMBURSEMENTS

Direct expenses incurred and billed to clients during the second quarter of 2026 were $229 (2025: $171). Year-to-date direct expenses incurred and billed to clients were $459 (2025: $376). Expense reimbursements all pertain to Caldwell. Direct expenses include partner and candidate travel and accommodation costs, and costs of services such as background checks. As direct expense reimbursements equal the expenses incurred, there is no direct impact on our profitability caused by fluctuations in these expenses.

COST OF SALES

Second Quarter Cost of Sales

Consolidated:
Cost of sales in the second quarter of 2026 increased 15.6% from the same period last year to $21,033 (2025: $18,187). On a segment basis, Caldwell's cost of sales increased 20.7% to $19,231 (2025: $15,936), and IQTalent's cost of sales decreased 19.9% to $1,802 ($1,827, less eliminated intercompany costs of sale of $25) (2025: $2,251).

Caldwell:
Exchange rate changes over the same period last year had a favourable impact of $558. On a constant currency basis, Caldwell's second quarter cost of sales increased 24.2% over the same period last year to $19,789 (2025: $15,936). Cost of sales as a percentage of professional fees decreased to 78.2% from 78.9% in the same period last year due to the following factors:

- Lower partner support personnel compensation as a percentage of professional fees (decrease of 4.6% of professional fees) and lower search delivery materials expenses (decrease of 0.1% of professional fees). Non-partner personnel costs related to consultants and project coordinators as well as costs for search delivery materials are semi-fixed and tend to decrease as a percentage of professional fees during periods of revenue increase; partially offset by,

- Higher partner compensation expense as a percentage of professional fees (increase of 4.0% of professional fees) driven by an increase in professional fees from higher average compensation tiers.

IQTalent (excluding intercompany elimination):
Exchange rate changes over the prior year had a favourable impact of $82. On a constant currency basis, IQTalent's second quarter cost of sales decreased 15.2% over the same period last year to $1,909 (2025: $2,251). Cost of sales as a percentage of professional fees decreased to 73.8% from 80.5% in the same period last year due to the following factors:

- Lower consultant costs as a percentage of professional fees driven by a higher Utilization rate (decrease of 6.5% of professional fees);
- Lower costs of research materials as a percentage of professional fees (decrease of 1.4% of professional fees) driven by our efforts to consolidate costs related to licenses and other tools; partially offset by,
- Higher referral fees (increase of 1.2% of professional fees).

Year-to-date Cost of Sales

Consolidated:
Cost of sales for the six months ended February 28, 2026 increased 25.7% from the same period last year to $44,173 (2025: $35,130). On a segment basis, Caldwell's cost of sales increased 30.8% to $40,149 (2025: 30,702), and IQTalent's cost of sales decreased 9.1% to $4,024 ($4,097, less eliminated intercompany costs of sale of $73) (2025: $4,428).

Caldwell:
Exchange rate changes over the prior year had a favourable impact of $266. On a constant currency basis, Caldwell's cost of sales for the six months ended February 28, 2026 increased 31.6% from the same period last year to $40,415 (2025: $30,702). Cost of sales as a percentage of professional fees decreased to 79.2% from 79.6% in the same period last year due to the following factors:

- Lower partner support personnel compensation as a percentage of professional fees (decrease of 5.1% of professional fees). Non-partner personnel costs related to consultants and project coordinators are semi-fixed and tend to fall as a percentage of professional fees during periods of revenue increase.
- Lower search delivery materials expenses which are semi-fixed and do not increase or decrease as quickly as professional fees (decrease of 0.4% of professional fees); partially offset by,
- Higher partner compensation expense (increase of 5.1% of professional fees) as a result of higher average compensation tiers.

IQTalent (excluding intercompany elimination):
Exchange rate changes over the prior year had a favourable impact of $51. On a constant currency basis, IQTalent's cost of sales for the six months ended February 28, 2026 decreased 6.3% over the

same period last year to $4,148 (2025: $4,428). Cost of sales as a percentage of professional fees decreased to 74.5% from 79.6% in the same period last year due to the following factors:

- Lower consultant costs as a percentage of professional fees driven by a higher Utilization rate (decrease of 5.1% of professional fees);
- Lower costs of research materials as a percentage of professional fees (decrease of 1.7% of professional fees) driven by our efforts to consolidate costs related to licenses and other tools; partially offset by,
- Higher referral fees (increase of 1.7% of professional fees).

GROSS PROFIT

Second Quarter Gross Profit

On a consolidated basis, gross profit increased 25.7% from the same period last year to $6,035 (2025: $4,800). As a percentage of professional fees, gross margin increased to 22.3% from 20.9%.

On a segment basis, Caldwell's gross profit increased to $5,391 (2025: $4,254), and gross profit as a percentage of professional fees increased to 21.9% (2025: 21.1%). IQTalent's gross profit increased to $644 (2025: $546) while gross profit as a percentage of professional fees increased to 26.1% (2025: 19.5%).

The increase in Caldwell's gross margin in the current quarter was driven primarily by revenue growth outpacing partner compensation. The increase in IQTalent's gross margin was driven by lower consultant costs due to a higher Utilization rate.

Year-to-date Gross Profit

On a consolidated basis, gross profit increased 32.6% from the same period last year to $11,946 (2025: $9,012). As a percentage of professional fees, gross margin increased to 21.3% from 20.4%.

On a segment basis, Caldwell's gross profit increased to $10,547 (2025: $7,877), while the gross margin increased to 20.8% (2025: 20.4%). IQTalent's gross profit increased to $1,399 (2025: $1,135) while the gross margin increased to 25.5% (2025: 20.4%).

The increase in Caldwell's gross margin in the current period was driven by revenue growth outpacing costs of sales. The increase in IQTalent's gross margin was driven by lower consultant costs due to a higher Utilization rate.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (SG&A)

Second Quarter SG&A

Consolidated:
SG&A for the second quarter of 2026 decreased 3.4% over the same period last year to $5,264 (2025: $5,449). On a segment basis, Caldwell's SG&A increased 4.4% to $4,817 (2025: $4,614) and IQTalent's SG&A decreased 46.5% to $447 (2025: $835).

Caldwell:
Exchange rate changes had a favourable impact of $123. On a constant currency basis, second quarter SG&A increased 7.1% over the same period last year to $4,940 (2025: $4,614). The $326 constant currency increase primarily resulted from the following:

Unfavourable variances:

- Higher expenses related to marketing and business development activities, supporting higher revenue ($354)
- Increased share-based compensation expense ($204), the result of:
    - Relative changes to our share price during each period resulting in an unfavourable variance ($204).
        - PSU and DSU expenses can be significantly impacted by changes in the weighted average share price at the end of each period.
        - In the second quarter of the current year, a 13% increase in the weighted average share price from $0.85 at November 30, 2025 to $0.96 at February 28, 2026 increased costs by $172.
        - In the previous year, a 6% decrease in the weighted average share price from $1.11 at November 30, 2024 to $1.04 at February 28, 2025 decreased costs by $32.
        - The combination of these movements resulted in an unfavourable variance of $204.
    - Expenses related to the number of outstanding PSU and DSU grants to which the share price applies and the performance factor remain consistent with the previous quarter.
- Miscellaneous net unfavourable expenses across various categories ($27)

Favourable variances:

- Lower compensation expenses for the executive management team ($259)

IQTalent:
Exchange rate changes had a favourable impact of $19. On a constant currency basis, second quarter SG&A decreased 44.2% over the same period last year to $466 (2025: $835). The second quarter constant currency decrease of $369 was primarily the result of:

- Lower corporate compensation expenses resulting from management and service delivery staff reductions ($239)
- Lower general corporate support costs driven by a lower headcount ($84)
- Lower office and communications expenses driven by a lower headcount ($25)
- Miscellaneous net favourable variances across smaller cost areas ($21)

Year-to-date SG&A

Consolidated:

For the six months ended February 28, 2026, SG&A increased 7.0% over the same period last year to $10,319 (2025: $9,642). On a segment basis, Caldwell's SG&A increased 16.3% to $9,378 (2025: $8,063) and IQTalent's SG&A decreased 40.4% to $941 (2025: $1,579).

Caldwell:

Exchange rate changes had a favourable impact of $52. On a constant currency basis SG&A for the six months ended February 28, 2026 increased 17.0% over the same period last year to $9,430 (2025: $8,063). The $1,367 constant currency increase resulted from the following:

Unfavourable variances:

- Higher expenses related to marketing and business development activities, supporting higher revenue ($701)
- Higher share-based compensation expense ($328), the result of:
    - Relative changes to our share price during each period resulting in an unfavourable variance ($349).
        - PSU and DSU expenses can be significantly impacted by changes in the weighted average share price at the end of each period.
        - In the first quarter of the current year, a 37% increase in the weighted average share price from $0.70 at August 31, 2025 to $0.96 at February 28, 2026 increased costs by $380.
        - In the previous year, a 1% increase in the weighted average share price from $1.03 at August 31, 2024 to $1.04 at February 28, 2025 increased costs by $31.
        - The combination of these movements resulted in an unfavourable variance of $349 year-over-year.
    - A decrease in the weighted average number of PSU grants outstanding, partially offset by an increase in the performance factor resulted in a favourable variance ($21)
- Higher office, legal, recruiting, marketing and other expenses related to the establishment of our new Dubai office ($315)
- Higher recruiting expenses related to the hiring of new partners ($149)
- Higher professional fees related to audit and consulting ($113)
- Higher office and staff meeting expenses ($103)
- Miscellaneous net unfavourable expenses across various categories ($212)

Favourable variances:

- Lower compensation expenses for the executive management team ($554)

IQTalent:

Exchange rate changes had a favourable impact of $12. On a constant currency basis, SG&A for the six months ended February 28, 2026 decreased 39.6% over the same period last year to $953 (2025: $1,579). The $626 constant currency decrease in SG&A for the six months ended February 28, 2026 was the result of:

- Lower corporate compensation expenses resulting from management and service delivery staff reductions ($420)
- Lower general corporate support costs driven by a lower headcount ($163)
- Lower office and communications expenses driven by a lower headcount ($47)
- Miscellaneous net unfavourable variances across smaller cost areas ($4)

OPERATING PROFIT

Second Quarter Operating Profit

Consolidated operating profit for the second quarter of 2026 was $771 (2025: operating loss of $649). The $1,420 favourable change relates to an increase in gross profit of $1,235 and a decrease in SG&A of $185, all of which are discussed in further detail above.

On a segment basis, Caldwell generated an operating profit for the second quarter of $574 (2025: operating loss of $360) and IQTalent generated an operating profit of $197 (2025: operating loss of $289).

Year-to-date Operating Profit

Consolidated operating profit for the six months ended February 28, 2026 was $1,627 (2025: operating loss of $630). The $2,257 favourable change relates to an increase in gross profit of $2,934, partially offset by an increase in SG&A of $677, all of which are discussed in further detail above.

On a segment basis, Caldwell generated an operating profit for the six months ended February 28, 2026 of $1,169, (2025: operating loss of $186) and IQTalent generated an operating profit of $458 (2025: operating loss of $444).

INVESTMENT INCOME

We currently invest cash balances in highly liquid cash equivalent investments including term deposits, certificates of deposit and cash savings accounts. These investments generate interest income.

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

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

On March 1, 2023, we announced the spin-off of IQTalent's software business, into a newly formed entity, IQRecruit, Inc., in exchange for approximately 41.9% of the new entity. IQRecruit subsequently changed its name to HootRecruit Inc. ("HootRecruit"). As at February 28, 2026, our ownership interest has been diluted to 21.6% as a result of ongoing issuances in which we did not participate, while our voting rights are limited to 20% in accordance with the shareholder agreement. We continue to have significant influence over this investment, and account for it using the equity method. As required by the equity method of accounting, the carrying amount of the equity investment has been adjusted to reflect the Company's share of HootRecruit's loss, as well as any dilution gains or losses, which are presented as part of investment income. Please see note 4 to the consolidated interim financial statements for details. IQTalent was a user and client of the HootRecruit platform through a licensing arrangement that management believes approximated an arm's length transaction. This arrangement was terminated in March 2025.

For the second quarter of 2026, we reported net investment income of $72 (2025: net investment income of $64) consisting of interest on term deposits of $97 (2025: $96), partially offset by our proportionate share of HootRecruit's losses of $25 (2025: loss of $32). For the second quarter of 2026, net unrealized gain on marketable securities of $nil (2025: $nil) was recognized as part of other comprehensive income.

For the six months ended February 28, 2026, we reported net investment income of $205 (2025: net investment income of $185) consisting of interest on term deposits of $264 (2025: $245), partially offset by our proportionate share of HootRecruit's losses of $59 (2025: $60). For the six months ended February 28, 2026, we recognized net unrealized gain on marketable securities of $nil (2025: net unrealized gain of $1) 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 is primarily the result of earnings before tax generated in the US and Canada, where we are in tax-paying situations, but losses in the UK and UAE, where we do not recognize deferred tax assets. We do not recognize deferred tax assets on UK operating losses due to the uncertainty of utilizing losses against future taxable income. There are no deferred tax assets on UAE operating losses as under the applicable tax regime we are exempt from corporate taxes. Our income tax expense effectively represents the tax on our US and Canadian operations, without the tax benefits of any current period UK or UAE losses.

In periods when the UK is profitable, we will not need to recognize tax expense until our historical tax loss carryforwards have been fully utilized, or until we recognize UK deferred tax assets on the loss carryforwards once we can demonstrate sustainable taxable income in the UK. Therefore, in periods where the UK generates profit, we will have an effective tax rate that is lower than the statutory tax rate. Conversely, in periods where the UK generates a loss, we will have an effective tax rate that is higher than the statutory tax rate.

Similarly, in periods where the UAE generates profit, we have an effective tax rate that is lower than the statutory tax rate, whereas in periods where UAE generates a loss, we will have an effective tax rate that is higher than the statutory tax rate. Corporate tax rates in the UAE range from 0% to 9%. Currently, we qualify for the 0% tax rate.

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

Income tax expense of $274 was recorded in the second quarter of 2026 (2025: recovery of $84). The effective income tax rate for the second quarter of 2026 was 92.6% (2025: 28.5%). The key driver of the higher effective tax rate is operating losses in the UK and UAE, the impacts of which are discussed above.

On a segment basis, Caldwell had income tax expense of $326 (2025: expense of $110) and IQTalent had income tax recovery of $52 (2025: recovery of $194) for the second quarter in 2026.

Income tax expense of $803 was recorded for the six months ended February 28, 2026 (2025: recovery of $44). The effective income tax rate for the six months ended February 28, 2026 was 57.0% (2025: 21.0%). The key driver of the higher effective tax rate is operating losses in the UK and UAE, the impacts of which are discussed above.

On a segment basis, Caldwell had income tax expense of $893 (2025: expense of $304) and IQTalent had income tax recovery of $90 (2025: recovery of $348) for the six months ended February 28, 2026.

NET EARNINGS (LOSS) AND BASIC EARNINGS (LOSS) PER SHARE

Net earnings for the second quarter of 2026 was $22 ($0.001 basic earnings per share) compared to a net loss of $211 ($0.007 loss per share) in the same period last year. Net earnings for the six months ended February 28, 2026 was $605 ($0.021 earnings per share) compared to last year’s net earnings of $254 ($0.009 earnings per share).

DIVIDENDS

Effective November 19, 2024, with a view toward maximizing investor returns, the Board of Directors reinstated a quarterly dividend payment. Since then, the Company has declared six quarterly dividends through February 28, 2026, with total dividends declared of $0.03 per Common Share (three cents per Common Share), or $884 in total.

On April 9, 2026, the Board of Directors declared a dividend of $0.01 per Common Share (one cent per Common Share), payable to holders of Common Shares of record on April 20, 2026, to be paid on June 15, 2026.

LIQUIDITY AND CAPITAL RESOURCES

We maintain cash balances at 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 February 28, 2026 we had cash and cash equivalents of $10,795 (August 31, 2025: $16,436). The $5,641 decrease in cash and cash equivalents was driven by $6,149 in net cash used in operating activities, $1,826 of cash from investing activities, including the maturing of term deposits and $1,222 used in financing activities, which includes payment of lease liabilities.

Our cash and compensation payable balances fluctuate significantly from period to period based on commission payment timing per our executive search business's compensation plans. Compensation payable is generally at its lowest after the largest deferred compensation payments are made at the end of each February and generally grows during subsequent periods. The compensation payable is funded by our cash and accounts receivable balances, which build during the same cycle as the compensation liability and are similarly reduced as cash is used to satisfy the compensation liability. As a result, the cash balances and compensation payable typically move together. Given 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, as well as to support operations during any periods of negative operating cash flows.

Unencumbered Cash is defined in the Non-GAAP Financial Measures and Other Operating Measures section. The following chart sets forth the calculation of Unencumbered Cash and provides a reconciliation to cash and cash-equivalents:

	as at		
	February 28 2026	***August 31 2025***	***increase/ (decrease)***
Current assets			
Cash and cash equivalents	10,795	16,436	(5,641)
Term deposits	-	4,123	(4,123)
Accounts receivable	17,015	18,637	(1,622)
Income taxes receivable	398	159	239
Unbilled revenue	10,798	9,248	1,550
Finance lease receivable	439	323	116
Prepaid expenses and other assets	3,247	3,568	(321)
Total current assets	42,692	52,494	(9,802)
Current liabilities			
Accounts payable	3,155	3,263	(108)
Dividends payable	294	74	220
Deferred revenue	1,646	3,846	(2,200)
Compensation payable	23,954	30,771	(6,817)
Lease liabilities	1,793	1,731	62
Total current liabilities	30,842	39,685	(8,843)
Total unencumbered cash	$11,850	$12,809	($959)

Unencumbered cash of $11,850 at February 28, 2026 does not reflect $4,431 (August 31, 2025: $4,431) 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.

Accounts receivable were $17,015 at February 28, 2026, down $1,622 from $18,637 at the end of fiscal 2025. Days sales outstanding was 56 days at February 28, 2026, up from 49 days at August 31, 2025. Days sales outstanding is calculated by dividing accounts receivable, adjusted for any uncollected deferred revenue, at the end of the period, by the quarter-to-date average daily revenue. Days sales outstanding tends to be lowest at the end of the fourth quarter and highest at the end of the second quarter, based on our collections cycle. Our allowance for professional fee adjustments was $584 at February 28, 2026 compared to $651 at August 31, 2025.

Our investment in property and equipment at February 28, 2026 was $1,591, up from $1,131 at the end of fiscal 2025. This reflects additions of $678, depreciation expense of $211 and unfavourable exchange rate fluctuations of $7. In fiscal 2025, we finalized the sublease of our Toronto office, and leased a smaller office which supports our hybrid work arrangement. Additions to property and equipment in the first quarter of fiscal 2026 primarily related to furniture and leasehold improvements for our new office in Toronto.

At February 28, 2026, our right-of-use assets were $4,046, down from $4,623 at the end of fiscal 2025, reflecting depreciation expense of $560 and unfavourable exchange rate fluctuations of $17. See note 8 of the consolidated interim financial statements for details.

At February 28, 2026, our lease liability was $6,499, down from $7,169 at the end of fiscal 2025, reflecting payments of $866, offset by interest accretion of $216 and favourable exchange rate fluctuations of $20. See note 8 of the consolidated interim financial statements for details.

Total liabilities were $36,431 at February 28, 2026, a decrease of $9,363 from $45,794 at the end of fiscal 2025, driven by the decrease in compensation payable.

Shareholders' equity at February 28, 2026 was $34,749, a decrease of $223 from $34,972 at the end of fiscal 2025. The decrease reflects dividend payments of $589, a decrease in contributed surplus of $140 related to our share buy-back program and exercised stock options, treasury shares of $23, and change in cumulative translation adjustments of $157, partially offset by the net earnings of $605, an increase to contributed surplus from share-based payments of $9 and net new share issuances of $70.

OUTSTANDING SHARES

As of February 28, 2026, the Company's authorized share capital consists of an unlimited number of Common Shares, of which 29,521,336 are issued and outstanding (August 31, 2025: 29,470,832), including 22,500 treasury shares purchased for cancellation (August 31, 2025: 3,300). The holders of Common Shares are entitled to share equally, share for share, in all dividends declared by the Company and equally in the event of a liquidation, dissolution or winding-up of the Company or other distribution of the assets among shareholders.

On January 27, 2025, the Company announced that the Toronto Stock Exchange ("TSX") had accepted the notice (the "Notice") of our intention to commence a normal course issuer bid (the "Bid") to purchase for cancellation up to 2,370,191 common shares in the capital of the Company in total, being 10% of the public float of 23,701,905 common shares as at January 15, 2025. The Bid commenced on January 29, 2025 and was transacted through the facilities of the TSX at prevailing market prices or as otherwise permitted. In accordance with the rules of the TSX, unless an applicable exemption was relied on, the total number of common shares the Company was permitted to purchase was subject to a daily purchase limit of 2,300 common shares, representing 25% of the average daily trading volume of common shares on the TSX calculated for the six-month period ended December 31, 2024, being approximately 9,201 common shares. The Bid was terminated on January 28, 2026. Under the Bid, a total of 150,000 common shares were purchased for cancellation.

It is anticipated that we will launch a new normal course issuer bid prior to the end of the financial year.

RISKS AND UNCERTAINTIES

Any investment in the Company's securities is speculative and involves risk. Before investing in the Company's securities, prospective investors should carefully consider, in light of their own financial circumstances and objectives, the risk factors of the Company, as well as the other information contained and incorporated by reference into this MD&A. For a detailed discussion of the risks and trends that could affect the financial performance of the Company and the steps that the Company takes to mitigate these risks, see the Company's MD&A for the fiscal year ended August 31, 2025, which is available on SEDAR+ at www.sedarplus.ca. Other risks not currently known or deemed to be material may also impact our business. Our business and financial results could be materially adversely affected by any of these risks. The Board of Directors includes in its mandate and the charters of its committees the responsibility to oversee the mitigating factors associated with each identified risk factor.

DISCLOSURE CONTROLS AND PROCEDURES

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

The President and Chief Executive Officer and the Vice-President and Chief Financial Officer, after evaluating the effectiveness of our disclosure procedures as at February 28, 2026, 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.

Management evaluated the effectiveness of our internal controls' design and operation over financial reporting as at February 28, 2026. Based on that evaluation, the President and Chief Executive Officer, and the Vice-President and Chief Financial Officer concluded that internal controls over financial reporting are effective as at February 28, 2026.

Management has also evaluated whether there were changes in our internal controls over financial reporting during the reporting period ended February 28, 2026 that materially affected, or are reasonably likely to affect, our internal controls over financial reporting. Management has determined that no changes occurred during the quarter ended February 28, 2026 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.sedarplus.ca.