



CIBT EDUCATION GROUP INC.

MANAGEMENT'S DISCUSSION & ANALYSIS
(EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS UNLESS OTHERWISE STATED)

FOR THE YEAR ENDED AUGUST 31, 2021

CIBT EDUCATION GROUP INC.
(the “Company” or “CIBT”)
MANAGEMENT’S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2021

The following Management’s Discussion & Analysis (“**MD&A**”) is prepared in accordance with Form 51-102F1 and should be read in conjunction with the consolidated financial statements and related notes for the year ended August 31, 2021 (the “**Annual Financial Statements**”) which have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) as issued by the International Accounting Standards Board (“**IASB**”). The comparatives in this MD&A have been presented in accordance with IFRS. Additional information about the Company and its subsidiaries, including its annual information form, is available under the Company’s profile on SEDAR (www.sedar.com).

FORWARD-LOOKING INFORMATION

This MD&A contains certain forward-looking statements, which relate to future events or the Company’s future performance that include terms such as “will”, “intend”, “anticipate”, “could”, “should”, “may”, “might”, “expect”, “estimate”, “forecast”, “plan”, “potential”, “project”, “assume”, “contemplate”, “believe”, “shall” and similar terms. These statements involve known and unknown risks, uncertainties and other factors that are beyond the Company’s control, which may cause actual results or events to differ materially from those anticipated in such forward-looking statements. In March 2020, the World Health Organization declared a global pandemic caused by the outbreak of the novel coronavirus, specifically identified as “**COVID-19**”. The impact of the COVID-19 pandemic continues to evolve and the ultimate duration and magnitude of the impact on the economy and the Company’s operations are not known at the date of this report.

The forward-looking statements (and their underlying material factors or assumptions) in this MD&A include, without limitation, the following:

1. The Company expects that international student enrolment, which was significantly impacted by border closures, will start to increase during Fiscal 2022: the underlying material factors or assumptions are that international students currently enrolled will likely continue their education with the Company and that new enrollments of international students will increase to at least pre-COVID-19 levels.
2. The Company expects occupancy rates for GEC[®] Granville will continue to rebound towards pre-COVID-19 levels throughout Fiscal 2022 as the pent-up demand for business, leisure and study travels will drive an increase in occupancy: the underlying material factor is the time period needed for people to resume travel back to pre COVID-19 levels.
3. Development fees are expected to be a recurring source of revenues: the underlying material assumption is that the Company’s real estate business will continue to expand.
4. Income producing properties values are expected to increase: the underlying material assumption is that real estate will continue to be seen as a strong investment class by investors and that reduced supply in the market will result in increases to property pricing.
5. The Company’s plans for the proposed GEC[®] real estate projects: the underlying material factors or assumptions are that sufficient equity financing is raised from the investment community and that the applicable limited partnerships are able to secure new loans and to refinance existing loans upon their maturities to enable the purchase and development of the projects; that the relevant municipalities are receptive to the proposed building plans; that these projects can be built or acquired for a price determined reasonable by the Company and its investment partners; there are no significant government policy changes, and that there are no adverse impact of COVID-19 leading to further delay for the properties under development and these projects can be completed in a reasonable amount of time as determined by the Company and the developers.

The Company believes the expectations reflected in these forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in, or incorporated by reference into, this MD&A should not be unduly relied upon. These forward-looking statements apply as of the date of this MD&A, and the Company assumes no obligation to update or revise them to reflect new events or circumstances except as required by applicable securities law.

Reference should also be made to the risks described herein under the heading “Risks Related to the Company’s Business” for a discussion of these and other sources of factors underlying forward-looking statements and those additional risks set forth under the heading “Risk Factors” and elsewhere in the Company’s annual information form for the financial year ended August 31, 2021 which is available under the Company’s profile on SEDAR (www.sedar.com).

All figures are in thousands of Canadian dollars except share and per share data unless otherwise noted.

This MD&A has been prepared as of November 29, 2021. In this MD&A, the following terms have the meanings shown:

“**Annual Financial Statements**” means the Company’s consolidated financial statements for Fiscal 2021.

“**Annual MD&A**” means the Company’s MD&A for the year ended August 31, 2021.

“**Fiscal 2022**” means the fiscal year ending August 31, 2022.

“**Fiscal 2021**” means the fiscal year ended August 31, 2021.

“**Fiscal 2020**” means the fiscal year ended August 31, 2020.

“**Fiscal 2019**” means the fiscal year ended August 31, 2019.

“**Q1 2021**” means the three months ended November 30, 2020.

“**Q2 2021**” means the three months ended February 28, 2021.

“**Q3 2021**” means the three months ended May 31, 2021.

“**Q4 2021**” means the three months ended August 31, 2021.

“**Q1 2020**” means the three months ended November 30, 2019.

“**Q2 2020**” means the three months ended February 29, 2020.

“**Q3 2020**” means the three months ended May 31, 2020.

“**Q4 2020**” means the three months ended August 31, 2020.

NON-IFRS FINANCIAL MEASUREMENTS

The Company has included certain non-IFRS performance measures throughout this document including: (a) Earnings before Interest, Taxes, Depreciation and Amortization (“**EBITDA**”); (b) Adjusted EBITDA which is EBITDA adjusted for the gain (loss) on change in fair value of the Company’s investment properties and the gain (loss) on change in fair value of derivative instruments; (c) Book Value per share; and (d) gross margin (“**Gross Margin**”) which is the difference between revenue and direct cost of sales, divided by revenue, expressed as a percentage. These non-IFRS financial measurements do not have any standardized meaning as prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. Accordingly, these performance measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. Management uses EBITDA metrics to measure the profit trends of the business units and segments in the consolidated group since it eliminates the effects of financing decisions. Certain investors, analysts and others utilize these non-IFRS financial metrics in assessing the Company’s financial performance. These non-IFRS financial measurements have not been presented as an alternative to net income (loss) or any other financial measure of performance prescribed by IFRS. Reconciliation of the non-IFRS measures have been provided throughout this MD&A.

Date of Report – November 29, 2021

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CIBT EDUCATION GROUP INC.
MANAGEMENT'S DISCUSSION & ANALYSIS
FOR YEAR ENDED AUGUST 31, 2021

BUSINESS OVERVIEW

CIBT is an education and student-centric rental apartment and real estate company focused on the Canadian and global education market since 1994. The Company's common shares are listed on the Toronto Stock Exchange (the "TSX") under the trading symbol "MBA" and quoted on United States OTCQX-International under the trading symbol "MBAIF".

The Company owns and operates a network of business, technical and language colleges in North America and Asia. Its real estate business provides rental housing in the Metro Vancouver area, British Columbia. The Company controls and is an investor in limited partnerships that own a network of serviced apartments and one hotel. Certain subsidiaries of the Company act as general partner and manager of these limited partnerships. The Company's operating entities are as follows:

| Legal / Operating Entity | Business Description |
|---|--|
| Global Education City Holdings Inc. ("GECH") | Investment holding, development and management company with a focus on student centric real estate projects such as serviced apartments and hotels for domestic and international students as well as technology professionals in the Metro Vancouver area of British Columbia |
| Sprott Shaw College Corp. ("SSCC") | Private career and technical training college offering diplomas and certificates in health care, tourism, hospitality, business, administrative, technical trades, and international studies in Canada |
| Sprott Shaw Language College ("SSLC") and Vancouver International College ("VIC") | English as a Second Language College, offering accredited programs such as General English (ESL), College Preparation/Pathway, Business English, Medical English, English Language Test Preparation, Vacation English and Online English Career-training College, offering accredited programs in the following fields: Business Management, Customer Service, TESOL Teacher Training; Interpreting and Translation for Koreans and Online English Teacher Training |
| Global Education Alliance Inc. ("GEA") | Recruitment of international students and on-ground concierge services for elite kindergarten, primary, secondary school and university students coming to study in North America |
| CIBT School of Business & Technology Corp. ("CIBT China") | College program provider offering automotive technical training, English teacher preparation, English as Second Language, and accounting programs in China |
| IRIX Design Group Inc. ("IRIX") | Design and advertising company which mainly services the real estate industry |

The Company's primary business units consist of three categories with Corporate (head office) as the supporting hub: *Education related real estate*: GECH; *Education*: SSCC, SSLC/VIC, GEA, and CIBT China; and *Media*: IRIX.

FOURTH QUARTER AND FULL YEAR HIGHLIGHTS

The COVID-19 pandemic continued to evolve and impact the Company throughout Fiscal 2021 due to the restrictions on travel and social distancing requirements resulting in lower density on the Company's campuses, both of which also impacted occupancy at real estate rental units. The length of the COVID-19 outbreak across the globe is unknown and may continue to cause general economic uncertainty in key global markets and a worsening of global economic conditions which may cause continued low levels of economic growth. At November 20, 2021, over 78% of Canadians have received their first vaccination dose, and more than 75% of Canadians have been fully vaccinated.¹ However, Canada is currently in the fourth wave of the

¹ <https://health-infobase.canada.ca/covid-19/vaccination-coverage/>

pandemic with cases particularly affecting unvaccinated individuals resulting from the Delta variant. The British Columbia and Ontario governments have vaccine card programs in place to encourage vaccination and reduce the spread of COVID-19 by unvaccinated individuals allowing more businesses to open at higher occupancy levels. The pace of recovery once the COVID-19 outbreak is under control cannot be accurately predicted and may be slow. Canada reopened its border to non-essential travel for fully vaccinated visitors from the United States (“U.S.”) in early August 2021 and from other countries in early September 2021. Since July 2021, international students who meet entry requirements such as holding study permits and being fully vaccinated, may be exempt from some of the quarantine and testing requirements making it easier for them to come and study in Canada.

To date, the most material economic impacts of COVID-19 on the Company include the following:

- Increased demand for domestic programs provided by SSCC have resulted in increased enrolment during Fiscal 2021 and increased revenues which are expected to continue in future periods.
- Lower revenues associated with decreased enrolment of international students and related services. Despite the broader travel restrictions, international students are now able to travel to Canada to attend CIBT schools as they have been verified as eligible schools. International students’ preference to attend school in Canada may be influenced by the impact of COVID-19 in their country compared to Canada’s lower infection rates and travel restrictions.
- Lower rental revenues resulting from compliance with health and safety regulatory bodies’ social distancing guidelines at certain properties. Rental revenues at the Company’s hotel property have been impacted by border closures and travel restrictions but with a steady recovery in the summer of 2021 into Q1 of Fiscal 2022 compared to 2020. While occupancy rates at most residential properties have recovered substantially from the initial decrease at the beginning of the pandemic, management does not expect that revenues will return to pre-pandemic levels until at least the end of calendar 2021. Rental rates at all rental properties returned to pre-COVID levels starting during the summer of calendar 2021.
- Support from the Government of Canada in the form of wage and rent subsidies has assisted in providing cash flows for subsidiaries most significantly impacted.

References to COVID-19 are made throughout this MD&A to describe significant changes in financial results.

Real estate portfolio and transactions

In May 2021, the Company formally started a marketing campaign for the sale of four GEC[®] properties through an exclusive listing with CBRE Limited, a leading Canadian and global real estate brokerage. The agreement expired at the end of August 2021; however, as a result of this marketing campaign the Company continues to receive offers. Management started this campaign as they believe that there was an opportunity for higher selling prices for the Company’s properties given the strong demand and the low supply for income producing properties. These properties included GEC[®] Marine Gateway, GEC[®] Burnaby Heights, GEC[®] Pearson and GEC[®] Granville. The Company received several purchase offers; however, at August 31, 2021, there were no binding deals in place. The Company did not accept any of these offers as they did not believe they reflected the pre-COVID value of the properties. The Company continues to receive to consider new offers on these buildings and expects as rental income continues to recover that property valuations will increase. The decision to sell a property will be based on the price offered by potential buyers for each property and other terms and conditions relating to the future management of a property after any potential sale.

Except for GEC[®] Viva, the Company’s subsidiaries hold equity in and control the limited partnerships that beneficially own the property comprising the Company’s education related real estate projects.

GEC[®] Marine Gateway (“Project 11”)

On October 27, 2020, a subsidiary of the Company purchased two fully occupied rental apartment buildings located in Metro Vancouver for a total purchase price of \$48,500. These two buildings have the capacity to accommodate approximately 250 occupants, expected to be a mix of students and local residents, and the addition of this property to the GEC[®] property portfolio continues to allow the Company to support the demand for rental properties in Vancouver.

GEC[®] King Edward (“Project 2”)

Construction commenced in January 2021, and, at the date of this report, construction was well underway with expected occupancy in September 2022 in time for the fall 2022 school semester. This will add approximately 180 beds to the Company’s portfolio.

GEC[®] Richmond (“Project 9”)

In March 2018, a subsidiary of the Company, Global Education City (Richmond) Limited Partnership 9 (“LP 9”), entered into a purchase contract to and paid a deposit purchase two of the seven buildings to be constructed at the Atmosphere Project. The developer has been unable to meet its construction schedule. In March 2019, the purchase and development agreement (“LP9 PDA”) was amended to reflect that \$20,000 of the deposits already paid would be returned to LP 9 in accordance with the terms of the agreement versus being applied to the purchase price. The \$20,000 deposit became subject to interest of 15% per annum when certain milestones were not met by the developer. During the year ended August 31, 2020, there was an amendment to the terms of the LP9 PDA to further define certain terms including escalating interest and it was determined that repayment at a date in advance of closing of the purchase will be based on the developer receiving third party financing. The Company expects to fully realize the full amount based on the value of collateral securing the deposit.

GEC[®] Kingsway

In Fiscal 2019, a wholly owned subsidiary of the Company signed a master lease with a Vancouver based real estate developer for a residential rental property. The lease was for a term of 21 years and the Company also agreed to assist in the design and furnishing of the property and provide, post construction, recruitment, marketing and other services that are consistent with other GEC[®] properties. Due to the developer’s construction delays, the Company has terminated the lease agreement as permitted thereunder. This termination will not result in any penalties to the Company.

Investment Property Fair Value

Investment properties are measured initially at cost, including transaction costs. After initial recognition, the Company has chosen to apply the fair value model and as such is required to measure all its investment properties at fair value, with any gain or loss arising from a change in the fair value of investment properties required to be recognised in net income (loss) in the period of change. For clarity, this means that changes in the fair value of an investment property are recognized in the financial statements of the Company at the end of each reporting period. In addition to obtaining independent appraisals on an annual basis, management also determines the fair value of investment properties on a quarterly basis and as such, when the property is sold gains or losses on disposition are generally not significant.

The fair value of investment properties at August 31, 2021 was \$322,606 (August 31, 2020 - \$246,327). During the year ended August 31, 2021, the Company capitalized developments costs of \$8,740 and interest costs of \$10,221 associated with properties under development (year ended August 31, 2020 - \$2,728 and \$9,329).

During the year ended August 31, 2021, the Company recognized net fair value gains on investment properties of \$8,802 (year ended August 31, 2020 – fair value losses of \$5,730). For the year ended August 31, 2021, this amount includes the loss of \$1,448 associated with the right-of-use investment property (year ended August 31, 2020 – loss of \$1,604).

Note 5(b) of the Annual Financial Statements includes a sensitivity analysis of the impact of changes of key inputs and assumptions on the fair value of investment properties. While management reviews the fair value of investment properties at the end of each reporting period, external appraisals were completed as required annually at August 31, 2021.

Borrowings

During Fiscal 2021, limited partnerships controlled by the Company borrowed \$84,249 under financing arrangements and repaid existing loans under secured mortgages of \$38,048. The Company issued convertible promissory notes totaling \$7,727 and \$16,327 of convertible promissory notes with a principal value of \$17,099 were converted to units in limited partnerships during Fiscal 2021. This transaction resulted in the non-controlling ownership interest of GEC[®] Oakridge Limited Partnership 11 increasing from zero to 80% on the date of this transaction. The Company also entered into loans of \$3,700 related to the real estate business, a \$2,000 bond, and repaid \$2,555 of convertible debt which matured in May 2021.

INDUSTRY GROWTH PROSPECT

Canada was ranked for two consecutive years as the #1 best country in the world for study abroad by [educations.com's Country Rankings 2021](https://www.educations.com/top-10-lists/top-10-places-to-study-abroad-global-18096)¹ and was ranked as the #4 best country for education out of 73 in the world by U.S. News.² In recent years, Canada has experienced a huge increase in its international student count. The latest federal government data shows that Canada had 530,540 international students at the end of 2020, a decline from 2019 due to COVID-19 but still surpassing the Government of Canada target of 450,000 by 2022.³ A June 2021 RBC Economics report indicated that international students started to return to Canada in the first quarter of calendar 2021. New study permits issued increased 21,000 (44%) year-over-year, and new post-graduate work visas increased by 24,000 (160%).⁴ This growing student population contributes more than \$21.6 billion annually to the Canadian economy and supports over 170,000 Canadian jobs. Canada's international student population has almost tripled over the past decade. According to the Canadian federal government publication [International Education Strategy 2019-2024](https://www.international.gc.ca/education/assets/pdfs/ies-sei/Building-on-Success-International-Education-Strategy-2019-2014.pdf)⁵, the government has budgeted \$149.7 million to be allocated over five years to growing and sustaining Canada's international education followed by \$8 million per year of ongoing funding to ensure that Canada will remain among the world's top destinations for learning.

Canada offers one of the world's most attractive packages to international students as they are eligible to work part time to support their expenses and gain work experience. Upon completion of their programs, students may choose to apply for post-graduate work permits and are offered various immigration pathways to stay in Canada.⁶ The high growth in demand from students in the emerging markets to study in countries like Canada, coupled with the Canadian government's support to attract more international students, presents the Company perfect opportunities to use its infrastructure to further expand its market share. Canada's effective management of the COVID-19 pandemic is seen as having added confidence to international students coming to study in Canada.

The Conference Board of Canada reports the surging international population is due to the demand for international education and increased wealth in emerging markets in Asia, Africa, and the Middle East.⁷ While China is the single largest student exporting country in the world, India, South Korea, Japan, Spain, Saudi Arabia, Mexico and many other countries from Asia, Latin America and Middle East regions have also been the feeder source of international students to Canada over the years. Notwithstanding the good fundamentals for Canada to be one of the best countries for education, the COVID-19 pandemic has impacted the postsecondary education industry and triggered a mass experiment in online education⁸ with many students having returned to their home country due to the physical closure of schools. According to student surveys, online education cannot replace the in-country cultural experience and personal interactions with students from other countries. As the pandemic subsides, the international education sector will resume its normal operations.

COVID-19 has impacted the Company's international portion of the education business in 2021 while the domestic enrolment experienced steady growth. In British Columbia, where the majority of the Company's education and real estate assets are located, there are approximately 130,000 foreign students who are contributing over \$3.5 billion annually to the economy (2017).⁹ The Company has access to international students studying in Metro Vancouver through GEA's 100+ collaborative arrangements with various public and private schools as well as access to students through its schools in Canada and Asia. The Company plans for sufficient student-centric facilities to be built over a 10-year period to accommodate up to 10,000 students, which accounts for approximately 5% of the anticipated total international student population of approximately 200,000 students in Metro Vancouver by 2029. In addition, domestic students can also benefit greatly from the student-centric facilities as many schools in Metro Vancouver do not provide housing options for their students, and those that do provide housing services have a limited number of beds available. Due to COVID-19, the vacancy rate for rental apartments in Vancouver increased from 1.1% in 2019 to 2.6% in 2020 which is still a healthy level according to CMHC 2020 Rental Market Report.¹⁰ The rental market is expected to rebound now that Canada's borders have reopened. According to a news source as of early October 2021, the listing of homes for sale reached a 30-year low, while new housing starts plunged 25% in September from a month earlier.¹¹

¹ <https://www.educations.com/top-10-lists/top-10-places-to-study-abroad-global-18096>

² <https://www.usnews.com/news/best-countries/best-education>

³ <https://www.international.gc.ca/gac-amc/publications/evaluation/2019/evaluation-education.aspx?lang=eng>

⁴ http://www.rbc.com/economics/daily-economic-update/CA_Population_JUN2021.pdf

⁵ <https://www.international.gc.ca/education/assets/pdfs/ies-sei/Building-on-Success-International-Education-Strategy-2019-2014.pdf>

⁶ https://www.conferenceboard.ca/press/speech_oped/2018/04/05/huge-surge-in-international-students-coming-to-canada-to-study?AspxAutoDetectCookieSupport=1

⁷ <https://www.conferenceboard.ca/commentaries/immigration/default/hot-topics-in-immigration/2018/04/09/why-are-international-students-flocking-to-canada>

⁸ https://thoughtleadership.rbc.com/the-future-of-post-secondary-education-on-campus-online-and-on-demand/?utm_source=event&utm_medium=vanity&utm_campaign=ent_onlineeducation

⁹ https://archive.news.gov.bc.ca/releases/news_releases_2013-2017/2017AVED0018-000393.htm

¹⁰ <https://assets.cmhc-schl.gc.ca/sites/cmhc/data-research/publications-reports/rental-market-reports/2020/rental-market-report-69720-2020-en.pdf?rev=936ca622-a6c5-4cbc-b937-d29b1d63cc14>

¹¹ <https://biv.com/article/2021/10/housing-shortage-rattles-vancouver-market>

INDUSTRY GROWTH PROSPECT (continued)

When the supply is insufficient to fill demand, housing prices would be expected to increase making it less affordable. Many potential buyers will remain in the rental market and as the supply of available rental accommodations decreases, the price of rents would be expected to increase.

With the mandate of educating students via SSCC and recruiting international students to study at SSLC and VIC and other partner schools, the Company aims to provide students with an enhanced learning experience supported by housing options. SSLC and VIC align strategically with the Company's extensive experience in the global education markets as well as the industry growth trend. The Company's business-to-consumer, or B2C model ("**B2C model**"), provides accommodation services to domestic and international students studying at any school through its own reservation and marketing platforms, GEC®. The Company's business-to-business, or B2B model ("**B2B model**"), provides accommodation services to over 90 school partners in Metro Vancouver. These school partners, who do not own housing as it is capital intensive to build, commit to bulk leases at a fixed rate so that they can secure housing for their students while they complete their studies. These partners bundle their tuition with GECH's housing services to provide a holistic solution to their students.

The student housing market is an estimated \$1.12 billion market in British Columbia at an estimated average of \$10,000 per student.¹ The Company's potential target market is further expanded if domestic students are also accounted for in the number of students requiring housing in the Metro Vancouver area. The Company is striving to become more vertically integrated to capture the value of this market. The Company is actively working with developers to provide serviced apartments and hotels catering to both Canadian and international students and teaching faculty at various locations. As a secondary market, selected properties can also cater to visiting technology workers and working professionals. Vancouver's technology sector is growing at a record rate of 14.5%. With 75,000 employees, the sector is now bigger than oil and gas, forestry, and mining-related activity in the region.² Many working professionals arriving in Vancouver from across Canada, the United States and abroad require furnished mid to long-term rental accommodation until they find a more permanent residence.

OUTLOOK FOR FISCAL 2022

Education Business

The Company's education services are expanding and growing in parallel with the Company's student housing business. Fiscal 2022, which began on September 1, 2021, includes several new program offerings, expanded delivery formats and strong student registration for SSCC. SSCC continues to develop new programs, while delivering existing programs, all designed to meet the future needs of British Columbia and its communities and intended to position SSCC at the forefront of the education sector. SSCC has the goal of creating two to three new programs per year and has expanded its offerings to complement the existing 130 programs currently being offered.

SSCC now offers a combination of on-ground, blended and online program offerings. The multifaceted delivery options allow SSCC to attract and educate students in all areas while ensuring students can access platforms from the convenience of their homes without compromising the high-quality education in instructor-led environments. SSCC is working with other educational partners to add to its extensive list of pathway and program partners to further support lifelong learning options for students wanting to advance their education. While SSCC operations have remained strong during the pandemic, gross tuitions from international students at SSCC was negatively impacted; however, the Company expects international student registrations to return to pre-pandemic levels during Fiscal 2022.

SSLC and VIC specialize in English language training and business career programs designed for international students. During Fiscal 2021, SSLC expanded to online and on-ground learning with the new online division projecting steady growth resulting from marketing efforts. SSLC implemented a marketing strategy that focuses on the digital and social media sectors which has led to increased exposure for the ESL school and created more interest from students in Mexican and Latin American countries. With vaccinations progressing rapidly in those countries, CIBT expects more students to be traveling to Canada in calendar 2022 but SSLC will continue to offer online options for students who choose to remain in their home country. Overall, the Company expects a return to pre-pandemic enrollment and interest in Fiscal 2022.

¹ <https://www2.gov.bc.ca/assets/gov/education/post-secondary-education/data-research/stp/stp-international-research-results.pdf>

² <http://www.theglobeandmail.com/news/british-columbia/bc-tech-sector-growing-so-fast-its-hard-to-measure-size-of-industry/article32953219/>

Student Centric Rental Housing Business

GECH, which operates the rental housing business of the Company, expects to expand both its housing rental revenue and investment portfolio in Fiscal 2022. The students at its partner institutions and its own schools provide a customer source for the Company's student housing business. COVID-19 has negatively impacted the revenue of current operating properties, but it is believed that the return of international students to Vancouver will gradually bring the occupancy and revenue of GEC® rental units back to pre-pandemic levels. During the pandemic, the Company expanded its tenant base to include working professionals from the technology and healthcare sectors which filled the vacancy caused by the border closures.

The Company's current projects under development include GEC® King Edward II, Global Education City® (Richmond), GEC® Cyber City, GEC Education Mega Center®, and GEC® Oakridge. The timing of development of these projects is, in part, dependent on the approval of the respective city for authorization of rezoning, development, building and occupancy permits depending on the stage of development for the project. The low interest rate environment provides an opportunity for GECH to continue acquiring under-valued residential assets, and these projects will strategically expand the GEC® footprint, as well as contribute to the Company's development fee revenues throughout Fiscal 2022.

In addition, the Company plans to continue to utilize its existing education business and its global recruitment network as the base (B2C model), as well as forging new partnerships with other education institutions (B2B model) to provide tenants for GECH's student housing in Fiscal 2022. Tenants in the student housing that come from diversified educational institutions and countries mitigate specific institution and country risks. GECH's scalable real estate business is designed to benefit the Company in the following ways: development fee revenues, steady stream of rental revenue, ongoing management fees, and fair value gains on investment property.

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SELECTED ANNUAL INFORMATION AND REVIEW OF ANNUAL FINANCIAL RESULTS

The table below presents financial performance of each main business unit of the Company for Fiscal 2021, Fiscal 2020 and Fiscal 2019 and compares Fiscal 2021 to Fiscal 2020. Information by business segment for Fiscal 2021 and Fiscal 2020 is presented in Note 29 to the Annual Financial Statements. This information should be read in conjunction with the Annual Financial Statements.

| | Fiscal 2021 | Fiscal 2020 | Fiscal 2019 ⁽²⁾ | \$ Change 2021 | % Change 2021 |
|--|-------------|-------------|----------------------------|-------------------|---------------------|
| Total revenues | \$ 60,869 | \$ 62,548 | \$ 70,997 | \$ (1,679) | (3) |
| Gross margin ⁽¹⁾ | 58% | 59% | 57% | | |
| Educational revenues – SSCC | \$ 40,282 | \$ 37,036 | \$ 35,433 | \$ 3,246 | 9 |
| Gross margin – SSCC | 61% | 62% | 62% | | |
| Educational revenues – SSLC / VIC | \$ 3,280 | \$ 7,173 | \$ 13,865 | \$ (3,893) | (54) |
| Gross margin – SSLC / VIC | 16% | 33% | 41% | | |
| Educational revenues – CIBT China | \$ 2,671 | \$ 2,666 | \$ 2,763 | \$ 5 | - |
| Gross margin – CIBT China | 35% | 39% | 43% | | |
| Rental revenues – GECH | \$ 9,878 | \$ 10,016 | \$ 13,035 | \$ (138) | (1) |
| Gross margin – GECH | 52% | 53% | 46% | | |
| Development fees – GECH and Corporate | \$ 3,134 | \$ 4,540 | \$ 4,347 | \$ (1,406) | (31) |
| Design and advertising revenues – IRIX | \$ 996 | \$ 716 | \$ 862 | \$ 280 | 39 |
| Gross margin – IRIX | 48% | 78% | 78% | | |
| Commissions and referral fees – GEA | \$ 628 | \$ 401 | \$ 692 | \$ 227 | 57 |
| Gross margin – GEA | 46% | 54% | 34% | | |
| Gross margin ⁽¹⁾ | \$ 35,200 | \$ 36,909 | \$ 40,274 | \$ (1,709) | (5) |
| Other operating expenses | \$ (33,956) | \$ (32,769) | \$ (36,496) | \$ (1,187) | 4 |
| Finance costs | (12,513) | (8,168) | (6,594) | (4,345) | 53 |
| Change in fair value gain (loss) | 8,802 | (5,730) | 20,116 | 14,532 | 254 |
| Other income (expense), net | 8,175 | 5,317 | (1,213) | 2,858 | 54 |
| Income (loss) before income taxes | \$ 5,708 | \$ (4,441) | \$ 16,087 | \$ 10,149 | 229 |
| Income tax (expense) | (531) | (310) | (1,155) | (221) | (71) |
| Net income (loss) | \$ 5,177 | \$ (4,751) | \$ 14,932 | \$ 9,928 | 209 |
| Net income attributable to CIBT shareholders | \$ 4,703 | \$ 1,229 | \$ 2,614 | \$ 3,474 | 283 |
| Income (loss) per share – CIBT shareholders | | | | | |
| Basic | \$ 0.07 | \$ 0.02 | \$ 0.03 | \$ 0.05 | 250 |
| Diluted | \$ (0.01) | \$ (0.01) | \$ 0.03 | \$ 0.00 | 0 |
| EBITDA [Non-IFRS] ⁽¹⁾ | \$ 21,409 | \$ 9,119 | \$ 26,294 | \$ 12,290 | 135 |
| Total assets | \$ 519,039 | \$ 452,767 | \$ 389,670 | \$ 66,272 | 15 |
| Total non-current financial liabilities | \$ 99,639 | \$ 99,794 | \$ 102,062 | \$ (155) | - |

⁽¹⁾ Non-IFRS financial measure. See section “Non-GAAP Financial Performance Measures” for reconciliation.

⁽²⁾ Accounting policies under IFRS were consistently applied across all periods except for the adoption of IFRS 16, Leases (“IFRS 16”), which was adopted on September 1, 2019 using a modified retrospective approach. As a result of this method of adoption, comparative information presented for the year ended August 31, 2019 has not been restated and the cumulative effect of initially applying IFRS 16 has been recognized on September 1, 2019, at the date of initial application. The adoption of IFRS 16 resulted in higher EBITDA and Adjusted EBITDA for year ended August 31, 2020 due to changes in the recognition and classification of lease costs from operating costs (rent expense) to depreciation and amortization and finance costs but had a minimal impact on net income (loss). The adoption of IFRS 16 had no net cash impact.

COVID-19 started to impact the Company's results at the beginning of Q3 2020. The majority of the Company's business segments saw at least some recovery in Q4 2021 compared to Q3 2021 and Q2 2021; however, on a year-to-date basis certain results are still lower and reflective of the impacts of COVID-19 on the Company.

Fiscal 2021 compared to Fiscal 2020

Educational

Educational revenues predominately consist of tuition fees, sales of textbooks, supplies and related items, and other non-training services, which includes registration and administration fees. Deferred education revenues at August 31, 2021 were \$24,010 (August 31, 2020 - \$19,954) which primarily represents revenues which will be recognized as programs are provided by each education business over the next one to two fiscal years depending on the various types of programs. Deferred revenues have rebounded from August 31, 2020 evidencing that student enrolment continues to increase as COVID-19 related travel restrictions are relaxed and there is continued demand for education.

During Fiscal 2021, the Company's education subsidiaries recognized \$1,819 of other income claimed under the Canadian Emergency Wage Subsidy ("CEWS") program and \$760 under the Canadian Emergency Rent Subsidy ("CERS") program sponsored by the Government of Canada. To maintain comparability of margins over time, the Company reports these grants as other income and thus the calculation of margins does not include the impact of the CEWS.

- Revenues for SSCC increased in Fiscal 2021 as the Company continued to recruit students and enrolment was higher for domestic courses than in Fiscal 2020 mainly from increases in tuition associated with providing vocational courses and providing programs to government agencies. Enrolments for SSCC international students who were not already registered in a program have started to increase but enrolments and revenues are not yet at pre-COVID levels. If the impact of CEWS on direct costs was taken into account, margins were 69% for Fiscal 2021.
- Revenues for SSLC/VIC decreased in Fiscal 2021 mainly as the result of lower international enrolment. Recovery of international student enrolment in language and career programs has been slower than initially expected; however, the Company anticipates that enrolment will increase during Fiscal 2022. Margins decreased substantially in Fiscal 2021 to 16% from 33% in Fiscal 2020 mainly associated with costs such as teachers' salaries and home stay program fulfilment costs not decreasing proportionately with the reduced revenues. If the impact of CEWS on direct costs was taken into account, margins were 38% for Fiscal 2021.
- Revenues for CIBT China remained consistent in Fiscal 2021 compared to Fiscal 2020. Beihai College student enrolment continues to be strong as demand increased for western education for students in China who are currently unable to study abroad. Certain teacher training services continue to be suspended due to travel restrictions. Margins decreased in Fiscal 2021 and are impacted by the mix of services provided as margins differ by service. The Chinese government recently imposed new restrictions to training sectors providing after school training services to kindergarten, primary and high school age students, while encouraging Sino-foreign joint programs to promote the vocational and career training sectors, which is consistent with SSCC's core competency. The Company does not plan on expanding its China operations but intends to retain its China operations as outposts for student recruitment and transfer services to study at SSCC and SSLC campuses in Canada.

Real estate and student housing

- Rental revenues have continued to rebound with rental revenues in Q4 2021 higher compared to Q3 2021 across all operating properties. GEC[®] Marine Gateway, which was acquired in Q1 2021, continues to bring in greater revenues which is helping to offset lower rental revenues across the rest of the portfolio. Fiscal 2021 revenues were only nominally lower than Fiscal 2020 revenues; however, excluding the addition of GEC[®] Marine Gateway, revenues were 20% lower on a comparable basis.
- GECH increased occupancy by offering market rentals and quarantine packages along with promotional rates and inducements. Bulk leases have continued to increase with further leases from existing and new schools being confirmed as the expectation of students returning to campus in Fiscal 2022. As occupancy levels continue to rebound rent promotions and inducements provided in previous quarters have been reduced or eliminated.
- Occupancy at GEC[®] Granville continued to rebound towards pre-COVID-19 levels in Q4 2021. GEC[®] Granville revenues were approximately 25% lower in Fiscal 2021 compared to Fiscal 2020. Management expects revenues to continue to increase as reservations increase accompanied by a higher daily room rate. Restrictions on travel within British Columbia were lifted in July 2021 and travelers from the U.S. were able to come to Vancouver starting August 9, 2021.
- Margins in Fiscal 2021 and Fiscal 2020 were nominally different. Margins increased in Q4 2021 from Q3 2021 due to higher occupancy and higher rates at certain properties resulting in higher rental revenues.

Other operating costs (general and administrative expenses, amortization, and share-based payment expense)

- General and administrative expenses increased by \$782 in total with fluctuations across all categories commensurate with operations. Non-cash credit loss allowance included in this amount increased by \$1,009 resulting from additional provisions for potential non-collection of accounts receivable. Management reduced spending in response to lower revenues due to COVID-19 which resulted in lower costs. Consulting and professional fees fluctuate based on the Company's transaction activity.
- Amortization of property, equipment and intangible assets, which are non-cash expenses, increased in Fiscal 2021 mainly due to revised estimates of useful lives of certain property and equipment which increased depreciation offset by lower amortization of intangible assets.

Finance costs

- Finance costs include interest expense on borrowings, finance fees (including accretion of finance fees and other), accretion of lease liabilities and changes in fair value of embedded derivatives. Finance costs related to net interest costs increased by \$1,981 in Fiscal 2021 compared to Fiscal 2020 mainly as the result of higher costs associated with net additional borrowings including new secured financing on the investment property purchased in October 2020. Accretion of finance fees and other increased by \$2,118 in Fiscal 2021 compared to Fiscal 2020 associated with cumulative additional borrowings.
- In addition, there was a non-cash loss on change in fair value of embedded derivatives of \$168 in Fiscal 2021 compared to a gain on change in fair value of embedded derivatives of \$381 in Fiscal 2020 resulting in \$549 of increased finance costs. This change primarily resulted from the change in mix of embedded derivatives associated with the Company's Hong Kong dollar denominated convertible debentures.

Fair value changes on investment property

- As described in the section "Fourth Quarter and Full Year Highlights – Real estate portfolio and transactions - Investment Property Fair Value" above, during Fiscal 2021 the value of the investment properties held by the Company increased. In Fiscal 2020, the value of investment properties held by the Company were impacted by COVID-19 and while certain properties recognized gains, several properties recognized non-cash fair value losses for the first time.
- In addition, there was a non-cash fair value loss of \$1,448 associated with the GEC® Viva right-of-use asset classified as an investment property in Fiscal 2021 compared to a loss of \$1,604 in Fiscal 2020. The fair value of the right-of-use asset, not the entire property, is remeasured each reporting period based on remaining cash flows receivable under the lease at the applicable discount rate. The Company expects, as the remaining cash flows receivable under the lease continue to decline as a function of time, that there will be a fair value loss each reporting period until the end of the lease in August 2023 which will reduce the right-of-use asset to zero.

Other income (expense), net

During Fiscal 2021, other income (expense), net, increased by \$2,858 from Fiscal 2020. Given the non-recurring nature of certain items in this financial statement category, fluctuations between comparative years are expected. Changes between Fiscal 2021 compared to Fiscal 2020 include:

- Interest income and other increased by \$2,126 associated mainly with interest earned starting in August 2020 on a deposit due from the developer of GEC Project 9.
- Total government subsidies were \$3,378 in Fiscal 2021 compared to \$5,793 in Fiscal 2020. Subsidy programs are expected to come to an end in calendar 2021.
- During Fiscal 2021, non-cash impairment charges on intangible assets and goodwill of \$410 (Fiscal 2020 - \$3,556) were recognized associated with the SSLC/VIC operating segment which were directly associated with the decline in international student enrolment for the language schools.

Income Taxes

During Fiscal 2021, income tax expense was \$531 comprised of current tax expense of \$414 and deferred tax expense of \$117. During Fiscal 2020, income tax expense was \$310 comprised of current tax expense of \$1,319 offset by deferred tax recovery of \$1,009. During Fiscal 2021, the current tax expense was mainly the result of taxable income of SSCC offset by the impact of current and prior tax recoveries by the Company's subsidiaries. The deferred tax recovery was the result of deferred income taxes on fair value movements on investment properties and changes in convertible debts. During Fiscal 2020, the current tax expense was mainly the result of higher taxable income of SSCC. The deferred tax recovery was the result of deferred income taxes on operating income of subsidiaries and net fair value losses on investment properties.

QUARTERLY FINANCIAL REVIEW

The Company's selected financial information for the last eight completed fiscal quarters is as follows. Accounting policies under IFRS were consistently applied across all periods.

| | Q4 2021 | Q3 2021 | Q2 2021 | Q1 2021 |
|--|---------|---------|---------|---------|
| Total revenues | 16,069 | 16,457 | 13,941 | 14,402 |
| Net income (loss) | (1,112) | (1,320) | 6,510 | 1,099 |
| Adjusted EBITDA ⁽¹⁾ | 2,028 | 3,500 | 2,939 | 4,308 |
| Net income (loss) - CIBT shareholders | (2,052) | (895) | 6,599 | 1,051 |
| Income (loss) per share - CIBT shareholders – basic | (0.03) | (0.01) | 0.09 | 0.01 |
| Income (loss) per share - CIBT shareholders – diluted | (0.03) | (0.01) | 0.02 | 0.01 |

| | Q4 2020 | Q3 2020 | Q2 2020 | Q1 2020 |
|--|----------|---------|---------|---------|
| Total revenues | 15,985 | 13,652 | 15,803 | 17,108 |
| Net income (loss) | (10,288) | 1,111 | 4,143 | 283 |
| Adjusted EBITDA ⁽¹⁾ | 9,105 | 1,291 | (464) | 4,537 |
| Net income (loss) – CIBT shareholders | (4,366) | 1,527 | 4,022 | 46 |
| Income (loss) per share - CIBT shareholders – basic and diluted | (0.06) | 0.02 | 0.05 | 0.00 |

⁽¹⁾ Non-GAAP financial measure. See section “Non-GAAP Financial Performance Measures” for reconciliation.

Total revenues consist of: (a) educational revenues; (b) rental revenues; (c) development fees; and (d) revenues from other lines of business. Net income (loss) fluctuates based on changes in margins across all operating segments, the timing of recognition of fair value gains (losses) on investment properties which depend on the operating performance, real estate market, and the original purchase cost and the timing of recognition of development fees. Development fees and net fair market value gains result in higher net income as associated costs of earning such revenues are less than other types of revenue. Net income (loss) attributable to the Company's shareholders varies depending on the net income (loss) in the quarter and the portion attributable to the Company's non-controlling interests. COVID-19 started to impact the Company's results in Q3 2020 and the Company's revenues as described above continue to be impacted.

The following factors have caused variation over the quarterly periods presented. The Company's education business includes minor seasonality as revenue fluctuates with school terms. The Company historically receives spikes in its deferred revenues in September which is the typical starting date for courses for most of its domestic students. Given the low rental vacancy rate in Vancouver, the Company's rental revenues are generally consistent throughout the year except for the hotel property which has its highest revenues from March to September.

Educational revenues were impacted by lower revenues associated with lower international student enrolment. The language school sector across Metro Vancouver, including SSLC/VIC, experienced lower enrollment than the previous year due to travel restrictions and border closures which significantly restricted enrolments. In addition, revenues from SSCC's international student career courses were also impacted. However, SSCC's domestic registration, which represents the largest proportion of total education revenues, has continued to be strong and this source of revenues has continued to increase in Fiscal 2021. Revenues from CIBT China also continued to be strong across the quarters presented above.

The Company recognized other income starting in Q3 2020 associated with wage subsidies available under the CEWS program and starting in Q2 2021 under the CERS program. These government grants are not subject to repayment and management believes they have properly met the application requirements. These programs currently run to October 2021 and the dollar amount of benefits available to be received by the Company are expected to vary.

Rental revenues generally increase as more GEC® rental units become available and are rented, which occurs when new properties are acquired or when the construction of a real estate project is completed and an occupancy permit issued, subject to a ramp up period. In the second half of Fiscal 2020 and for Fiscal 2021, rental revenues from the Company's only hotel property was impacted by fewer guests as a result of travel restrictions. Revenues increased each quarter in Fiscal 2021 as occupancy started to increase and certain rent incentives the Company offered were discontinued resulting in higher overall rates. The occupancy and revenues at GEC® long-stay properties started to increase towards pre-pandemic levels in Q2 2021 and have continued to grow in Q4 2021.

Fourth Quarter 2021 Highlights

The following discusses the results for Q4 2021 compared to Q4 2020.

- Educational revenues increased to \$12,187 in Q4 2021 compared to \$10,377 in Q4 2020, an increase of 17%. The Q4 2020 operations were the most significantly impacted by COVID-19 related factors including decreased enrolment, mainly from international students restricted from travelling to Canada. Margins in Q4 2021 increased by 2% over Q4 2020.
- Rental revenues increased by 72%, to \$3,200 in Q4 2021 from \$1,863 in Q4 2020, resulting from increased occupancy rates at higher rental rates as most COVID-19 related restrictions were relaxed throughout Q4 2021. Margins increased from 50% in Q4 2020 to 57% in Q4 2021.
- Development fees decreased by \$3,505 in Q4 2021 compared to Q4 2020 with the timing of recognition of this revenue depending on the real estate project status. Real estate projects involve development and construction timelines spanning several years and require substantial investment in such forms as equity contributions raised through third party limited partnerships or issuance of convertible debt over several quarters which are not necessarily concurrent.
- As described under "Selected Financial Information and Review of Annual Financial Results", fair value gains on changes in investment properties were \$23 in Q4 2021 compared to Q4 2020 fair value losses on changes in investment properties of \$13,991.
- Other income (expense), net decreased by 74% to \$1,225 in Q4 2021 compared to \$4,657 in Q4 2020. During Q4 2021, there was 82% fewer government subsidies recognized as other income as lower subsidies were received as the Company's revenue rebounded. In Q4 2021, there was \$410 of impairment losses compared to \$654 impairment losses in Q4 2020. The impairment losses recognized are directly associated with decreased revenues at the language schools due to border closures. All impairment losses are non-cash items.
- Net loss was \$1,112 for Q4 2021 compared to a net loss of \$10,288 for Q4 2020.
- Decrease in cash flows of \$1,799 in Q4 2021 compared to increase in cash flows of \$13,775 in Q4 2020 mainly the result of fewer cash flows associated with borrowings in Q4 2021.

For Q4 2021 the only significant changes from Q3 2021 include: increase in fair value of investment property, reduction of trade and other receivables, increase in borrowings and decrease in share capital due to treasury share buyback. Cash and cash equivalents decreased by \$1,799 during Q4 2021.

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FINANCIAL CONDITION

The following table compares selected financial position information as at August 31, 2021 and August 31, 2020:

| | August 31, 2021 | August 31, 2020 | Dollar change | % Change |
|---------------------------------------|-------------------|-------------------|------------------|-------------|
| Total current assets | \$ 69,942 | \$ 54,789 | \$ 15,153 | 28 |
| Investment properties | \$ 322,606 | \$ 246,327 | \$ 76,279 | 31 |
| Development assets | \$ 41,390 | \$ 64,498 | \$ (23,108) | (36) |
| Other non-current assets | \$ 85,101 | \$ 87,153 | \$ (2,052) | (2) |
| Total assets | \$ 519,039 | \$ 452,767 | \$ 66,272 | 15 |
| Total current liabilities | \$ 204,831 | \$ 160,915 | \$ 43,916 | 27 |
| Total non-current liabilities | \$ 110,625 | \$ 111,273 | \$ (648) | (1) |
| Total liabilities | \$ 315,456 | \$ 272,188 | \$ 43,268 | 16 |
| Equity – CIBT shareholders | \$ 50,797 | \$ 51,269 | \$ (472) | (1) |
| Non-controlling interests | \$ 152,786 | \$ 129,310 | \$ 23,476 | 18 |
| Total equity | \$ 203,583 | \$ 180,579 | \$ 23,004 | 13 |
| Working capital (deficit) – see below | \$ (134,889) | \$ (106,126) | \$ (28,763) | 27 |
| Net debt ⁽¹⁾ | \$ 225,912 | \$ 181,885 | \$ 44,027 | 24 |

⁽¹⁾ Total borrowings less cash and cash equivalents.

Total assets increased mainly as the result of: (a) increase in investment properties which include the acquisition of a new revenue producing property (GEC[®] Marine Gateway), development costs and capitalized borrowing costs on investment properties; (b) increase in deposit due from developer and other loans receivable; offset by (c) decrease in cash and cash equivalents and working capital items. Total liabilities increased mainly due to: (a) increased borrowings for real estate projects and corporate activity; (b) an increase in deferred revenues; offset by (c) a decrease in lease liabilities. Non-controlling interests have increased as the result of additional investment into the Company's real estate limited partnerships.

LIQUIDITY AND CAPITAL RESOURCES

The principal liquidity needs of the Company are for working capital requirements, debt servicing and repayment obligations, and costs associated with expanding the real estate business. The Company is exposed to liquidity risk which is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due in the normal course of business. The Company manages its liquidity risk by monitoring its operating requirements, securing new loans and refinancing on reasonable terms, reducing costs where possible given the status of the COVID-19 pandemic, and applying for any available government funding to support its business.

Investment properties tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relation to the demand for and the perceived desirability of such investments. Such illiquidity may tend to limit the Company's ability to vary its portfolio promptly in response to changing economic or investment conditions. If the Company were required to liquidate a real property investment, the proceeds to the Company might be significantly less than the carrying value of the property. The Company diligently monitors the repayment dates of its mortgages and intends to refinance all mortgages as they become due. The Company has previously demonstrated the ability to secure replacement financing on reasonable terms, often at lower interest rates. Based on the performance of the Company to date, the Company believes that the liquidity risk described above is being appropriately managed.

Management prepares budgets and cash forecasts to ensure that the Company has sufficient funds to fulfill its financial obligations which incorporates the expected economic impact of COVID-19 on each business segment. In addition, there is regular monitoring of cash flows, and the Company has an established process in place to secure new financing depending on the nature of the project being financed. The Company has an undrawn demand operating credit facility of \$1,927 at the date of this report in addition to cash and cash equivalents of \$18,338 at August 31, 2021.

LIQUIDITY AND CAPITAL RESOURCES (continued)

The Company continues to be in a negative working capital position which has been the case for the last several years, and given the capital-intensive nature of CIBT's business model, it is expected that this will continue to be the case. However, the Company has continued to meet its obligations as they become due, and management believes this will continue to be the case.

It is common in the real estate holding and development sectors to have negative working capital and in the Company's case, negative working capital results from the difference between the classification of investment properties and the Company's hotel, as non-current assets, and a portion of the borrowings associated with those assets which are current liabilities as they are due within 12 months. The total amount of borrowings which are due within 12 months fluctuate based on the timing of funding, repayment dates or mortgage renewals and types of loans held by the Company. Given the nature of the real estate business, management determines the length of the borrowing term based on exit flexibility should opportunities arise.

CIBT's negative working capital is predominately driven by the following factors.

- The current portion of borrowings associated with secured loans increased by \$51,254 at August 31, 2021 compared to August 31, 2020. Current borrowing liabilities will continue to fluctuate.
- During the year ended August 31, 2021, two limited partnerships controlled by the Company issued additional convertible promissory notes with \$14,358 classified as current at August 31, 2021. During Fiscal 2021, convertible promissory notes of \$16,327 included in borrowings were converted into limited partnership units of GEC® Oakridge and as such these notes were not required to be repaid and were derecognized. During Fiscal 2020, convertible promissory notes totalling \$21,960 were issued with the entire amount classified as current at August 31, 2020.
- Deferred revenues of \$25,001 represent an obligation to provide services to students at future dates at which time revenues will be recognized.
- Current lease liability of \$3,894 which does not match the non-current classification of the associated right-of-use assets.
- These items are partially offset by the classification of a deposit due from a developer classified as current at August 31, 2021 and non-current at August 31, 2020.

The Company has a history of successfully raising capital financing and anticipates it will continue to secure new equity or debt financings under reasonable terms and/or to refinance existing borrowings with debts of similar natures as needed; however, there is no assurance that such financing will be available on favourable terms or at all. The Company expects based on existing cash and credit facility available, cash expected to be generated from operations, and successful capital raising which it considers probable based on the history of refinancing of similar debts, it will have sufficient capital resources to carry out expansion plans and support operations through Fiscal 2022.

The Company uses cash resources at its discretion to purchase treasury shares when the Company has sufficient cash resources and determines that the repurchase of shares will increase shareholder value.

LIQUIDITY AND CAPITAL RESOURCES (continued)**(a) Contractual obligations**

In the normal course of business, the Company enters contracts that give rise to contractual obligations for future minimum payments. The following table summarizes the Company's remaining contractual undiscounted cash flows associated with the Company's financial liabilities and operating and capital commitments at August 31, 2021:

| | Less than one year | 2 to 3 years | 4 to 5 years | Later than 5 years | Total |
|--|-----------------------|-------------------|-----------------|-----------------------|-------------------|
| <i>Financial Liabilities</i> | | | | | |
| Trade and other payables ⁽¹⁾ | \$ 18,866 | \$ - | \$ - | \$ - | \$ 18,866 |
| Secured loans ⁽²⁾ | 147,952 | 49,661 | 2,426 | 33,153 | 233,192 |
| Convertible debentures ⁽³⁾ | 1,437 | 5,868 | - | - | 7,305 |
| 2017 Debentures | 185 | - | - | - | 185 |
| Convertible promissory notes ⁽⁴⁾ | 15,242 | - | - | - | 15,242 |
| Lease payments ⁽⁵⁾ | 7,798 | 10,089 | 4,506 | 7,518 | 29,911 |
| Other borrowings | 2,345 | 5,725 | - | - | 8,070 |
| Total Financial Liabilities | 193,825 | 71,343 | 6,932 | 40,671 | 312,771 |
| <i>Other Amounts</i> | | | | | |
| Income taxes payable | 176 | - | - | - | 176 |
| Other ⁽⁶⁾ | 12,888 | 69,415 | - | - | 82,303 |
| Total Other Commitments | 13,064 | 69,415 | - | - | 82,479 |
| Total Financial Liabilities and Commitments | \$ 206,889 | \$ 140,758 | \$ 6,932 | \$ 40,671 | \$ 395,250 |

⁽¹⁾ Includes accrued but unpaid interest on borrowings.

⁽²⁾ See (b) "Borrowings" below for nature of balances and commitments rising after August 31, 2021. The impact of most of these changes in borrowings will be to move repayment from less than one year to later categories. Interest reserves of \$1,831 previously paid will cover certain future interest payments.

⁽³⁾ Option to extend maturity date of one year is at holder's option and is not incorporated here.

⁽⁴⁾ Assumes promissory notes will not be converted and repayment will be made.

⁽⁵⁾ Contractual lease payments for office space, campus premises, and equipment including variable lease payments.

⁽⁶⁾ See (c) "Real Estate Projects" below.

(b) Borrowings

The Company controls and is an investor in certain limited partnerships associated with its student housing business. These limited partnerships obtain financing to purchase real estate projects in conjunction with funding from investor contributions. As the Company continues to grow its business, additional financing has been secured increasing liquidity risk. Details of borrowings are included in Note 13 and Note 27 to the Annual Financial Statements. During Fiscal 2021, borrowings had a weighted-average interest rate of 6.62% compared to 7.11% for Fiscal 2020. The decrease is the result of a lower proportion of fixed rate debt and variable debt at a lower rate. In addition, existing loans were subject to minimum interest rates when the prime rate decreased and as such the Company will not see the benefit of the prime rate decrease until loans are renegotiated. Borrowings are secured by first and second mortgages on the underlying property and are guaranteed by the Company and/or its subsidiaries. During Fiscal 2021, the Company made all interest and principal payments on its borrowings and interest payments to its debenture holders.

After August 31, 2021, the Company:

- Modified certain existing loans to extend the maturities to meet the specific business purpose of the entity. In addition, the Company refinanced borrowings for one loan with an additional \$3,528 of principal funded which will result in approximately \$6,452 of new commitments in the form of monthly interest payments over the term of the new loan and repayment of the larger principal balance on maturity in May 2023.
- Extended by one year the maturity dates of convertible promissory notes totalling \$14,358 which were originally scheduled to mature in September and October 2021.

LIQUIDITY AND CAPITAL RESOURCES (continued)**(c) Real Estate Projects**

The Company and certain of its subsidiaries and investment limited partnerships have entered into agreements in connection with the development of investment properties as described in Note 5 to the Annual Financial Statements. The following table details estimated future payments under contractual agreements made by the Company or the limited partnerships which the Company controls as at August 31, 2021 which are not recognized as liabilities.

| | Less than one year | 2 to 3 years | 5 years or later | Total |
|--|-----------------------|-----------------|---------------------|-----------|
| GEC [®] King Edward II ⁽¹⁾ | \$ 12,888 | \$ - | \$ - | \$ 12,888 |
| Global Education City [®] (Richmond) ⁽²⁾ | - | 69,415 | - | 69,415 |
| Total commitments | \$ 12,888 | \$ 69,415 | \$ - | \$ 82,303 |
| Global Education Mega Center [®] ⁽³⁾ | 4,143 | - | 7,487 | 11,630 |
| Total | \$ 17,031 | \$ 69,415 | \$ 7,487 | \$ 93,933 |

⁽¹⁾ Contract balance of costs to complete at August 31, 2021 related to project construction expected to be completed by the end of August 31, 2022. Costs are funded via draws on the construction loan in place for this limited partnership.

⁽²⁾ Represents additional commitment above deposits already paid to purchase buildings to be paid on completion of construction. Timing and amount due is dependent on outcome of pending transactions. See “Real estate portfolio and transactions – GEC[®] Richmond”

⁽³⁾ Investment property development and construction, net of deposits, which represent contingent liabilities which may be paid if certain milestones are met.

These capital commitments do not include costs for contracts not yet in place, including construction, renovation, furnishings, closing costs or taxes which are not committed expenditures. The total commitment is subject to change from the prior year depending on new agreements or amendments to agreements executed during the current year. These commitments will be funded by: (a) subscriptions to limited partnership units in the specific real estate limited partnerships; and (b) debt financing, and therefore do not represent a net cash outflow for the Company from current resources.

Analysis of cash flows

The following table summarizes cash inflows and outflows for the following periods, The Company’s operations have been financed primarily through internal cash flow, third-party secured loans and other financing and contributions from non-controlling interests in limited partnerships controlled by the Company.

| | Fiscal 2021 | Fiscal 2020 | Change | % Change |
|---|-------------|-------------|-------------|-------------|
| Cash flows provided by operating activities | \$ 17,106 | \$ 7,594 | \$ 9,512 | 125 |
| Cash flows (used in) investing activities | (68,716) | (43,214) | (25,502) | 59 |
| Cash flows provided by financing activities | 46,945 | 43,397 | 3,548 | 8 |
| Effects of exchange rate changes on cash and cash equivalents | (27) | 40 | (67) | (168) |
| Increase (decrease) in cash and cash equivalents | \$ (4,692) | \$ 7,817 | \$ (12,509) | (160) |
| Cash and cash equivalents, beginning of year | 23,030 | 15,213 | 7,817 | 51 |
| Cash and cash equivalents, end of year | \$ 18,338 | \$ 23,030 | \$ (4,692) | (20) |

Cash flows from operating activities can vary significantly from period to period as a result of the Company’s working capital requirements associated with its real estate projects and timing of receipt of development fee revenues.

Cash flows used in investing activities vary depending on the nature of transactions, including purchase of assets, occurring during a period. During Fiscal 2021, most of the cash used in investing activities was associated with cash used for the purchase of the GEC[®] Marine Gateway property and development costs on properties under development and for costs associated with leasehold improvements. During Fiscal 2020, most of the cash used in investing activities was associated with the purchase of GEC[®] Oakridge and cash used for development costs on other properties under development.

Cash provided by financing activities result from cash flows associated with the financing of various GEC® projects offset by the payment of certain debt balances, interest costs, lease liabilities, non-controlling interest capital contributions, distributions to limited partnerships controlled by the Company and the treasury share buyback. Note 27(a) of the Annual Financial Statements provides additional detail of the change in borrowings including cash and non-cash related items for the years ended August 31, 2021 and 2020. During Fiscal 2021, more third-party funding and net capital contributions into the Company's limited partnerships were received compared to Fiscal 2020.

Outstanding share data

The authorized capital consists of 150,000,000 common shares without par value. As at November 26, 2021, the following common shares, stock options, and convertible debenture conversion options were outstanding:

| | Number of shares | Exercise price | Remaining life (Years) |
|---------------------------------------|------------------|-----------------|------------------------|
| Common shares | 69,331,740 | - | - |
| Stock options | 3,365,000 | \$0.44 - \$0.86 | 0.44 – 3.35 |
| 2017 convertible debentures | 182,290 | \$0.79 | 0.53 |
| Convertible debentures ⁽¹⁾ | 8,258,172 | \$0.78 - \$0.81 | 0.84 |
| Fully diluted | 81,137,202 | | |

⁽¹⁾ Convertible debentures issued in May 2019 and February 2020. Exercise prices denominated in HKD have been converted into Canadian dollars.

Treasury shares

In March 2020, the Company received approval from the TSX to commence a new normal course issuer bid (the “**2020 NCIB**”) to purchase up to 3,000,000 of the Company's previously issued common shares, subject to daily limits, from March 12, 2020 to March 11, 2021, to a maximum aggregate acquisition cost of \$3,000. In February 2021, the Company received approval from the TSX to amend the 2020 NCIB to increase the number of shares eligible for purchase to 3,727,177 common shares. The Company purchased 3,353,300 common shares at an aggregate cost of \$2,009 under the 2020 NCIB.

In March 2021, the Company received approval from the TSX to commence a new normal course issuer bid (the “**2021 NCIB**”) to purchase up to 3,556,000 of the Company's previously issued common shares, subject to daily limits, from March 17, 2021 to March 16, 2022, to a maximum aggregate acquisition cost of \$3,556.

During the year ended August 31, 2021, the Company purchased 3,325,600 previously issued common shares and cancelled 4,570,300 common shares leaving 207,000 common shares held in treasury at August 31, 2021. The amount purchased in the year ended August 31, 2021 includes the purchase of 1,901,600 common shares under the 2020 NCIB. From September 1, 2021 to the date of this report, the Company repurchased 542,000 common shares under the 2021 NCIB and cancelled 646,500 common shares leaving 102,500 common shares held in treasury. At the date of this report, the Company was eligible to purchase up to 1,590,000 additional previously issued common shares under the 2021 NCIB.

Financial Instruments and Financial Risk Management

A description of the Company's financial instruments and financial risks that the Company is exposed to and management of these risks can be found in Notes 21 and 22, respectively, of the Company's Annual Financial Statements. In addition, information on the valuation and sensitivity analysis associated with investment properties is described in Note 5(b) to the Annual Financial Statements.

TRANSACTIONS BETWEEN RELATED PARTIES

The Company's related parties include its subsidiaries, associates over which it exercises significant influence, and key management personnel. Amounts paid to related parties were incurred in the normal course of operations and measured at the amount exchanged.

At August 31, 2021, key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole, which includes Toby Chu, its president and chief executive officer, and Hilbert Ng, its chief financial officer. In addition, fees paid to the Company's directors are also presented below.

| | Year Ended August 31, 2021 | Year Ended August 31, 2020 |
|--|-------------------------------|-------------------------------|
| Management fees and salaries and director's fees | \$ 1,626 | \$ 1,103 |
| Share-based compensation | 95 | 175 |
| Total remuneration | \$ 1,721 | \$ 1,278 |

At August 31, 2021, amounts owing to directors and officers of the Company for management fees and bonuses amounted to \$692 (August 31, 2020 - \$641). At August 31, 2021, amounts owing to the president of IRIX for previous advances amounted to \$109 (August 31, 2020 - \$140) which have no fixed terms of repayment and bear interest at 6% per annum.

NON-GAAP FINANCIAL PERFORMANCE MEASURES

The non-IFRS financial measures do not have standardized meanings prescribed by IFRS and are therefore unlikely to be directly comparable to similar measurements presented by other issuers. These performance measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These non-IFRS measures should be read in conjunction with the Annual Financial Statements.

EBITDA and Adjusted EBITDA

Management uses EBITDA metrics to measure the profit trends of the business units and segments in the consolidated group since it eliminates the effects of financing decisions. Management has presented Adjusted EBITDA which excludes the net gain or loss recognized on fair value changes on investment properties under the fair value model and adjusts the net gain or loss recognized on fair value changes in embedded derivatives associated with certain financial liabilities. These amounts represent the appreciation in value of investment properties as determined by external independent qualified appraisers. At the end of each period, the Company adjusts the carrying value of its investment properties to fair value taking into consideration such valuations and other market conditions. While recognized gains are not realized until the investment property is sold; these amounts reflect current period changes in the value of the Company's real estate portfolio.

| <i>Presented in thousands of Canadian dollars</i> | Fiscal 2021 | Fiscal 2020 | Q4 2021 | Q4 2020 |
|--|--------------------|--------------------|----------------|----------------|
| Net income (loss) | 5,177 | (4,751) | (1,112) | (10,288) |
| Deduct: interest income ⁽¹⁾ | (3,463) | (2,863) | (724) | (558) |
| Add: interest expense | 12,365 | 8,496 | 3,260 | 2,260 |
| Add: income tax provision (recovery) | 531 | 310 | (285) | (99) |
| Add: depreciation and amortization | 6,799 | 7,927 | 1,799 | 3,429 |
| EBITDA [non-IFRS] | 21,409 | 9,119 | 2,938 | (5,256) |
| Add loss/deduct (gain) on changes in fair value of investment properties | (8,802) | 5,730 | (23) | 13,991 |
| Add loss/deduct (gain) on derivatives, net | 168 | (381) | (887) | 370 |
| Adjusted EBITDA [non-IFRS] | 12,775 | 14,468 | 2,028 | 9,105 |

⁽¹⁾ Interest income not associated with operations.

NON-GAAP FINANCIAL PERFORMANCE MEASURES (continued)**Book value per Share**

BVPS measures the amount of Company equity in each share and focuses on the balance sheet at a certain date. The general trend of the number suggests how effective management is at increasing shareholder equity. BVPS is calculated as equity attributable to CIBT Shareholders divided by total common shares outstanding at the end of the reporting period. The book value of the common equity reflects the original proceeds received from issuing common equity, increased by earnings, or decreased by losses.

| | August 31, 2021 | August 31, 2020 |
|---|------------------------|------------------------|
| Equity attributable to CIBT Shareholders (book value) | \$ 50,797 | \$ 51,269 |
| Total common shares outstanding at period end | 69,978,240 | 74,543,540 |
| BVPS | \$ 0.73 | \$ 0.69 |

Financial measures - gross margin from operations

Gross margin from operations for each business unit reported is the difference between revenue and direct cost of sales, divided by revenue, expressed as a percentage.

ACCOUNTING MATTERS**BASIS OF PRESENTATION AND ACCOUNTING POLICIES**

The Company's Annual Financial Statements have been prepared in accordance with IFRS as issued by the IASB. IFRS comprises IFRSs, International Accounting Standards ("IASs"), and interpretations issued by the IFRS Interpretations Committee ("IFRICs") and the former Standing Interpretations Committee ("SICs"). Note 28 of the Company's Annual Financial Statements for the year ended August 31, 2021, provides details of the significant accounting policies.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of the Company's accounting policies and the amounts reported and disclosed in the consolidated financial statements and related notes. Critical accounting estimates represent estimates that are uncertain, and for which changes in those estimates could materially impact the consolidated financial statements. Areas of judgement and key sources of estimation uncertainty that may have the most significant effect on the Company are disclosed in Note 3 to the Annual Financial Statements.

ACCOUNTING STANDARDS DEVELOPMENT

The impact of accounting changes which were adopted by the Company in the current fiscal year is disclosed in Note 4(a) to the Annual Financial Statements. The impact of future accounting changes applicable to the Company for the next fiscal year starting September 1, 2021 are disclosed in Note 4(b). The listing includes those standards and interpretations issued that the Company reasonably expects to be applicable to the Company at a future date. The Company intends to adopt these standards when they become effective. The Company has not early adopted any other amendment, standard or interpretation that has been issued by the IASB but is not yet effective.

OFF-BALANCE SHEET ARRANGEMENTS

Various forms of security, in addition to a mortgage over lands, have been granted by the relevant limited partnership and by the Company and certain of its subsidiaries in favour of arm's length lenders in connection with the student housing projects. The security granted gives the lenders a comprehensive level of protection against a default by the borrower in the performance of its obligations including the repayment of the indebtedness and interest thereon.

DISCLOSURE CONTROLS AND PROCEDURES & INTERNAL CONTROLS OVER FINANCIAL REPORTING

(a) Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are those controls and procedures that are designed to ensure that the information required to be disclosed in the filings under Canadian Securities Administrators NI 52-109 is recorded, processed, summarized and reported within the time periods specified. The Company carried out, under the supervision and with the participation of the Company's management, including the Company's chief executive officer ("CEO") and chief financial officer ("CFO"), an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based on their evaluation, the Company's CEO and CFO concluded that, as of August 31, 2021, and the date of this Management's Discussion & Analysis, the disclosure controls and procedures were effective.

(b) Report of Management on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation 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. With the participation of the Company's CEO and CFO, management conducted an evaluation of the effectiveness of our internal control over financial reporting as of August 31, 2021, based on the framework and criteria established in Internal Control – Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

A material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the annual or interim financial statements will occur and not be detected by management before the financial statements are published. Controls can potentially be circumvented by the individual acts of some persons, by collusion of two or more people or by management override of the control. The design of any system of controls also is based on part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, control may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

In its assessment of the effectiveness in internal control over financial reporting as of August 31, 2021, the Company determined that there were no material deficiencies in the Company's internal controls over financial reporting for Fiscal 2021.

Changes in Internal Control over Financial Reporting

There have been no changes during the year ended August 31, 2021 to internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

RISKS RELATED TO THE COMPANY'S BUSINESS

The Company's business, financial condition, operating results and prospects are subject to several risks and uncertainties which include but are not limited to the following. A more detailed description of certain of the risks and uncertainties, and others, can be found under the heading "Risk Factors" in the Company's annual information form for Fiscal 2021 filed under the Company's profile on SEDAR at www.sedar.com. See also above under "Forward-Looking Information".

- COVID-19 and, until August 2021, the associated restrictions on crossing the Canada-US border have negatively impacted the performance of the Company's hotel operations
- COVID-19 may continue to disrupt providing certain education offerings which may impact revenues
- COVID-19 may result in adverse economic conditions, including disruptions in the global current markets, which could adversely affect the Company's business and its ability to secure financing
- the performance of the real estate business depends on fluctuation of real estate prices
- risks related to real estate project developments generally include construction delays due to factors including permit issuance, construction costs and construction labour market shortages

- rezoning process risk due to delays in permit approval, issuance, design changes or use of property may result in substantial cost increases
- construction delays, cost overruns and exchange rate fluctuation on construction materials will impact the cost of construction
- the Company's dependence upon third parties in respect of the construction of its real estate projects
- lending sentiment by construction lenders may impact the cost of mortgage financing
- the financial stability of parties involved in the construction of the Company's real estate projects
- although the general partners of the Company's real estate limited partnerships are subsidiaries of the Company, they are required to act in good faith towards all of the limited partners which may result in decisions that are not beneficial to CIBT
- the Company's ability to repay or refinance debt obligations and to fund committed capital expenditures will depend on certain financial, business and other factors and significant interest rate increases will affect financial performance
- the inability of any of the Company's limited partnerships to repay loans guaranteed by the Company or its subsidiaries could have a significant effect on the Company's financial performance
- increased competition in the sectors in which the Company has investments
- need for additional capital to complete acquisitions and expand operations and ability to manage planned growth and integrate new business opportunities into existing operations
- dependence on key personnel, the Company's facility providers and educational service providers
- ability to compete effectively with competitors that have greater financial, marketing and other resources
- increases in the frequency and severity of extreme weather events, such as wildfires and snowstorms, could impact travel demand in BC and lead to supply chain interruptions
- shift in consumer preferences towards sustainable products may affect the occupancy of our hotel accommodation
- risks involving the Chinese legal system, tax system, and foreign currency limitation
- the possibility that personal information that the Company collects may be vulnerable to breach, theft or loss, which could subject the Company to liability or adversely affect its reputation and operations
- The Company stores significant amounts of information from various business activities on cloud servers which may be susceptible to cyber threats. There is also a heavy dependency to online digital platforms like websites, student enrollment software, and tenant booking software. A cyber breach would bring significant impact and downtime to the Company's ability to offer its products and services.
- risks related to government regulations and obtaining required approvals
- government policy relating to rent control may affect rental income
- government policy relating to foreign investment may affect investor sentiment
- compliance with rules and requirements applicable to public companies may cause the Company to incur increased costs.