

Form 51-102F3
Material Change Report

Item 1. Name and Address of Company

CIBT Education Group Inc. (the “Company”)
Suite 1200, 777 West Broadway
Vancouver, BC V5Z 4J7

Item 2. Date of Material Change

November 29, 2022

Item 3. News Release

A news release dated November 29, 2022 was disseminated through Accesswire.

Item 4. Summary of Material Change

The Company filed its annual audited consolidated financial statements (the “**Annual Financial Statements**”) and related management’s discussion and analysis (the “**MD&A**”) (collectively, the “**2022 Financial Report**”) for the fiscal year ended August 31, 2022 (“**Fiscal 2022**”). The Annual Financial Statements reflect an impairment and a provision for expected credit losses.

Item 5.1 Full Description of Material Change

The Company filed the 2022 Financial Report. This material change report should be read in conjunction with the 2022 Financial Report in its entirety which is available under the Company’s profile at www.sedar.com.

The following table presents selected financial data from the 2022 Financial Report with comparisons. All figures are in thousands of Canadian dollars, except share and per share data, unless otherwise noted.

	Fiscal 2022		Fiscal 2021		% Change ⁽³⁾
Total revenues	\$	73,235	\$	60,869	20
Educational revenues – SSCC ⁽¹⁾	\$	39,784	\$	40,282	(1)
Educational revenues – SSLC/VIC ⁽¹⁾	\$	10,173	\$	3,280	210
Educational revenues – CIBT China ⁽¹⁾	\$	2,577	\$	2,671	(4)
Rental revenues – GECH ⁽¹⁾	\$	18,547	\$	9,878	88
Development fees – GECH and Corporate	\$	588	\$	3,134	(81)
Design and advertising revenues – IRIX ⁽¹⁾	\$	581	\$	996	(42)
Commissions and referral fees – GEA ⁽¹⁾	\$	985	\$	628	57
Gross profit ⁽²⁾	\$	41,962	\$	35,200	19
Other expenses	\$	(34,114)	\$	(33,956)	-
Finance costs		(8,467)		(12,513)	32
Net gain (loss) on investment property fair value changes		8,650		8,802	(2)
Other income, net		1,945		8,175	(76)
Provision for expected credit losses on development and other assets		(26,940)		-	n/a
Impairment of development assets		(40,000)		-	n/a
Income (loss) before income taxes	\$	(56,964)	\$	5,708	(1,098)
Income tax recovery (expense)		1,194		(531)	325

Net income (loss)	\$	(55,770)	\$	5,177	(1,177)
Net income (loss) attributable to CIBT shareholders	\$	(15,336)	\$	4,703	(426)
Income (loss) per share – CIBT shareholders					
Basic	\$	(0.22)	\$	0.07	(414)
Diluted	\$	(0.22)	\$	(0.01)	(2,100)
EBITDA [Non-IFRS] ⁽²⁾	\$	(39,148)	\$	21,409	(283)
Adjusted EBITDA [Non-IFRS] ⁽²⁾	\$	18,652	\$	12,775	46

⁽¹⁾ As defined below under “About CIBT Education Group Inc.”

⁽²⁾ Please refer to “Non-IFRS Financial Measures” at the end of this material change report.

⁽³⁾ Percentage change amounts reflect the relative change in the individual balance with the impact (negative or positive) on net income.

The following tables reconcile EBITDA and Adjusted EBITDA, non-IFRS financial measures, to the most directly comparable IFRS measure disclosed in the 2022 Financial Report, which is net income (loss).

		Fiscal 2022		Fiscal 2021
Net income (loss)	\$	(55,770)	\$	5,177
Deduct: interest income		(775)		(3,463)
Add: interest expense		11,726		12,365
Add: income tax expense (recovery)		(1,194)		531
Add: depreciation and amortization		6,865		6,799
EBITDA [non-IFRS]	\$	(39,148)	\$	21,409

		Fiscal 2022		Fiscal 2021
EBITDA [non-IFRS] ¹	\$	(39,148)	\$	21,409
Deduct gain on changes in fair value of investment properties		(8,650)		(8,802)
Add provision for expected credit losses on development and other assets		26,940		-
Add impairment of development assets		40,000		-
Add loss /deduct (gain) on derivatives, net		(490)		168
Adjusted EBITDA [non-IFRS] ¹	\$	18,652	\$	12,775

⁽¹⁾ Non-IFRS financial measure. Please refer to “Non-IFRS Financial Measures” at the end of this material change report.

Key Financial Highlights in Fiscal 2022 compared to Fiscal 2021:

- Total revenue for Fiscal 2022 was \$73.235 million, an increase of 20%.
- International education revenue from SSLC/VIC was \$10.173 million, an increase of 210%.
- Rental revenue from the GECH housing division was \$18.547 million, an increase of 88%.
- Adjusted EBITDA ¹ was \$18.652 million, an increase of 46%.
- The Annual Financial Statements reflect an impairment of development assets of \$40 million and a provision for expected credit losses on development and other assets in the amount of \$22,700.

NON-IFRS FINANCIAL MEASURES

The Company has included certain non-IFRS financial 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, the provision for expected credit losses on development and other assets, the impairment of development assets, and the gain (loss) on change in fair value of derivative instruments; and (c) Gross Profit (“Gross Profit”) which is the difference between revenue and direct costs of sales. 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 and Adjusted 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 uses Gross Profit to assess how efficiently the Company generates profit from the sale of goods or services. 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 the MD&A, as applicable, filed under the Company's profile on www.SEDAR.COM

Item 5.2 **Disclosure for Restructuring Transactions**

Not applicable.

Item 6. **Reliance on subsection 7.1(2) of National Instrument 51-102**

If this Report is being filed on a confidential basis in reliance on subsection 7.1(2) of National Instrument 51-102, state the reasons for such reliance.

Not applicable.

Item 7. **Omitted Information**

Not applicable.

Item 8. **Executive Officer**

Toby Chu, Chief Executive Officer
Telephone: 604 871 9909 ext. 308

Item 9. **Date of Report**

December 7, 2022.