



**GLOBAL EDUCATION COMMUNITIES CORP.
(FORMERLY CIBT EDUCATION GROUP INC.)**

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

MAY 31, 2023

EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS UNLESS OTHERWISE NOTED

UNAUDITED

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

In accordance with National Instrument 51-102, the Company discloses that its external auditors have not reviewed the accompanying condensed consolidated interim financial statements, notes to the condensed consolidated interim financial statements and the related Management's Discussion and Analysis.

GLOBAL EDUCATION COMMUNITIES CORP.
(FORMERLY CIBT EDUCATION GROUP INC.) - UNAUDITED
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS

	May 31, 2023	August 31, 2022
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 7,567	\$ 9,724
Restricted cash	5,547	2,106
Trade and other receivables	16,476	13,857
Current development assets (Note 6)	3,300	3,300
Income taxes receivable	-	14
Prepayments	2,000	3,952
Inventory	1,024	840
TOTAL CURRENT ASSETS	35,914	33,793
Investment properties (Note 5)	376,084	356,335
Property and equipment	57,566	57,931
Right-of-use assets	10,557	12,028
Development assets (Note 6)	1,378	1,378
Intangible assets and goodwill	12,165	13,047
Deferred income tax assets	3,159	2,229
Other	1,101	992
TOTAL ASSETS	\$ 497,924	\$ 477,733
LIABILITIES		
CURRENT		
Trade and other payables	\$ 19,096	\$ 18,233
Income taxes payable	376	273
Deferred revenue	25,744	20,739
Current portion of borrowings (Note 7)	119,304	182,802
Current lease liabilities	3,519	4,186
TOTAL CURRENT LIABILITIES	168,039	226,233
Borrowings (Note 7)	149,599	67,759
Lease liabilities	9,491	10,813
Deferred income tax liabilities	10,621	10,896
TOTAL LIABILITIES	337,750	315,701
EQUITY		
SHARE CAPITAL	45,003	45,565
RESERVES	7,208	6,630
DEFICIT	(27,871)	(24,596)
ACCUMULATED OTHER COMPREHENSIVE INCOME	277	275
Shareholders Equity	24,617	27,874
Non-controlling interests (Note 9)	135,557	134,158
TOTAL EQUITY	160,174	162,032
TOTAL LIABILITIES AND EQUITY	\$ 497,924	\$ 477,733

Approved on behalf of the Board:

"Toby Chu"

Toby Chu, Chief Executive Officer & Director

"Troy Rice"

Troy Rice, Director

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CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME
EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS EXCEPT SHARE DATA

	Three Months Ended		Nine Months Ended	
	May 31,		May 31,	
	2023	2022	2023	2022
REVENUES				
Educational	\$ 14,207	\$ 13,878	\$ 39,667	\$ 38,697
Design and advertising	74	142	295	399
Commissions and referral fees	557	248	906	730
Development fees	98	-	479	588
Rental	4,965	4,611	14,013	12,257
	19,901	18,879	55,360	52,671
DIRECT COSTS				
Educational	6,415	6,549	18,681	17,725
Design and advertising	23	22	53	116
Commissions and referral fees	198	124	388	262
Rental	2,025	1,414	5,356	4,340
	8,661	8,109	24,478	22,443
OTHER EXPENSES				
General and administrative (Note 11)	7,708	7,296	23,474	21,794
Amortization of property, equipment and intangible assets	934	959	2,809	2,894
Share-based payment expense	27	82	93	117
	8,669	8,337	26,376	24,805
OPERATING INCOME (LOSS)				
	2,571	2,433	4,506	5,423
Finance costs (Note 12)	(4,029)	(2,830)	(11,437)	(8,991)
Gain (loss) on fair value changes in investment properties	(511)	(507)	2,049	(1,493)
Other income (expense), net (Note 13)	(49)	1,015	8	5,284
INCOME (LOSS) BEFORE INCOME TAXES				
	(2,018)	111	(4,874)	223
Income tax provision				
	200	(55)	885	(95)
NET INCOME (LOSS)				
	\$ (1,818)	\$ 56	\$ (3,989)	\$ 128
ATTRIBUTABLE TO:				
Global Education Communities Corp. shareholders	\$ (479)	\$ 284	\$ (3,275)	\$ 237
Non-controlling interests	(1,339)	(228)	(714)	(109)
	\$ (1,818)	\$ 56	\$ (3,989)	\$ 128
Net income (loss) per share attributable to equity holders of Global Education Communities Corp.				
Basic	\$ (0.01)	\$ 0.00	\$ (0.05)	\$ 0.00
Diluted	\$ (0.01)	\$ 0.00	\$ (0.05)	\$ 0.00
Weighted average number of common shares outstanding				
Basic	67,520,124	68,396,000	67,537,944	68,923,703
Diluted	67,520,124	68,684,383	67,537,944	69,241,964

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CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME
EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS EXCEPT SHARE DATA

	Three Months Ended		Nine Months Ended	
	May 31,		May 31,	
	2023	2022	2023	2022
NET INCOME (LOSS)	\$ (1,818)	\$ 56	\$ (3,989)	\$ 128
OTHER COMPREHENSIVE INCOME (LOSS):				
Items that are reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(28)	(84)	2	(44)
TOTAL COMPREHENSIVE INCOME (LOSS):	\$ (1,846)	\$ (28)	\$ (3,987)	\$ 84
ATTRIBUTABLE TO:				
Global Education Communities Corp. shareholders	\$ (508)	\$ 198	\$ (3,273)	\$ 192
Non-controlling interests	(1,338)	(226)	(714)	(108)
	\$ (1,846)	\$ (28)	\$ (3,987)	\$ 84

GLOBAL EDUCATION COMMUNITIES CORP.
(FORMERLY CIBT EDUCATION GROUP INC.) - UNAUDITED
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS EXCEPT SHARE DATA

	Note	Share Capital		Reserves	AOCI	Deficit	Total Shareholders' Equity	Non-Controlling Interests	Total Equity
		Number of Common Shares	Dollar Amount						
August 31, 2022		68,460,740	\$ 45,565	\$ 6,630	\$ 275	\$ (24,596)	\$ 27,874	\$ 134,158	\$ 162,032
Net income (loss) for the period		-	-	-	-	(3,275)	(3,275)	(714)	(3,989)
Unrealized translation adjustments		-	-	-	2	-	2	-	2
Total comprehensive income (loss)		-	-	-	2	(3,275)	(3,273)	(714)	(3,987)
Share-based payments	8(b)	-	-	93	-	-	93	-	93
Payments to non-controlling interests	9	-	-	-	-	-	-	(1,162)	(1,162)
Ownership changes	9	-	-	12	-	-	12	288	300
Non-controlling interests' contributions	9	-	-	-	-	-	-	2,987	2,987
Convertible debenture – equity portion	7	-	-	53	-	-	53	-	53
Purchase of treasury shares	8(a)	-	-	(142)	-	-	(142)	-	(142)
Treasury share cancellations	8(a)	(939,600)	(562)	562	-	-	-	-	-
May 31, 2023		67,521,140	45,003	7,208	277	(27,871)	24,617	135,557	160,174
August 31, 2021		69,978,240	\$ 46,573	\$ 6,770	\$ 295	\$ (2,841)	\$ 50,797	\$ 152,786	\$ 203,583
Net income for the period		-	-	-	-	237	237	(109)	128
Unrealized translation adjustments		-	-	-	(45)	-	(45)	1	(44)
Total comprehensive income		-	-	-	(45)	237	192	(108)	84
Share-based payments	8(b)	-	-	117	-	-	117	-	117
Payments to non-controlling interests	9	-	-	-	-	-	-	(946)	(946)
Ownership changes	9	-	-	-	-	(6,419)	(6,419)	20,846	14,427
Non-controlling interests' contributions	9	-	-	-	-	-	-	2,282	2,282
Purchase of treasury shares	8(a)	-	-	(1,009)	-	-	(1,009)	-	(1,009)
Treasury share cancellations	8(a)	(1,517,500)	(1,008)	1,008	-	-	-	-	-
May 31, 2022		68,460,740	45,565	6,886	250	(9,023)	43,678	174,860	218,538

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

GLOBAL EDUCATION COMMUNITIES CORP.
(FORMERLY CIBT EDUCATION GROUP INC.) - UNAUDITED
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS

	Note	Three Months Ended May 31,		Nine Month Ended May 31,	
		2023	2022	2023	2022
OPERATING ACTIVITIES					
Net income (loss)		\$ (1,818)	\$ 56	\$ (3,989)	\$ 128
Items not involving cash:					
Depreciation and amortization		1,052	1,729	3,629	4,895
Share-based compensation	8(b)	27	82	93	117
Net loss (gain) on fair value changes in investment properties	5	511	507	(2,049)	1,493
Provision for expected credit losses on trade receivables		129	-	689	-
Finance cost	12	4,029	2,830	11,437	8,991
Accrued interest income		-	(124)	-	(449)
Income tax expense (recovery)		(200)	55	(885)	95
Other items		103	(412)	391	(3,411)
Decrease (increase) in working capital	14(a)	2,124	5,355	1,718	2,162
Cash generated from operations		5,957	10,078	11,034	14,021
Interest paid		(3,376)	(2,004)	(8,957)	(6,152)
Income taxes paid		3	177	(203)	(19)
Net cash provided by (used in) operating activities		2,584	8,251	1,874	7,850
INVESTING ACTIVITIES					
Purchases of property and equipment		(114)	(151)	(404)	(345)
Investment properties, net	5	(1,379)	(3,494)	(6,176)	(10,939)
Capitalized borrowing costs	5	(3,252)	(2,191)	(9,103)	(6,201)
Net change in intangible assets		-	(1,033)	-	(2,539)
Other items		(16)	(192)	(16)	(520)
Net cash used in investing activities		(4,761)	(7,061)	(15,699)	(20,544)
FINANCING ACTIVITIES					
Cash flows associated with borrowings	14(b)	12,226	4,524	18,000	11,243
Payments of lease liabilities		(1,334)	(1,249)	(4,015)	(3,926)
Promissory note receivable		-	-	-	75
Repurchase of common shares	8(a)	(13)	(254)	(142)	(1,009)
Non-controlling interest, net		(39)	(495)	2,407	1,335
Deferred financing costs		(2,221)	(295)	(3,520)	(1,271)
Cash restricted for interest payments		(2,532)	-	(616)	-
Others		(110)	(108)	(446)	(623)
Net cash provided from (used in) financing activities		5,977	2,123	11,668	5,824
Effects of exchange rate changes on cash and cash equivalents		(35)	(85)	-	(44)
Decrease in cash and cash equivalents		3,765	3,228	(2,157)	(6,914)
Cash and cash equivalents, beginning of period		3,802	8,196	9,724	18,338
Cash and cash equivalents, end of period		\$ 7,567	\$ 11,424	\$ 7,567	\$ 11,424

Supplemental cash flow information (Note 14)

GLOBAL EDUCATION COMMUNITIES CORP.
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NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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NOTE 1 – NATURE OF OPERATIONS

Nature of operations

Global Education Communities Corp. (formerly CIBT Education Group Inc.) (the “Company”) is an educational and student-housing real estate company headquartered in Vancouver, British Columbia, Canada. The Company’s current business operations include education, media communications, revenue producing properties and real estate development. The Company currently has five principal business units/segments, being Sprott Shaw College Corp. (“SSCC”), Sprott Shaw Language College (“SSLC”), which includes Vancouver International College (“VIC”), CIBT School of Business & Technology Corp. (“CIBT China”), IRIX Design Group Inc. (“IRIX”), and Global Education City Holdings Inc. (“GECH”). The Company’s education business is conducted through SSCC and SSLC/VIC in Canada and through CIBT China and its subsidiaries in Asia. The Company operates its media communications business through IRIX. GECH is an investment holding and management company with a focus on education related real estate projects in Vancouver, Canada.

On April 17, 2023, the Company changed its name from CIBT Education Group Inc. to Global Education Communities Corp. The Company’s shares on the Toronto Stock Exchange will commence under the new name and trading symbol ‘GEC’ effective at April 20, 2023 and on the OTCQX International under the symbol ‘GECSEF’.

The head office and principal address of the Company are located at Suite 1200, 777 West Broadway, Vancouver, British Columbia, Canada and its registered and records offices are located at 733 Seymour Street, Suite 2900, Vancouver BC V6B 0S6.

NOTE 2 – BASIS OF ACCOUNTING

These unaudited condensed consolidated interim financial statements include the accounts of Global Education Communities Corp., the ultimate parent company of its consolidated group, and its subsidiaries and are prepared in accordance with International Accounting Standard 34 – *Interim Financial Reporting* (“IAS 34”) as issued by the International Accounting Standards Board (“IASB”). Certain disclosures included in annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”) as issued by the IASB have been condensed or omitted. Accordingly, these unaudited condensed consolidated interim financial statements should be read in conjunction with the Company’s audited consolidated financial statements for the year ended August 31, 2022. The accounting policies applied in the preparation of these unaudited condensed consolidated interim financial statements are consistent with those applied and disclosed in Note 29 of the Company’s audited consolidated financial statements for the year ended August 31, 2022, with the exception of the nature of restricted cash which at May 31, 2023 includes amounts held by the Company restricted to be used for specific interest payments on borrowings.

The Company’s presentation currency is Canadian dollars and all amounts are presented in thousands of Canadian dollars unless otherwise stated. The consolidated financial statements include the accounts of the Company and those of its subsidiaries, which are entities over which the Company has control. The Company’s interim results are not necessarily indicative of its results for a full year. Certain comparative figures have been reclassified to conform to the current period’s presentation.

These unaudited condensed consolidated interim financial statements were prepared on a going-concern basis, which contemplates the company will continue its operations and be able to realize its assets and discharge its liabilities and commitments in the normal course of business for the foreseeable future. For the nine months ended May 31, 2023, the Company reported a working capital deficiency of \$132,125 (August 31, 2022 – deficiency of \$192,440). Further, as at May 31, 2023, the Company recorded \$119,304 (August 31, 2022 - \$182,802) of current debt due within the next 12 months. Management is actively involved in the review, planning and approval of significant expenditure commitments.

These financial statements were authorized for issue by the Audit Committee and the Company’s Board of Directors on July 17, 2023.

NOTE 3 – CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the preparation of the consolidated financial statements and the application of the Company’s accounting policies, management is required to make judgements, estimates and assumptions that affect the carrying amounts of assets and

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liabilities and disclosure of contingent liabilities at the dates of the consolidated financial statements and the reported amounts of revenues and expenses during each reporting period. The estimates and associated assumptions are limited by the relevance of historical data and uncertainty of future events. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized in the period in which the estimates are revised and in any future periods.

NOTE 3 – CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

In preparing the Company's unaudited condensed consolidated interim financial statements for the nine months ended May 31, 2023, the Company applied critical judgements and estimates, including significant areas of estimation uncertainty in applying policies, disclosed in Note 3 of its audited consolidated financial statements for the year ended August 31, 2022.

As a result of rising inflation and interest rates and general global unrest, certain significant assumptions made by the Company may be impacted. Uncertain environments make estimating certain items in the financial statements more challenging and are likely to result in more frequent changes in management's expectations about the future.

In addition, significant assumptions are required when measuring the fair value of the Company's investment properties which are based in part on market conditions. During the year ended August 31, 2022 and continuing for the nine months ended May 31, 2023, market conditions have stabilized resulting in less uncertainty surrounding the measurement of fair value; however, the situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the Company are not known at this time. These impacts could include decreases in the valuation of investment properties and potential future decreases in revenue or the variability of ongoing expenses.

NOTE 4 – APPLICATION OF NEW AND REVISED IFRSs AND FUTURE ACCOUNTING POLICIES

New accounting standards, interpretations and amendments not yet effective

There are a number of new accounting standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods. In addition, the date of application of certain standards has been extended. These standards are not expected to have a material impact on the Company in the year of adoption as described in Note 4(b) to the audited consolidated financial statements for the year ended August 31, 2022.

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NOTE 5 – INVESTMENT PROPERTIES

The following table is a reconciliation of investment properties balances, including both revenue producing properties and properties under development, that are owned by the real estate limited partnerships which the Company controls. The Company selected the fair value model to apply to its investment properties. The Company’s investment properties and the valuation thereof is described in Note 5 to the audited consolidated financial statements for the year ended August 31, 2022.

	May 31, 2023		August 31, 2022	
Balance, beginning of period	\$	356,335	\$	322,606
Capital additions		-		75
Remeasurement of lease liability on right-of-use asset		688		67
Development costs		6,176		13,702
Capitalized borrowing costs		10,836		11,235
Net gain on change in fair value		2,049		8,650
Balance, end of period	\$	376,084	\$	356,335
Total revenue producing properties	\$	166,156	\$	166,835
Total properties under development		209,928		189,500
Total value of investment properties	\$	376,084	\$	356,335

NOTE 6 – DEVELOPMENT ASSETS

The following represents balances associated with the Company’s real estate properties under development:

	May 31, 2023		August 31, 2022	
Receivable from developer – current ⁽¹⁾	\$	3,300	\$	3,300
Deferred costs and other – non-current	\$	1,378	\$	1,378

⁽¹⁾ Related to GEC Project 9 described below. Note 6 to the audited consolidated financial statements for the year ended August 31, 2022 describes provision and impairment of development and other assets. There was no further impairment or recovery of amounts during the nine months ended May 31, 2023.

GEC Project 9

Pursuant to a Purchase and Development Agreement (“LP9 PDA”) with a Vancouver developer for the construction of a number of buildings, a controlled subsidiary of the Company, GEC Limited Partnership 9 (“GEC LP9”) had paid a total of \$60,000 in deposits associated with the right to purchase a portion of the completed project. In March 2019, the LP9 PDA was amended to reflect that \$20,000 of the deposits already paid would be returned to GEC LP9 in accordance with the terms of the amended LP9 PDA versus being applied to the purchase of the property on completion. When certain milestones were not met by the developer, the \$20,000 amount receivable from the developer became subject to interest of 15% per annum. During the year ended August 31, 2020, there was a second amendment to the terms of the LP9 PDA to further define certain terms including escalating interest and it was determined that the timing of repayment of the amount receivable from the developer would be based on the developer receiving third-party financing. The amount receivable from the developer of \$20,000 plus accrued interest and the \$40,000 deposit to be applied to the purchase price, in total \$60,000 plus accrued interest, are secured by a third mortgage against the developers’ property.

On April 1, 2022, the developer and its partners (collectively, the “Developer”) applied for and were granted an initial order to commence proceedings under the Canadian *Companies’ Creditor Arrangement Act* (the “CCAA”) to restructure its business. Under the CCAA proceedings, the Developer under the supervision of the Supreme Court of British Columbia (the “Court”), was to determine whether the project would be restructured or sold. The stay under the CCAA has been extended to September 2023 and the sales and investment solicitation process was terminated until September 2023 to focus on obtaining a new building permit.

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On October 6, 2022, GEC LP9 and its general partner filed a notice of civil claim with the Court commencing legal action against the mortgage lender for the project. In December 2022, GEC LP9 and its general partner responded to a counterclaim filed. If the civil claim is successful, the Company could receive some or all of the amounts for which a provision or impairment loss have previously been recognized. A trial date for the civil claim is now set for early 2024.

NOTE 7 – BORROWINGS

The carrying value of borrowings by entities controlled by the Company are as follows:

	May 31, 2023		August 31, 2022	
Current liabilities				
Current portion of secured loans (a)	\$	112,058	\$	175,034
Current portion of convertible debentures (b)		4,923		5,731
Current portion of government loans		323		37
Bonds payable		2,000		2,000
	\$	119,304	\$	182,802
Non-current liabilities				
Secured loans (a)		144,406		62,880
Convertible debentures (b)		252		-
Loans payable		4,297		3,926
Government loans		644		953
	\$	149,599	\$	67,759
Total borrowings	\$	268,903	\$	250,561

Total interest cost recognized by the Company are as follows:

		Three Months Ended		Nine Months Ended	
		May 31,		May 31,	
		2023	2022	2023	2022
Total interest expense associated with borrowings ⁽¹⁾	\$	6,282	\$ 5,648	\$ 18,526	\$ 16,717
Interest expense recognized in net income		3,030	2,719	9,420	8,588

⁽¹⁾ Approximately 72% of the outstanding borrowings at May 31, 2023 have variable interest rates linked to the Canadian prime rate (August 31, 2022 – 69%).

(a) Secured loans

The following table is a continuity of the activity of the loans secured by mortgages associated with the real estate business. Loan payments are interest only or blended payments of principal and interest. Secured loans have maturity dates ranging from June 2023 to March 2031. Full repayment of loans before maturity is permitted subject to specific criteria and satisfaction of minimum interest payment requirements. At May 31, 2023, interest rates on secured loans ranged from 1.88% to 16.75% per annum.

	May 31, 2023		August 31, 2022	
Balance, beginning of period	\$	237,914	\$	217,051
Advances ⁽¹⁾		121,881		28,244
Repayments ⁽²⁾		(103,598)		(7,391)
Finance costs incurred		(2,538)		(1,763)
Accretion of finance costs		2,214		3,936
Loss on derecognition of liability		127		-
Modification loss (gain) on non-substantial modification ⁽³⁾		464		(2,163)
Total current and non-current secured loans, end of period ⁽⁴⁾	\$	256,464	\$	237,914

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NOTE 7 – BORROWINGS (continued)

- (1) During the nine months ended May 31, 2023, real estate limited partnerships controlled by the Company entered into seven new financing agreements for principal of \$116,080 and made additional draws of \$5,801 under various loans.
- (2) Limited partnerships controlled by the Company made required principal and interest payments and repaid five loans with the proceeds of refinancing.
- (3) Certain terms for several secured mortgages were changed resulting in non-cash, non-substantial modifications gains or losses.
- (4) Secured loans are secured by investment properties with a carrying value of \$374,744 and land and building classified as property and equipment with a carrying value of \$55,445.

(b) Convertible debentures

Convertible debentures are disclosed in Note 14(b) to the Company's consolidated financial statements for the year ended August 31, 2022. The balances associated with the 2019 and 2020 Debentures are presented as follows:

	May 31, 2023		August 31, 2022	
Carrying value of host liabilities at beginning of period	\$	5,692	\$	5,826
Repayment		(260)		(800)
Transaction costs		(325)		-
Modification gain on non-substantial modification ⁽¹⁾		(640)		-
Equity portion allocated ⁽²⁾		(53)		-
Loss on derecognition of financial liabilities		-		32
Accretion of carrying value of host liabilities		445		494
Foreign exchange adjustments		203		140
Carrying value of host liabilities at end of period	\$	5,062	\$	5,692
Fair value of embedded derivatives at beginning of period	\$	39	\$	528
Fair value increase (decrease) in liability (Note 12)		71		(490)
Foreign exchange adjustments		3		1
Balance, embedded derivatives at end of period	\$	113	\$	39
Total Debentures at end of period	\$	5,175		5,731
Current		4,923		5,731
Non-current		252		-
Total 2019 and 2020 Debentures	\$	5,175	\$	5,731

(1) In November 2022, the 2019 Debenture agreement was amended to extend the maturity from November 14, 2022 to May 14, 2024 which resulted in a non-substantial modification gain.

(2) In February 2023, the 2020 Debenture agreement was amended to extend the maturity from Feb 28, 2023 to February 28, 2025, which resulted an extinguishment of the debenture. As a result, a new equity portion of \$53 was recorded in reserves.

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NOTE 8 – CAPITAL AND RESERVES

(a) Treasury shares

Pursuant to the provisions of a normal course issuer bid (“NCIB”) approved by the Toronto Stock Exchange (the “TSX”), the Company from time to time acquires its own common shares for cancellation.

	Nine months ended	
	May 31, 2023	May 31, 2022
Beginning of fiscal year – common shares held in treasury	733,800	207,000
Common shares purchased ⁽¹⁾	252,900	1,562,100
Common shares cancelled	(939,600)	(1,517,500)
End of period – common shares held in treasury	47,100	251,600

⁽¹⁾ During the nine months ended May 31, 2023, the Company spent \$142 (2022 - \$1,009) in purchasing common shares.

(b) Stock options

	Nine months ended	
	May 31, 2023	May 31, 2022
Beginning of fiscal year – stock options	3,620,000	3,365,000
Granted	-	1,400,000
Forfeited	(450,000)	(1,145,000)
End of period – common shares held in treasury	3,170,000	3,620,000

General terms of the Company’s stock option plan are disclosed in Note 16(a) of the Company’s audited consolidated financial statements for the year ended August 31, 2022. The options outstanding at May 31, 2023 had an exercise price range of \$0.44 to \$0.71 (August 31, 2022 - \$0.44 to \$0.75) and a weighted average contractual life of 2.36 years (August 31, 2022 – 2.95 years). At May 31, 2023, if all exercisable options were exercised total cash received would be \$1,402 (August 31, 2022 - \$1,361).

NOTE 9 – NON-CONTROLLING INTERESTS

(a) Continuity of non-controlling interests

The following continuity reflects the movement in the equity attributable to non-controlling interests (“NCIs”) in the Company. Additional information about each subsidiary which has a non-controlling interest is presented in Note 17 – *Segmented Information*.

	May 31, 2023	August 31, 2022
GECH at beginning of period	\$ 134,418	\$ 153,006
Contributions from sale of limited partnership units	2,987	2,282
Distribution declared and paid	(1,162)	(1,323)
Ownership changes not resulting in loss of control (b)	288	20,846
Allocation of net comprehensive income (loss) for period ended	(681)	(40,393)
GECH at end of period	135,850	134,418
CIBT China	(42)	(41)
IRIX	(251)	(219)
Total non-controlling interests	\$ 135,557	134,158

⁽¹⁾ Sale of limited partnership units associated with GEC Limited Partnership 1 and capital contributions associated with GEC Limited Partnership 7, GEC Limited Partnership 11, and GEC Limited Partnership 13.

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NOTE 9 – NON-CONTROLLING INTERESTS (continued)

(b) Transactions with non-controlling interests

The non-controlling interest and the Company's ownership of the individual limited partnerships which hold the real estate projects which are in the GECH operating segment are disclosed in Note 17(b) of the Company's audited consolidated financial statements for the year ended August 31, 2022. At May 31, 2023, the non-controlling interest percentage of GEC Limited Partnership 1 increased by 2.07% as the Company sold certain limited partnership units to a third party resulting in an increase of \$288 NCI and a \$12 increase in the ownership change reserve.

	Three Months Ended		Nine Months Ended	
	May 31,		May 31,	
	2023	2022	2023	2022
Contribution received, net of distribution	\$ (39)	\$ (495)	\$ 2,169	\$ 1,335
Cash received from sales of limited partnership units	-	-	238	-
Cash flow from non-controlling interest, net	(39)	(495)	2,407	1,335

NOTE 10 – FINANCIAL INSTRUMENTS

(a) Classification and measurement of financial assets and liabilities by category

The following represents the carrying values of the financial assets and liabilities of the Company and the associated classifications and measurement basis for each balance after initial recognition.

Financial assets	Measurement basis	May 31, 2023		August 31, 2022	
Cash and cash equivalents	Amortized cost	\$ 7,567	\$	\$ 9,724	
Restricted cash	Amortized cost	5,547		2,106	
Trade and other receivables	Amortized cost	16,476		12,688	
Receivable from developer	Amortized cost	3,300		3,300	
Other assets ⁽¹⁾	Amortized cost	-		3,212	
		\$ 32,890	\$	\$ 31,030	

Financial liabilities	Measurement basis	May 31, 2023		August 31, 2022	
Trade and other payables	Amortized cost	19,096		13,961	
Secured loans	Amortized cost	256,464		237,914	
Lease liabilities	Amortized cost	13,010		14,999	
Debentures – liability ⁽²⁾	Amortized cost	5,062		5,692	
Debentures – derivatives ⁽²⁾	FVTPL	113		39	
Bonds payable	Amortized cost	2,000		2,000	
Other loans payable	Amortized cost	5,264		4,916	
		\$ 301,009	\$	\$ 279,521	

⁽¹⁾ Balance at August 31, 2022 includes interest reserves which were reclassified to restricted cash at May 31, 2023.

⁽²⁾ 2019 and 2020 Debentures (Note 7(b)).

Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, restricted cash, trade receivables, other assets and trade and other payables are considered reasonable approximations of their fair values due to the short-term nature of these instruments. The fair value of the majority of secured loans, bonds payable and other loans payable approximate their carrying value as current market interest rates are not significantly different than stated interest rates for these instruments. The fair value at May 31, 2023 of one non-current secured loans was \$4,523 lower than carrying amounts as interest rates have increased. The fair value of secured loans has been determined by discounting the contractual cash flows using implied yields of obligations bearing similar credit risk and maturities.

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NOTE 10 – FINANCIAL INSTRUMENTS (continued)

All financial instruments not measured at fair value are considered level 2 financial assets or liabilities under the fair value hierarchy, with the exception of the receivable from developer of \$3,300 and loans receivable of \$3,740 which are considered level 3 financial assets.

Measurement of fair value

As described in Note 29(O) to the Company’s consolidated financial statements for the year ended August 31, 2022 the fair value hierarchy establishes three levels to classify the significance of inputs to valuation techniques used in making fair value measurements of financial assets and liabilities. At May 31, 2023 and August 31, 2022 there were no financial assets and financial liabilities measured and recognized at fair value on a non-recurring basis.

There were no transfers between any of the levels during the nine months ended May 31, 2023. The valuation methodologies for level 2 and level 3 financial liabilities are described in Note 22(b) to the consolidated financial statements for the year ended August 31, 2022. There were no changes to the valuation methodology used in the measurement of fair value for level 2 or level 3 financial assets and liabilities during the nine months ended May 31, 2023.

(b) Financial instruments risk

A description of the Company’s financial instruments and financial risks that the Company is exposed to and management of these risks is included in Note 22 and Note 23 to the consolidated financial statements for the year ended August 31, 2022. There were no significant changes in the Company’s exposures to those risks during the nine months ended May 31, 2023, except related to interest rate risk.

The prime rate increased several times during the nine months ended May 31, 2023 which inherently increases interest rate risk. Increased interest rates result in additional required cash flows to finance debt which will impact the Company’s results and future cash flows. The total proportion of principal subject to variable interest remained the same at approximately 72% at May 31, 2023 when compared with the 68% at August 31, 2022. The weighted average rate paid by the Company during the nine months ended May 31, 2023 was 9.04% on its secured loans, convertible and other corporate debt, an increase from 6.99% for the year ended August 31, 2022.

Maturities of financial liabilities

The table below presents the Company’s contractual undiscounted cash flows associated with financial liabilities broken into relevant maturity groupings based on their contractual maturities.

May 31, 2023	Less than one year	2 – 3 years	4-5 years	Over 5 years	Total
Trade and other payables	\$ 19,096	\$ -	\$ -	\$ -	\$ 19,096
Secured loans ⁽¹⁾	127,696	131,309	2,008	31,448	292,461
Lease payments	7,153	8,171	5,948	9,147	30,419
2019 and 2020 Debentures	5,472	300	-	-	5,772
Other loans	2,136	211	198	329	2,874
Total	\$ 161,553	\$ 139,991	\$ 8,154	\$ 40,924	\$ 350,622

(1) Interest reserves of \$5,302 exist to offset future interest payments on certain borrowings.

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NOTE 10 – FINANCIAL INSTRUMENTS (continued)

August 31, 2022	Less than one year		2 – 3 years		4-5 years		Over 5 years		Total
Trade and other payables	\$	18,233	\$	-	\$	-	\$	-	\$ 18,233
Secured loans ⁽¹⁾		206,136		14,776		2,426		31,940	255,278
Lease payments		7,706		8,408		6,097		10,031	32,242
2019 and 2020 Debentures		6,110		-		-		-	6,110
Other loans		2,410		5,928		199		444	8,981
Total	\$	240,595	\$	29,112	\$	8,722	\$	42,415	\$ 320,844

⁽¹⁾ Interest reserves of \$2,825 exist to offset future interest payments on certain borrowings.

NOTE 11 – GENERAL AND ADMINISTRATIVE EXPENSES

	Three Months Ended May 31,		Nine Months Ended May 31,					
	2023	2022	2023	2022				
Salaries and benefits	\$	3,736	\$	3,515	\$	10,886	\$	10,157
Office and general		1,080		1,006		3,047		2,999
Advertising		710		786		2,554		2,673
Professional fees		734		832		2,437		2,208
Consulting and management fees		298		171		804		505
Investor relations		24		26		79		68
Bank charges and interest		108		73		304		265
Rent		785		650		2,321		2,125
Credit loss allowance and write-offs		129		185		689		596
Travel and promotion		104		52		353		198
	\$	7,708	\$	7,296	\$	23,474	\$	21,794

NOTE 12 – FINANCE COSTS

	Three Months Ended May 31,		Nine Months Ended May 31,					
	2023	2022	2023	2022				
<i>Interest expense comprised of following:</i>								
Interest expense on borrowings	\$	6,282	\$	3,973	\$	18,523	\$	11,728
Accretion of finance fees and other		506		1,675		3,031		4,989
Accretion of lease liabilities		259		297		826		884
		7,047		5,945		22,380		17,601
Less: capitalized interest		(2,953)		(2,929)		(10,393)		(8,129)
Total interest expense		4,094		3,016		11,987		9,472
(Gain) loss on embedded derivatives, net		(65)		(186)		70		(471)
Debt modification gain ⁽¹⁾		-		-		(620)		-
Other		-		-		-		(10)
Finance costs	\$	4,029	\$	2,830	\$	11,437	\$	8,991

⁽¹⁾ Debt modification gain was included in Other Income for the period ended May 31, 2022.

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NOTE 13 – OTHER INCOME (EXPENSE), NET

	Three Months Ended May 31,		Nine Months Ended May 31,	
	2023	2022	2023	2022
Interest and other income, net	\$ 124	\$ 718	\$ 364	\$ 1,386
Government grants	-	-	-	556
Debt modification gain ⁽¹⁾	-	380	-	3,400
Foreign exchange gain (loss)	(78)	(81)	(229)	(24)
Loss on derecognition of financial liabilities	(95)	-	(127)	(32)
Loss on disposal of equipment	-	(2)	-	(2)
	\$ (49)	\$ 1,015	\$ 8	\$ 5,284

⁽¹⁾ Debt modification gain was included in Other Income for the period ended May 31, 2022.

NOTE 14 – SUPPLEMENTAL CASH FLOW INFORMATION

(a) Changes in non-cash working capital

	Three Months Ended May 31,		Nine Months Ended May 31,	
	2023	2022	2023	2022
Accounts receivable (increase) decrease	\$ 1,931	\$ 5,455	\$ (3,304)	\$ (441)
Prepayments (increase) decrease	24	241	(876)	260
Inventory (increase) decrease	42	(94)	(184)	(84)
Accounts payable and accrued liabilities increase (decrease)	47	978	1,076	1,456
Deferred revenue increase (decrease)	80	(1,336)	5,006	1,803
Interest reserves decrease (increase) ⁽¹⁾	-	111	-	(832)
Decrease (increase) in working capital	\$ 2,124	\$ 5,355	\$ 1,718	\$ 2,162

⁽²⁾ Interest reserves included in prepayments and other assets on the condensed consolidated interim statements of financial position at May 31, 2022. At May 31, 2023, interest reserves included as part of restricted cash balance.

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NOTE 14 – SUPPLEMENTAL CASH FLOW INFORMATION (continued)

(b) Changes in liabilities arising from financing activities

	Three Months Ended May 31,		Nine Months Ended May 31,	
	2023	2022	2023	2022
Total Borrowings, beginning of period	\$ 257,908	\$ 235,590	\$ 250,561	\$ 244,250
Cash flows, comprised of:	12,226	4,524	18,000	11,243
Repayments of secured loans	(55,938)	(608)	(103,598)	(1,812)
Repayments of credit facility	-	(75)	-	(359)
Repayment of 2017 convertible debt	-	(62)	-	(185)
Repayment of 2019 convertible debt	(260)	(500)	(260)	(800)
Repayment of other loans	(23)	(200)	(23)	(200)
New advances of secured loans	68,447	5,719	121,881	13,329
Issuance of convertible promissory notes	-	-	-	-
Other loans	-	250	-	1,270
<u>Liability related items:</u>				
Finance fees paid	(2,546)	(295)	(3,794)	(1,281)
<u>Non-cash related items:</u>				
Finance cost accretion ⁽¹⁾	1,192	1,296	2,855	1,621
Equity component of convertible debentures	-	-	(53)	-
Derivative fair value (gain) loss	(64)	(186)	70	(471)
Conversion of promissory notes into units	127	-	127	(14,427)
Accrued finance fee	-	-	930	-
Foreign exchange and other	60	(34)	207	(40)
Total Borrowings, end of period	\$ 268,903	\$ 240,895	\$ 268,903	\$ 240,895

⁽¹⁾ Includes increase in carrying value of secured debt resulting from debt modification gain (loss).

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NOTE 15 – RELATED PARTY TRANSACTIONS

The Company's related parties include its subsidiaries, associates over which it exercises significant influence, and key management personnel and directors. Amounts paid to related parties were incurred in the normal course of operations and measured at the amount exchanged. At May 31, 2023, 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 five senior executives and its directors. Fees paid to the Company's key management personnel and directors are presented below.

	Three Months Ended May 31,		Nine Months Ended May 31,	
	2023	2022	2023	2022
Management fees, salary, director's fees	\$ 297	\$ 248	\$ 799	\$ 750
Share-based compensation	32	10	72	50
Total remuneration	\$ 329	\$ 258	\$ 871	\$ 800

At May 31, 2023, amounts receivable from related parties total \$48, compared to amounts payable to related parties of (\$179) at August 31, 2022.

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NOTE 16 – SEGMENTED INFORMATION

The Company's primary industry and geographic segments are in Canada where SSCC operates technical and career training schools, SSLC and VIC operate English language schools, IRIX conducts web design and advertising services, and GECH invests in and manages education related real estate projects, and in China where CIBT China operates technical and career training schools. The Company's corporate operations are also in Canada. Transactions between SSCC, SSLC/VIC, IRIX, GECH, CIBT China and the Company (Corporate) are reported as inter-segment transactions and are eliminated on consolidation.

	Nine Months Ended May 31, 2023						
	CIBT China	SSCC	SSLC/VIC	IRIX	GECH	Corporate	Total
Revenues							
Revenues from contracts with customers							
Educational	\$ 1,923	\$ 29,381	\$ 8,363	\$ -	\$ -	\$ -	\$ 39,667
Rental	-	-	-	-	5,469	-	5,469
Design and advertising	-	-	-	295	-	-	295
Commissions and referral fees	906	-	-	-	-	-	906
	<u>2,829</u>	<u>29,381</u>	<u>8,363</u>	<u>295</u>	<u>5,469</u>	<u>-</u>	<u>46,337</u>
Revenues from leases	-	-	-	-	8,544	-	8,544
Revenues from development fees	-	-	-	-	-	479	479
	<u>\$ 2,829</u>	<u>\$ 29,381</u>	<u>\$ 8,363</u>	<u>\$ 295</u>	<u>\$ 14,013</u>	<u>\$ 479</u>	<u>\$ 55,360</u>
Revenues, net of direct costs	\$ 1,276	17,073	\$ 3,155	\$ 242	\$ 8,657	\$ 479	\$ 30,882
Other income (expenses):							
General and administrative	(984)	(13,203)	(3,119)	(341)	(2,843)	(2,984)	(23,474)
Depreciation and amortization	(13)	(2,123)	(315)	(31)	(250)	(77)	(2,809)
Share-based payment expense	-	-	-	-	-	(93)	(93)
Interest and other income	186	2	79	10	88	-	365
Foreign exchange gain (loss)	(4)	-	-	-	(4)	(221)	(229)
Interest expense	-	(630)	(95)	(3)	(10,284)	(355)	(11,367)
Finance fees expense and other	-	-	-	-	-	(71)	(71)
Loss on derecognition of financial liabilities	-	-	-	-	(127)	-	(127)
Loss on fair value changes in investment properties	-	-	-	-	2,049	-	2,049
Income tax provision, net	(123)	(124)	(63)	24	264	907	885
Inter-segment transactions	106	(706)	528	33	72	(33)	-
Net income (loss)	<u>\$ 444</u>	<u>\$ 289</u>	<u>\$ 170</u>	<u>\$ (66)</u>	<u>\$ (2,378)</u>	<u>\$ (2,448)</u>	<u>\$ (3,989)</u>

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NOTE 16 – SEGMENTED INFORMATION (continued)

Industry and Geographic Segments

	As at May 31, 2023						
	CIBT China	SSCC	SSLC/VIC	IRIX	GECH	Corporate	Consolidated
Total assets	\$ 3,982	\$ 38,394	\$ 2,641	\$ 221	\$ 448,980	\$ 3,706	\$ 497,924
Property and equipment	\$ 57	\$ 1,924	\$ 92	\$ 29	\$ 55,458	\$ 6	\$ 57,566
Investment properties	\$ -	\$ -	\$ -	\$ -	\$ 376,084	\$ -	\$ 376,084
Intangible assets	\$ 461	\$ 6,116	\$ 70	\$ -	\$ -	\$ -	\$ 6,647
Goodwill	\$ -	\$ 5,218	\$ -	\$ -	\$ -	\$ 300	\$ 5,518
Total liabilities	\$ 858	\$ 43,173	\$ 8,159	\$ 411	\$ 284,261	\$ 888	\$ 337,750
Non-controlling interests	\$ (42)	\$ -	\$ -	\$ (251)	\$ 135,850	\$ -	\$ 135,557

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NOTE 16 – SEGMENTED INFORMATION (continued)

	Nine Months Ended May 31, 2022						
	CIBT China	SSCC	SSLC/VIC	IRIX	GECH	Corporate	Total
Revenues							
Revenues from contracts with customers							
Educational	\$ 2,195	\$ 30,006	\$ 6,496	\$ -	\$ -	\$ -	\$ 38,697
Rental	-	-	-	-	4,134	-	4,134
Design and advertising	-	-	-	399	-	-	399
Commissions and referral fees	730	-	-	-	-	-	730
	<u>2,925</u>	<u>30,006</u>	<u>6,496</u>	<u>399</u>	<u>4,134</u>	<u>-</u>	<u>43,960</u>
Revenues from leases	-	-	-	-	8,123	-	8,123
Revenues from development fees	-	-	-	-	-	588	588
	<u>\$ 2,925</u>	<u>\$ 30,006</u>	<u>\$ 6,496</u>	<u>\$ 399</u>	<u>\$ 12,257</u>	<u>\$ 588</u>	<u>\$ 52,671</u>
Revenues, net of direct costs	\$ 1,299	\$ 17,607	\$ 2,534	\$ 283	\$ 7,917	\$ 588	\$ 30,228
Other income (expenses):							
General and administrative	(867)	(12,911)	(2,413)	(433)	(2,618)	(2,552)	(21,794)
Depreciation and amortization	(18)	(2,109)	(400)	(32)	(257)	(78)	(2,894)
Share-based payment expense	-	-	-	-	-	(117)	(117)
Interest and other income	-	296	537	83	4,020	202	5,342
Foreign exchange gain (loss)	-	-	-	(1)	-	36	(24)
Interest expense	-	(666)	(58)	(5)	(7,777)	(966)	(9,472)
Finance fees expense and other	-	-	-	-	15	466	481
Loss on fair value changes in investment properties	-	-	-	-	(1,493)	-	(1,493)
Loss on derecognition of financial liabilities	-	-	-	-	-	(32)	(32)
Loss on disposal of assets	-	(2)	-	-	-	-	(2)
Income tax provision, net	(160)	(217)	(412)	17	9	668	(95)
Inter-segment transactions	26	(1,418)	1,320	19	72	(19)	-
Net income (loss)	<u>\$ 425</u>	<u>\$ 580</u>	<u>\$ 1,108</u>	<u>\$ (69)</u>	<u>\$ (112)</u>	<u>\$ (1,804)</u>	<u>\$ 128</u>

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NOTE 16 - SEGMENTED INFORMATION (continued)

Industry and Geographic Segments

	As at Aug 31, 2022						
	CIBT China	SSCC	SSLC/VIC	IRIX	GECH	Corporate	Consolidated
Total assets	\$ 3,726	\$ 36,604	\$ 3,008	\$ 298	\$ 430,924	\$ 3,173	\$ 477,733
Property and equipment	\$ 70	\$ 2,017	\$ 88	\$ 32	\$ 55,685	\$ 6	\$ 57,931
Investment properties	\$ -	\$ -	\$ -	\$ -	\$ 356,335	\$ -	\$ 356,335
Intangible assets	\$ 461	\$ 6,507	\$ 561	\$ -	\$ -	\$ -	\$ 7,529
Goodwill	\$ -	\$ 5,218	\$ -	\$ -	\$ -	\$ 300	\$ 5,518
Total liabilities	\$ 837	\$ 40,747	\$ 7,898	\$ 500	\$ 264,625	\$ 1,094	\$ 315,701
Non-controlling interests	\$ (41)	\$ -	\$ -	\$ (219)	\$ 134,418	\$ -	\$ 134,158

--- END OF FINANCIAL STATEMENTS ---