



GLOBAL EDUCATION COMMUNITIES CORP.
CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2025 AND 2024

EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS UNLESS OTHERWISE NOTED

INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Global Education Communities Corp.

Opinion

We have audited the consolidated financial statements of Global Education Communities Corp. (the Entity), which comprise:

- the consolidated statements of financial position as at August 31, 2025 and August 31, 2024
- the consolidated statements of income (loss) and comprehensive income (loss) for the years then ended
- the consolidated statements of changes in equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at August 31, 2025 and August 31, 2024, its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “***Auditor’s Responsibilities for the Audit of the Financial Statements***” section of our auditor’s report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended August 31, 2025. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Evaluation of the fair value of investment properties

Description of the matter

We draw attention to Note 3(b), Note 5 and Note 28D to the financial statements. The Entity has recorded investment properties at fair value. The fair value of investment properties is \$306,494 thousands. Significant assumptions in determining the fair value of investment properties include:

- forecasted stabilized net operating income to be generated by the investment properties.
- Capitalization rates applied to the forecasted stabilized net operating income.
- Price per buildable square foot.

Why the matter is a key audit matter

We identified the evaluation of the fair value of investment properties as a key audit matter. This matter represented an area of significant risk of material misstatement given the magnitude of investment properties and the high degree of estimation uncertainty in determining the fair value of investment properties. In addition, significant auditor judgment and specialized skills and knowledge were required in evaluating the results of our audit procedures due to the sensitivity of the Entity's determination of the fair value of investment properties to minor changes to certain significant assumptions.

How the matter was addressed in the audit

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

- For a selection of investment properties, we compared the forecasted stabilized net operating income to be generated by the investment properties to the actual historical net operating income generated in prior year up to current date and publicly available information. We took into account changes in conditions and events affecting the investment properties to assess the adjustments, or lack of adjustments, made by the Entity.



- We involved valuations professionals with specialized skills and knowledge, who assisted in evaluating the appropriateness of the capitalization rates and price per buildable square foot. For a selection of investment properties, the capitalization rates were evaluated by comparing them to published reports of real estate industry commentators, while considering the features of the specific investment property. For a selection of investment properties, the price per buildable square foot was evaluated by comparing them to comparable market transactions.

Evaluation of the Entity's ability to continue as a going concern

Description of the matter

We draw attention to Notes 2, 3(a) and 23 to the financial statements. The Entity has assessed that there are no material uncertainties related to events or conditions that may cast significant doubt upon the Entity's ability to continue as a going concern. In making this significant judgment, the Entity has prepared cash flow forecasts covering twelve months from the date of the approval of the financial statements. Based on these forecasts, the Entity believes that it will have sufficient liquidity to operate and discharge its liabilities as they become due.

Why the matter is a key audit matter

We identified the evaluation of the Entity's ability to continue as a going concern as a key audit matter. This evaluation required significant auditor judgment in assessing the Entity's cash flow forecasts due to the degree of uncertainty in the most significant assumptions.

How the matter was addressed in the audit

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

- We evaluated the appropriateness of significant assumptions used by the Entity in preparing the cash flow forecasts.
- We evaluated the feasibility of the Entity's plans to renew, refinance or replace the debt.
- We compared the Entity's historical forecasted cash flows to actual results to assess the Entity's ability to accurately forecast.
- We assessed the disclosures related to the events or conditions that may cast significant doubt upon the Entity's ability to continue as a going concern.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.



In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.



We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



Global Education Communities Corp.
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- Determine, from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this auditor's report is Jeremie Jamin.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants

Vancouver, Canada
December 3, 2025

GLOBAL EDUCATION COMMUNITIES CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS

August 31, 2025 August 31, 2024

ASSETS

CURRENT

Cash and cash equivalents	\$	3,299	\$	2,132
Restricted cash		1,388		2,749
Trade and other receivables (Note 10)		9,437		13,677
Secured loan receivable (Note 26)		7,951		-
Current development assets (Note 7)		3,300		3,300
Income taxes receivable		72		183
Prepayments		1,077		1,240
Inventory		97		933
TOTAL CURRENT ASSETS		26,621		24,214
Investment properties (Note 5)		306,494		419,002
Property and equipment (Note 8)		203		2,064
Right-of-use assets (Note 9(a))		2,965		12,584
Note receivable (Note 6(b))		7,750		-
Development assets (Note 7)		869		869
Investment in joint ventures (Note 6)		28,157		-
Intangible assets and goodwill		24		11,506
Deferred income tax assets (Note 21(c))		3,225		3,825
Other		1,048		1,147
TOTAL ASSETS	\$	377,356	\$	475,211

LIABILITIES

CURRENT

Trade and other payables (Note 11)	\$	14,745	\$	15,315
Income taxes payable		184		490
Deferred revenue (Note 12)		3,120		20,979
Current portion of borrowings (Note 13)		52,589		83,986
Current lease liabilities (Note 9(d))		4,708		5,271
TOTAL CURRENT LIABILITIES		75,346		126,041
Borrowings (Note 13)		130,621		166,970
Lease liabilities (Note 9(d))		17,729		31,072
Deferred income tax liabilities (Note 21(c))		8,916		9,196
TOTAL LIABILITIES	\$	232,612	\$	333,279

EQUITY

Share capital		45,371		44,969
Reserves (Note 14(c))		7,579		7,372
Retained deficit		(5,270)		(27,411)
Accumulated other comprehensive income		278		278
Shareholders' Equity		47,958		25,208
Non-controlling interests (Note 16(a))		96,786		116,724
TOTAL EQUITY	\$	144,744	\$	141,932
TOTAL LIABILITIES AND EQUITY	\$	377,356	\$	475,211

CONTINGENCIES (Note 25)

EVENTS AFTER THE REPORTING PERIOD (Note 30)

Approved on behalf of the Board:

"Toby Chu"

Toby Chu, Chief Executive Officer & Director

"Troy Rice"

Troy Rice, Director

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

GLOBAL EDUCATION COMMUNITIES CORP.
CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)
EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS EXCEPT PER SHARE DATA

	Year Ended	
	August 31, 2025	August 31, 2024 (Note 3(a))
REVENUES (Notes 12, 29)		
Educational	\$ 10,109	\$ 14,633
Rental (Note 5(c))	17,101	17,250
Development fees	-	1,467
Design and advertising	362	580
Commissions and referral fees	1,465	1,305
	29,037	35,235
DIRECT COSTS		
Educational	6,075	8,836
Rental (Note 5(c))	4,991	5,710
Design and advertising	103	135
Commissions and referral fees	675	608
	11,844	15,289
OTHER OPERATING COSTS		
General and administrative (Note 18)	13,254	14,915
Provision for expected credit loss on trade receivables	1,059	878
Depreciation and amortization (Notes 8, 9)	639	727
Share-based payment expense (Note 15)	157	134
	15,109	16,654
OPERATING INCOME	2,084	3,292
Finance costs (Note 19)	(12,752)	(13,089)
Net loss on fair value changes in investment properties (Note 5(a))	(17,282)	(25,844)
Gain from sale of hotel property	-	10,385
Net loss related to investment in joint ventures (Note 6)	(6,491)	-
Other income (loss), net (Note 20)	98	(222)
INCOME (LOSS) BEFORE INCOME TAXES	(34,343)	(25,478)
Income tax recovery (expense) (Note 21(a))	2,140	2,679
Net loss for the year from continuing operations	(32,203)	(22,799)
Net income for the year from discontinued operations (Note 17)	36,200	1,526
NET INCOME (LOSS)	\$ 3,997	\$ (21,273)
OTHER COMPREHENSIVE INCOME (LOSS):		
<i>Items that are or may be reclassified subsequent to profit or loss</i>		
Exchange differences on translating foreign operations	-	5
Other comprehensive income (loss), net of tax	\$ -	\$ 5
TOTAL COMPREHENSIVE INCOME (LOSS)	3,997	(21,268)

GLOBAL EDUCATION COMMUNITIES CORP.
CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)
EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS EXCEPT PER SHARE DATA

	Year Ended	
	August 31, 2025	August 31, 2024 (Note 3(a))
Net income (loss) from continuing operations attributable to:		
Global Education Communities Corp. shareholders	\$ (14,059)	\$ (432)
Non-controlling interests (Note 16)	(18,144)	(22,367)
	\$ (32,203)	\$ (22,799)
Net income (loss) from discontinued operations attributable to:		
Global Education Communities Corp. shareholders	\$ 36,200	\$ 1,526
Non-controlling interests (Note 16)	-	-
	\$ 36,200	\$ 1,526
Net income (loss) attributable to:		
Global Education Communities Corp. shareholders	\$ 22,141	\$ 1,094
Non-controlling interests (Note 16)	(18,144)	(22,367)
Net income (loss)	\$ 3,997	\$ (21,273)
Total comprehensive income (loss) attributable to:		
Global Education Communities Corp. shareholders	\$ 22,141	\$ 1,099
Non-controlling interests (Note 16)	(18,144)	(22,367)
Total comprehensive income (loss)	\$ 3,997	\$ (21,268)
Net income (loss) per share attributable to shareholders of Global Education Communities Corp.		
Basic (Note 14)	\$ 0.33	\$ 0.02
Diluted (Note 14)	\$ 0.29	\$ 0.02
Net income (loss) from continued operations per share attributable to shareholders of Global Education Communities Corp.		
Basic (Note 14)	\$ (0.21)	\$ (0.00)
Diluted (Note 14)	\$ (0.21)	\$ (0.00)
Net income (loss) from discontinued operations per share attributable to shareholders of Global Education Communities Corp.		
Basic (Note 14)	\$ 0.54	\$ 0.02
Diluted (Note 14)	\$ 0.50	\$ 0.02
Weighted average number of common shares outstanding		
Basic (Note 14)	67,479,841	67,455,647
Diluted (Note 14)	79,512,408	67,455,647

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

GLOBAL EDUCATION COMMUNITIES CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS EXCEPT SHARE DATA

	Note	Share Capital							Total Equity
		Number of Common Shares	Dollar Amount	Reserves	AOCI	Earnings/ (Deficit)	Shareholders' Equity	Non- Controlling Interests	
August 31, 2023									
Net income for the period		67,521,140	\$ 45,003	\$ 7,215	\$ 273	\$ (28,505)	\$ 23,986	\$ 139,151	\$ 163,137
Unrealized translation adjustments		-	-	-	-	1,094	1,094	(22,367)	(21,273)
Total comprehensive income (loss)		-	-	-	5	-	5	-	5
Share-based payments	15	-	-	134	-	-	134	-	134
Contributions from non-controlling interests	16(a)	-	-	-	-	-	-	(6,100)	(6,100)
Distributions to non-controlling interests	16(a)	-	-	-	-	-	-	6,040	6,040
Purchase of treasury shares	14(b)	-	-	(11)	-	-	(11)	-	(11)
Treasury shares cancellation	14(b)	(81,100)	(34)	34	-	-	-	-	-
August 31, 2024		67,440,040	\$ 44,969	\$ 7,372	\$ 278	\$ (27,411)	\$ 25,208	\$ 116,724	\$ 141,932
August 31, 2024									
Net loss for the period		67,440,040	\$ 44,969	\$ 7,372	\$ 278	\$ (27,411)	\$ 25,208	\$ 116,724	\$ 141,932
Unrealized translation adjustments		-	-	-	-	22,141	22,141	(18,144)	3,997
Total comprehensive income (loss)		-	-	-	-	-	-	-	-
Share-based payments	15	-	-	157	-	-	157	-	157
Distributions to non-controlling interest	16(a)	-	-	-	-	-	-	(6,208)	(6,208)
Loss of control of partnership	16(a)	-	-	-	-	-	-	(19,046)	(19,046)
Gain of control of partnership	16(a)	-	-	-	-	-	-	23,460	23,460
Shares issued - debt conversion	13(b)	1,300,000	402	(33)	-	-	369	-	369
Purchase of treasury shares	14(b)	-	-	(43)	-	-	(43)	-	(43)
Equity component of convertible debt	13(b)	-	-	126	-	-	126	-	126
August 31, 2025		68,740,040	\$ 45,371	\$ 7,579	\$ 278	\$ (5,270)	\$ 47,958	\$ 96,786	\$ 144,744

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

GLOBAL EDUCATION COMMUNITIES CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS

	Year Ended	
	August 31, 2025	August 31, 2024
OPERATING ACTIVITIES		
Net income (loss) from continuing operations	\$ (32,203)	\$ (22,799)
Items not affecting cash:		
Depreciation and amortization	639	727
Share-based payment expense (Note 15)	157	134
Net loss on fair value changes in investment properties (Note 5)	17,282	25,844
Provision for expected credit losses on trade receivables	1,059	878
Finance cost (Note 19)	12,752	13,089
Current income tax expense (Note 21(a))	116	(246)
Deferred income tax (recovery) expense (Note 21(a))	(2,256)	(2,432)
Net loss on sale of property and equipment	(47)	(10,385)
Net loss related to investment in joint venture (Note 6)	6,491	-
Impairment of intangible assets	-	461
Other	930	40
Net changes in non-cash working capital (Note 27(a))	(594)	(5,415)
Cash generated from (used in) operations	4,326	(104)
Interest paid	(8,550)	(10,623)
Income taxes refunded (paid)	176	(158)
Net cash used in operating activities from continuing operations	(4,048)	(10,885)
Net cash provided by operating activities from discontinued operations (Note 17)	2,778	5,308
Net cash provided by (used in) operating activities	(1,270)	(5,577)
INVESTING ACTIVITIES		
Development of investment properties, net (Note 5)	(1,771)	(6,173)
Purchases of property and equipment, net of disposals (Note 8)	(21)	(123)
Proceeds from sale of property and equipment	-	14,880
Return of capital from joint venture (Note 6)	4,971	-
Acquisition and development of investment properties (Note 5)	-	(17,532)
Capitalized borrowing costs paid	(7,403)	(11,101)
Investment in secured loan receivable (Note 26)	(7,750)	-
Sale of property and equipment	-	-
Other	240	28
Net cash used in investing activities from continuing operations	(11,734)	(20,021)
Net cash provided by (used in) investing activities from discontinued operations (Note 17)	31,515	(887)
Net cash provided by (used in) investing activities	19,781	(20,908)
FINANCING ACTIVITIES		
Advances from borrowings, net (Note 27)	60,102	132,338
Repayment of borrowings (Note 27)	(65,269)	(98,946)
Payments of lease liabilities (Note 9(c))	(5,616)	(2,935)
Repurchase of common shares (Note 14(a))	(43)	(11)
Distributions to non-controlling interest (Note 16(a))	(1,002)	(7,030)
Contributions from non-controlling interest (Note 16(a))	-	6,040
Payment of financing costs	(6,968)	(4,091)
Other	1,476	317
Net cash provided by (used in) financing activities from continuing operations	(17,320)	25,682
Net cash used in financing activities from discontinued operations (Note 17)	(23)	(463)
Net cash provided by (used in) financing activities	(17,343)	25,219
Effects of exchange rate changes on cash and cash equivalents	(1)	6
Increase (decrease) in cash and cash equivalents	1,167	(1,260)
Cash and cash equivalents, beginning of year	2,132	3,392
Cash and cash equivalents, end of year	\$ 3,299	\$ 2,132

SUPPLEMENTAL CASH FLOW INFORMATION (Note 27)

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

GLOBAL EDUCATION COMMUNITIES CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
All amounts in thousands of Canadian Dollars except share and per share amounts
August 31, 2025

NOTE 1 – NATURE OF OPERATIONS

Global Education Communities Corp. (the “Company” or “GECC”) 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 four principal business units/segments, being SSLC Language College (“SSLC”), which includes SSLC Business College (formerly Vancouver International College or “VIC”), CIBT School of Business & Technology Corp. (“CIBT”), IRIX Design Group Inc. (“IRIX”), and Global Education City Holdings Inc. (“GECH”). The Company’s education business is conducted through SSLC in Canada and through CIBT 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. During the year ended August 31, 2025, the Company divested its equity interest in and discontinued the Sprott Shaw Community Collect (“SSCC”) business segment (Note 17).

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 consolidated financial statements include the accounts of GECC., the ultimate parent company of its consolidated group, its subsidiaries and investment in joint ventures are prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations committee.

These consolidated financial statements of the Company were approved by the Company’s Board of Directors and authorized for issue on December 3, 2025.

Basis of preparation

These consolidated financial statements were prepared on a going-concern basis, under the historical cost convention except for the following items, which are measured on an alternate basis on each reporting date.

- (a) Investment properties, which are recorded at fair value with changes in fair value recorded in the consolidated statements of comprehensive income (loss); and
- (b) Convertible debenture derivatives, which are recorded at fair value with changes in fair value recorded in the consolidated statements of comprehensive income (loss).

The Company’s material accounting policies are described in Note 28 and these policies are consistently applied to all the periods presented.

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 (Note 28(A)(i)).

These consolidated financial statements have been prepared on a going concern basis, which contemplates the Company will continue in operation and be able to realize its assets and discharge its liabilities and commitments in the normal course of business for the foreseeable future. In assessing whether the going concern assumption is appropriate and whether there are material uncertainties that may cast significant doubt about the Company’s ability to continue as a going concern, management considers all available information and actions with respect to the future which is at least, but not limited to, twelve months from the end of the reporting period.

For the year ended and as at August 31, 2025, the Company recognized a net income of \$ 3,997 (August 31, 2024 - net loss of \$ (21,273)) and reported a working capital deficit of \$48,725 (August 31, 2024 - \$101,827), which is calculated as current assets minus current liabilities. The most significant amount included in current liabilities at August 31, 2025 is \$52,589 of principal on the Company’s borrowings (August 31, 2024 - \$83,986).

NOTE 2 – BASIS OF ACCOUNTING (continued)

Basis of preparation (continued)

The Company's approach to managing liquidity is to either renew, refinance or replace the debt as it comes due or to raise additional equity or debt financing. Management has commenced negotiations for some of the debt due in the forward-looking going concern assessment period and will commence negotiations for the others closer to their maturity dates. The Company manages its liquidity risk by forecasting cashflows from operations, anticipating and executing any investing and financing activities. Management is actively involved in the review, planning and approval of significant expenditures and commitments.

The Company's ability to continue as a going concern is dependent on its ability to renew, refinance or replace its existing debts, and/or to raise additional capital through equity or debt financing from existing or new investors. The Company may also delay or reduce planned expenditures and slow its progress in real estate project development where there are liquidity constraints. The Company has historically relied on debt financings and contribution from its non-controlling interests to undertake its real estate development activities. While the Company has been successful in the past in obtaining financing, there can be no assurance that the Company will be able to obtain adequate financing, or that such financing will be on terms acceptable to the Company, to meet future needs which may result in the delay, reduction, or discontinuation of ongoing real estate development projects. Based on previous results, management believes they will be successful in executing one or all the actions outlined above but acknowledges there is inherent risk based on the fact that success relies on actions of third-party lenders and others, and as such are outside of management's control.

The determination as to the Company's ability to continue as a going concern is dependent on its ability to secure debt and equity financing, and to maintain profitable operations. Significant judgments were made when determining if and when the Company will secure debt and equity financing and generate positive cash flows from its operations. Management has prepared cash flow forecasts and considered the cash flow requirement for the Company for the period twelve months from the date of the approval of the financial statements. These forecasts show that further financing will be required during the course of the next twelve months assuming, among other factors, that construction/development initiatives and other operating activities continue as currently planned. Based on these forecasts, the Company believes that it will have sufficient liquidity to operate and discharge its liabilities as they become due. Actual results could differ significantly from these estimates.

The Company has assessed that there are no material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. These consolidated financial statements do not reflect adjustments to the carrying values of assets and liabilities that would be necessary if the Company was unable to renew, refinance or replace its existing debts and/or to raise additional capital through equity/or debt financing and continue as a going concern. Such adjustments, if required, could be material.

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 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.

(a) Critical judgements in applying accounting policies

Information about judgements made in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements, are as follows:

Going concern

The determination as to the Company's ability to continue as a going concern is dependent on its ability to secure debt and equity financing, and to maintain profitable operations. Significant judgments were made when determining if and when the Company will secure debt and equity financing and generate positive cash flows from its operations.

NOTE 3 – CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(a) Critical judgements in applying accounting policies (continued)

Determination of control of subsidiaries and joint control of investment in joint ventures

Judgement is required to determine when the Company has control of subsidiaries or joint control of joint arrangements. This requires an assessment of the relevant activities of the investee, being those activities that significantly affect the investee's returns, including operating and capital expenditure decision-making, financing of the investee, and the appointment, remuneration and termination of key management personnel; and if the decisions in relation to those activities are under the control of the Company or require unanimous consent from the investors. Management has determined that at August 31, 2025, it jointly controls the limited partnerships formed to hold the GEC Oakridge and GEC Education Mega Centre ("GEC EMC") investment properties (Note 6), and controls all the limited partnerships which have been formed to hold the other GECH operations of the business (Note 16).

Classification of property as investment property or owner-occupied property

Management uses judgement in determining if assets acquired meet the definition of investment property or owner-occupied property. In cases where optional ancillary services are offered, which are in addition to and separate from the main source of revenues; management must assess if those ancillary services are insignificant to the business as a whole to determine appropriate classification (Notes 5 and 8).

Recognition of deferred income tax assets and liabilities

The decision to recognise a deferred income tax asset is based on management's judgement of whether it is considered probable that future taxable profits will be available against which unused tax losses, tax credits or deductible temporary differences can be utilized (Note 21).

Discontinued operation

Discontinued operations are reported when a component of the Company, representing a separate major line of business or geographical area of operations with clearly distinguishable cash flows, has been disposed of or is held for sale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. Discontinued operations are reported as a separate element on the consolidated statements of income (loss) and comprehensive income (loss) for both the current and comparative periods. For the years ended August 31, 2025 and 2024, the Company has classified and reported SSCC as a discontinued operation.

(b) Key sources of estimation uncertainty

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities and results of operations within the next financial year, are as follows:

Valuation of investment properties

The Company determines the fair value of each investment property using the appropriate valuation techniques based on whether the investment property is a revenue producing property, a property under development or a right-of-use asset. In determining the appropriate valuation techniques used in the valuation of different types of investment properties, management has applied judgement based on industry practices and in consultation with valuation specialists. Judgement and estimates are applied in determining the appropriate observable inputs benchmarked, and unobservable inputs used in the fair value estimates. Changes to those inputs may result in positive, or negative, changes to the recorded fair value of investment properties. Changes in market conditions may also impact the valuation of investment properties and may result in changes in future revenue and/or profitability (Note 5(b)).

NOTE 3 – CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(b) Key sources of estimation uncertainty (continued)

Expected credit loss allowance and provision

The Company determines an expected credit loss allowance for trade receivables based on lifetime expected credit losses, considering the actual credit loss in prior years and forward-looking estimates of expected collections. This estimate varies depending on the nature of the trade receivables, the majority of which are associated with the education business and also includes receivables from the student housing arm and other lines of business. Assumptions are required in assessing the collectability of any outstanding accounts receivable from both students and tenants. The loss allowance is reviewed at each reporting date and the Company recognizes in profit or loss, the amount of expected credit losses or reversals that are required to adjust the loss allowance to the calculated amount. Collectivity of customer balances classified as trade receivables may vary from the Company's estimation (Note 23(b)).

The Company also determines an expected credit loss allowance for other financial assets including amounts receivable from developer and loans receivable based on the lifetime expected credit losses and considers whether there is a significant increase in credit risk which is assessed based on the change in risk of a default occurring over the life of the instrument. Changes in assumptions used in determining the loss allowance at each reporting period may result in a change in provision (Note 23(b)).

Impairment of development assets

At each reporting period, the Company assesses if there are any indicators of impairment associated with development assets. If any such indicators exist, the asset's recoverable amount is estimated. Significant assumptions are required in determining the value of these assets depending on facts and circumstances that may not yet be known and changes in those assumptions may result in changes to the

recoverable amount. The Company also assesses at the end of each reporting period, whether there is any indication that an impairment loss recognized in prior periods may no longer exist or may have decreased. If any such indication exists, the Company estimates the recoverable amount of that asset to determine if an impairment loss reversal should be recognized. In the case of impairment loss reversal, the increases in the carrying amount of the asset may not exceed the carrying amount had no impairment been recognized in prior periods (Note 7, 23(b)).

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

(a) Application of new and revised IFRS Accounting Standards

The Company adopted the following standards in the current year, and they did not have a material impact on these consolidated financial statements.

In September 2022, the IASB issued Lease Liability in a Sale and Leaseback (*Amendments to IFRS 16*) with amendments that clarify how a seller-lessee subsequently measure sale and lease-back transactions that satisfy the requirement of IFRS 15 – *Revenues from contracts with customers* to be accounted for as a sale.

In January 2020, the IASB issued *Classification of Liabilities as Current or Non-current (Amendments to IAS 1)* which provides a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. In October 2022, the IASB issued further amendments to IAS 1 *Non-current Liabilities with Covenants* to clarify the requirements for classification of debt with covenants. The amendments specify that only covenants with which an entity must comply on or before the reporting date may impact the classification of a liability as current or non-current. The amendments also require additional disclosure requirements of covenants.

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

(b) 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 including the one described below. The Company currently has no plans to early adopt any of the new standards, amendments or interpretations.

In April 2024, the IASB issued IFRS 18 *Presentation and Disclosure of Financial Statements*. This standard aims to improve the consistent and clarity of financial statement presentation and disclosure by providing updated guidance on the structure and content of financial statements. Key changes include enhanced requirements for the presentation of financial performance, financial position, and cash flows, as well as additional disclosures to improve transparency and comparability. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027. The Company is currently assessing the impact that the adoption of IFRS 18 will have on its consolidated financial statements.

NOTE 5 – INVESTMENT PROPERTIES

(a) Reconciliation of carrying amount

The following table is a reconciliation of investment properties balances, including both revenue producing properties and properties under development, which 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.

	August 31, 2025	August 31, 2024
Balance, beginning of year	\$ 419,002	\$ 385,227
Acquisition of investment property	-	17,532
Acquisition of right-of-use asset ⁽¹⁾	-	12,243
Remeasurement of right-of-use asset ⁽¹⁾	-	10,760
Development costs	1,771	6,672
Capitalized borrowing costs ⁽²⁾	8,503	12,412
Derecognized investment properties (Note 6)	(105,500)	-
Net loss on change in fair value	(17,282)	(25,844)
Balance, end of year	\$ 306,494	\$ 419,002

⁽¹⁾ Two right-of-use assets are classified as investment properties. The fair value of the right-of-use assets are determined based on present value of the estimated future net cash flows of the right-of-use assets.

⁽²⁾ Borrowing costs are capitalized on properties under development which are considered qualifying assets. Borrowings are directly associated with the specific project.

(b) Fair value and measurement of fair values

All of the Company's investment properties are measured at fair value, with any gain or loss arising from changes in the fair values of investment properties recognised in profit or loss in the period of change. The following table presents the carrying value of investment properties using the fair value model:

	August 31, 2025	August 31, 2024
ROU assets	\$ 21,294	\$ 25,922
Other revenue producing properties	233,100	238,750
Total revenue producing properties	\$ 254,394	\$ 264,672
Total properties under development	52,100	154,330
Total value of investment properties	\$ 306,494	\$ 419,002

NOTE 5 – INVESTMENT PROPERTIES (continued)

(b) Fair value and measurement of fair values (continued)

i. Fair value hierarchy

The fair value of each investment property is valued at least annually by external independent professionally qualified appraisers with recent experience in the location and category of the investment property being valued, except for investment property classified as right-of-use assets. At the end of each reporting period, the Company records the fair value of its investment properties taking into consideration such valuations. For the investment property classified as a right-of-use asset, the fair value is determined at the end of each reporting period based on the present value of discounted cash flows forecasted to be generated from subleasing the leased asset.

The valuation of investment properties is a level 3 fair value measurement as it involves significant unobservable inputs and fluctuations in the inputs could significantly alter the fair value. There were no new valuation techniques applied in determining the fair value of investment properties for the year ended August 31, 2025 when compared to the prior reporting period.

ii. Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment properties, the significant unobservable inputs used, and the interrelationship between the unobservable inputs and the resulting fair value measurement. The revenue producing properties are valued based on the highest and best use for the specific property, which does not differ from their actual use.

Valuation method used for revenue producing properties

Valuation technique	Significant unobservable inputs	Interrelationship between key unobservable inputs and fair value measurement
<u>Discounted cash flow approach</u>		
The valuation method is based on the present value of discounted cash flows forecasted to be generated from subleasing right-of-use investment properties; the forecasted cash flows are discounted using risk-adjusted discount rates.	<ul style="list-style-type: none"> - Future cash flows to be generated by the right-of-use⁽¹⁾ investment properties. - Risk-adjusted discount rates⁽²⁾. 	The estimated fair value would increase (decrease) if: (a) future cash flows to be generated by the investment properties was higher (lower); and (b) risk-adjusted discount rates were lower (higher).
<u>Income approach:</u>		
The valuation method is based on forecasted stabilized net operating income (“NOI”) divided by an overall capitalization rate based on current market expectations.	<ul style="list-style-type: none"> - Forecasted stabilized net operating income to be generated by the investment properties⁽¹⁾. - Capitalization rates⁽²⁾. 	The estimated fair value would increase (decrease) if: (a) forecasted stabilized net operating income to be generated by the investment properties was higher (lower); and (b) capitalization or discount rates were lower (higher).

Valuation method used for properties under development

Valuation technique	Significant unobservable inputs	Interrelationship between key unobservable inputs and fair value measurement
<u>Direct comparison approach:</u>		
The fair value of properties under development consists of land on per buildable square foot and is determined using the particular attributes of the project with respect to zoning and pre-development work performed on the site.	<ul style="list-style-type: none"> - Price per buildable square foot⁽¹⁾. 	The estimated fair value would increase (decrease) if: the price per buildable square foot based on comparable market transactions increased (decreased).

⁽¹⁾ Price per buildable square foot considers recent sales activity for similar land parcels in the same or similar markets properties after adjusting for factors specific to the site, including its location, intended use and zoning.

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NOTE 5 – INVESTMENT PROPERTIES (continued)

(b) Fair value and measurement of fair values (continued)

iii. Sensitivity analysis

Management has reviewed the valuation of its investment properties in light of the difficulty in anticipating the macroeconomic environment, and its impact on significant unobservable inputs which affect fair value measurements. Changes to inflation, interest rates, student population and demographic, and their impact to demand and activity in the real estate market remain uncertain. Such impacts could become material to investment property valuations. As events associated with the current macroeconomic environment continue to unfold, further adjustments to the Company's fair value measurement of investment properties, which could be negative or positive, may be required. Refer to the tables below for sensitivity analyses on the Company's investment property fair value measurements.

Right-of-use revenue producing properties

The following table summarizes the sensitivity impact of changes in both market discount rates and forecasted stabilized NOI on the Company's fair value estimates for right-of-use assets classified as investment properties as at August 31, 2025.

Increase (decrease in fair value)		Future cash flows				
		-10.0%	-5.0%	As Forecasted	+5.0%	+10.0%
As at August 31, 2025						
<u>Discount Rate</u>						
-1.00%	8.60%	(2,008)	(858)	369	1,677	3,067
-0.50%	9.10%	(2,165)	(1,028)	183	1,473	2,847
<u>Assumption</u>						
+0.50%	10.10%	(2,470)	(1,362)	(180)	1,078	2,416
+1.00%	10.60%	(2,620)	(1,525)	(358)	885	2,206

Increase (decrease in fair value)		Future cash flows				
		-10.0%	-5.0%	As Forecasted	+5.0%	+10.0%
As at August 31, 2024						
<u>Discount Rate</u>						
-1.00%	8.75%	(3,212)	(1,404)	565	2,706	5,031
-0.50%	9.25%	(3,439)	(1,659)	280	2,387	4,674
<u>Assumption</u>						
+0.50%	10.25%	(3,879)	(2,153)	(275)	1,767	3,982
+1.00%	10.75%	(4,094)	(2,394)	(544)	1,466	3,646

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NOTE 5 – INVESTMENT PROPERTIES (continued)

(b) Fair value and measurement of fair values (continued)

Other revenue producing properties

The following tables summarize the sensitivity impact of changes in both capitalization rates and forecasted stabilized NOI on the Company's fair value estimates for revenue producing investment properties as at August 31, 2025 and August 31, 2024.

Increase (decrease in fair value)		Forecasted stabilized net operating income				
		-10.0%	-5.0%	As Forecasted	+5.0%	+10.0%
As at August 31, 2025						
<u>Capitalization Rate (1)</u>						
-0.50%	3.55%	6,361	19,665	32,968	46,271	59,575
-0.25%	3.80%	(9,455)	2,970	15,395	27,820	40,244
Weighted average assumption	4.05%	(23,310)	(11,655)	-	11,655	23,310
+0.25%	4.30%	(35,548)	(24,573)	(13,598)	(2,623)	8,352
+0.50%	4.55%	(46,437)	(36,067)	(25,697)	(15,327)	(4,957)

Increase (decrease in fair value)		Forecasted stabilized net operating income				
		-10.0%	-5.0%	As Forecasted	+5.0%	+10.0%
As at August 31, 2024						
<u>Capitalization Rate (1)</u>						
-0.50%	3.68%	5,391	18,948	32,505	46,062	59,619
-0.25%	3.93%	(10,144)	2,550	15,244	27,938	40,632
Weighted average assumption	4.18%	(23,819)	(11,885)	-	11,984	23,918
+0.25%	4.43%	(35,949)	(24,689)	(13,429)	(2,168)	9,092
+0.50%	4.68%	(46,783)	(36,125)	(25,466)	(14,808)	(4,149)

⁽¹⁾ For the year ended August 31, 2025, capitalization rates assumptions used ranged between 4.00% and 4.10% (August 31, 2024 - 4.10% and 4.20%)

Properties under development

The fair value of properties under development has been measured under the direct comparison approach. The direct comparison approach uses the proposed gross buildable area expected to be developed, multiplied by the price per buildable square foot, which is based on an assessment of comparable properties. This approach also considers the floor space ratio of the planned building, development period and planning status at measurement date. At August 31, 2025, there exists a limited number of observable comparable transactions and certain of the observable comparable transactions may have occurred under seller distress, financial pressure or other factors specific to those particular market participants and transactions. Accordingly, estimation uncertainty with determining the fair value estimates of investment properties were high. The following table summarizes the sensitivity impact of price per square foot on the Company's fair value estimate, based on the direct comparison approach, for properties under development as at August 31, 2025 and August 31, 2024.

Increase (decrease in fair value)	Price per square foot			
	-10.0%	-5.0%	+5.0%	+10.0%
As at August 31, 2025	(5,191)	(2,596)	2,596	5,191
As at August 31, 2024	(7,717)	(3,858)	3,858	7,717

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NOTE 5 – INVESTMENT PROPERTIES (continued)

(c) Rental operations

The following presents the activities of the revenue producing investment properties and the hotel that was in November 2024 (included as part of property and equipment) within the Company’s real estate portfolio:

	<u>August 31, 2025</u>	<u>August 31, 2024</u>
Rental revenues (Note 29)	\$ 17,101	\$ 17,250
Direct operating costs generating revenue	(4,991)	(5,710)
Other indirect costs, including financing	(15,165)	(18,345)
Net loss	\$ (3,055)	\$ (6,805)

Rental revenues include: (a) lease revenues under IFRS 16 for investment properties; (b) revenue from owner-occupied property service contracts (i.e., hotel); and (c) non-lease components and other revenues under IFRS 15 – *Revenue from contracts with customers*. All of the investment properties rental contracts with tenants have a term of one year or less.

NOTE 6 – INVESTMENT IN JOINT VENTURES

(a) GEC Oakridge

On November 20, 2024, the Company executed several agreements relating to the investment in the GEC® Oakridge investment property by an affiliate of Pomerleau Capital Inc. (“PCAP”). A series of reorganization transactions were completed which resulted in the Company and PCAP jointly controlling the limited partnership which owns the GEC® Oakridge investment property (“LP11”). PCAP’s gross investment amount was \$10,000, of which \$5,000 was invested into the LP11 and \$5,000 was repatriated by the existing unit holders, which are controlled limited partnerships of the Company. Upon completion of these transactions, PCAP and the Company own 34.5% and 13.1% equity interest in LP11, respectively. The remaining 52.4% of LP11 is owned by a limited partnership of which the Company gained control during the reorganization (“Oakridge LP”).

Upon closing of the transaction, net assets of LP11 were derecognized and net assets of Oakridge LP were recognized. Net assets of LP11 include \$53,000 of investment property, \$28,722 of secured loans, and \$471 of other assets. Net assets of Oakridge LP include \$19,046 of equity accounted investment in LP11, \$4,518 of receivables from a controlled subsidiary of GECC that is fully eliminated on consolidation, and \$12 of other liabilities. The Company also derecognized \$19,046 of non-controlling interest in LP11 and recognized \$23,460 of non-controlling interest in Oakridge LP, resulting in \$nil in gains associated with the loss of control of LP11.

The following table summarizes the financial information of LP11 and reconciles the carrying amount of the Company’s interest in LP11:

GECC ownership interest		<u>August 31, 2025</u> 65.5%
Assets		
Cash	\$	901
Other current assets		783
Other long-term assets		2,632
Investment property		61,300
Total assets	\$	65,616
Liabilities		
Current liabilities	\$	2,709
Non-current portion of secured loans ⁽¹⁾		39,649
Total liabilities		42,358

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NOTE 6 – INVESTMENT IN JOINT VENTURES (continued)

(a) GEC Oakridge (continued)

Net assets (100%)	\$ 23,258
GECC's share of net assets (65.5%)	15,238
Additional loss location to GECC ⁽³⁾	(1,913)
Elimination of downstream revenue ⁽²⁾	(159)
Other	(67)
Carrying value of investment in joint venture	13,099
Loss and comprehensive loss (100%)	5,549
Loss and comprehensive loss (65.5%)	3,636
Additional allocation of loss to GECC ⁽³⁾	1,913
GECC's share of loss and comprehensive loss	5,549

⁽¹⁾ In August 2025, the Company acquired the beneficial interest in a secured loan payable by LP11 (Note 26). LP11 secured loans are guaranteed by the Company.

⁽²⁾ The Company charged \$795 of development management fees to LP11 during the year ended August 31, 2025. These fees are capitalized to investment properties in the accounts of LP11 and recognized as revenue in the Company's income (loss) and comprehensive income (loss). The downstream revenue is eliminated to the extent of the Company's economic interest in the investee.

⁽³⁾ Under the terms of the LP11 partnership agreement, net losses for each fiscal period are allocated first to GECC and Oakridge LP (proportionate to each investor's ownership interest in LP11) until each of its capital accounts reach \$Nil, then to PCAP until its capital account reaches \$Nil, and any remaining losses to the general partner. Net income is allocated in the reverse order, first to recoup prior year loss allocations of each investor, and any remaining profits proportionate to each investors' ownership interest in LP11. In accordance with these terms, 100% of LP11's net loss during the year ended August 31, 2025 was allocated to the Company.

As at August 31, 2025, LP11 had \$54,401 in capital expenditures contracted for but not recognized as liabilities. In accordance with the LP11 partnership agreement, partnerships controlled by the Company are responsible for 50% of capital contributions required for the development and construction of the GEC® Oakridge property.

(b) GEC Education Mega Centre

On May 1, 2025, the Company executed several agreements with Pure Group of Companies (the "Pure Group") relating to the investment in the GEC EMC investment property. A series of reorganization transactions were completed which resulted in the Company and the Pure Group jointly controlling the newly formed limited partnership (the "Pure GECC LP") which became the beneficial owner of the GEC EMC investment property. The Pure Group contributed \$4,000 in cash in exchange for 20% of equity interest in Pure GECC LP, and the Company contributed the GEC EMC investment property in exchange for 80% of equity interest in, and \$7,750 in non-interest bearing receivables from, the Pure GECC LP. Pure GECC LP also assumed all secured loans associated with the GEC EMC investment property as part of the transaction.

Upon closing of the transaction, the contractual value of the investment property was determined to be a reasonable estimate for the fair value of the investment property. Accordingly, the Company derecognized \$52,500 of investment property and \$28,750 of secured loans associated with GEC EMC. The Company recognized \$413 of capitalized losses associated with the derecognition of secured loans in Investment properties, and recognized \$1,045 of fair value losses associated with the derecognition of the GEC EMC investment property in the consolidated statements of comprehensive income.

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NOTE 6 – INVESTMENT IN JOINT VENTURES (continued)

(b) GEC Education Mega Centre (continued)

The following table reconciles the carrying amount of the Company's interest in Pure GECC LP to the summarized financial information of Pure GECC LP:

	<u>August 31, 2025</u>
GECC ownership interest	80.0%
Assets	
Cash	\$ 137
Other current assets	434
Other long-term assets	434
Investment property	54,500
<u>Total assets</u>	<u>\$ 55,505</u>
Liabilities	
Current liabilities	\$ 8,932
Current portion of secured loans ⁽¹⁾	27,750
<u>Total liabilities</u>	<u>36,682</u>
Net assets (100%)	\$ 18,823
Carrying value of investment in joint venture (80.0%)	\$ 15,058
Loss and comprehensive loss (100%)	1,177
<u>GECC's share of loss and comprehensive loss (80.0%)</u>	<u>942</u>

⁽¹⁾ Pure GECC LP secured loans are guaranteed by the Company.

(c) Changes in Investment in joint venture

Changes in Investment in joint venture during the period are summarized below.

	<u>August 31, 2025</u>
Balance, beginning of year	\$ -
Recognition of Investment in GEC® Oakridge joint venture	23,807
Recognition of Investment in GEC® EMC joint venture	16,000
Return of capital from GEC® Oakridge joint venture	(5,000)
Share of net loss in Investment in GEC® Oakridge joint venture	(5,549)
Elimination of downstream revenue with GEC® Oakridge joint venture	(159)
Share of net loss in Investment in GEC® EMC joint venture	(942)
<u>Balance, end of year</u>	<u>\$ 28,157</u>

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NOTE 7 – DEVELOPMENT ASSETS

At August 31, 2025, real estate properties under development included \$3,300 of receivable from developer (August 31, 2024 - \$3,300) and \$869 deferred costs and other (August 31, 2024 - \$869). Receivable from developer relates to GEC Project 9 described below, and the amount before provision for expected credit losses includes \$6,000 of outstanding interest receivable (August 31, 2024 - \$6,000).

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 partnership that the Company holds an ownership interest in, 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. The LP9 PDA was subsequently amended with \$20,000 of the deposits already paid to be returned to GEC LP9 with the remainder \$40,000 deposit to be applied to the purchase price. The \$20,000 receivable is subject to interest of 15% per annum and the Company has recognized accrued interest of \$6,000 as at August 31, 2025 (August 31, 2024 - \$6,000).

Numerous project milestones were missed and 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.

At August 31, 2025, it was not known whether there would be a successful bid for the purchase of the property or restructuring of the project; however, based on activity there is the possibility that GEC LP9 may not be repaid any portion of the amount receivable from the Developer, despite this balance being secured by a third mortgage. GEC LP9 has recognized an expected credit loss provision related to the \$20,000 receivable (plus \$6,000 of accrued interest) due from the developer of \$22,700, and an impairment loss of \$40,000 related to the \$40,000 deposit during the year ended August 31, 2022. At August 31, 2025, net development assets associated with GEC Project 9 was \$3,300 (August 31, 2024 - \$3,300).

On October 6, 2022, GEC LP9 and its general partner filed a notice of civil claim with the Supreme 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. The liability portion of the trial completed in May 2024. On August 7, 2024, the Supreme Court dismissed the claims of GEC LP9 and its general partner, and allowed the mortgage lender’s counterclaim against them with damages to be assessed (the “Trial Decision”). GEC LP9 and its general partner have appealed the Trial Decision to the BC Court of Appeal. By means of a decision dated September 22, 2025, the BC Court of Appeal allowed the appeal in part and remitted certain questions back to the BC Supreme Court. Also, on or about Nov. 21, 2025, the mortgage lender applied for leave to the Supreme Court of Canada, seeking to overturn portions of the BC Court of Appeal decision. Proceedings in both the BC Court of Appeal and Supreme Court of Canada Appeal remain on-going at this time.

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NOTE 8 – PROPERTY AND EQUIPMENT

Reconciliation of carrying amounts

	Land & Buildings	Furniture & Equipment	Leaseholds	Total
Balance at August 31, 2023	\$ 56,879	\$ 5,997	\$ 3,914	\$ 66,790
Additions	-	667	131	798
Disposals and other	(56,879)	(475)	(59)	(57,413)
Foreign exchange adjustments	-	9	1	10
Balance at August 31, 2024	\$ -	\$ 6,198	\$ 3,987	\$ 10,185
Additions	-	182	120	302
Disposals and other	-	(55)	-	(55)
Derecognition - discontinued operations	-	(4,416)	(3,335)	(7,751)
Foreign exchange adjustments	-	5	-	5
Balance at August 31, 2025	\$ -	\$ 1,914	\$ 772	\$ 2,686

	Land & Buildings	Furniture & Equipment	Leaseholds	Total
Balance at August 31, 2023	\$ (1,596)	\$ (4,411)	\$ (3,451)	\$ (9,458)
Depreciation for the year	(72)	(500)	(209)	(781)
Disposals and other	1,668	400	59	2,127
Foreign exchange adjustments	-	(8)	(1)	(9)
Balance at August 31, 2024	\$ -	\$ (4,519)	\$ (3,602)	\$ (8,121)
Depreciation for the year	-	(310)	(171)	(481)
Disposals and other	-	48	-	48
Derecognition - discontinued operations	-	3,007	3,069	6,076
Foreign exchange adjustments	-	(5)	-	(5)
Balance at August 31, 2025	\$ -	\$ (1,779)	\$ (704)	\$ (2,483)

Net carrying value

At August 31, 2024	\$ -	\$ 1,679	\$ 385	\$ 2,064
At August 31, 2025	\$ -	\$ 135	\$ 68	\$ 203

NOTE 9 – LEASES

The Company has leased a number of office and campus premises and equipment in connection with its education business and corporate office. The campus leases typically run for a period of at least five years with an option to renew the lease after that date. The Company has also leased serviced apartment buildings for its student housing business which have been classified as investment properties and for which it earns short-term sublease income. The majority of campus leases require the payment of variable rent for operating costs and taxes which are not based on an index or rate and are recognized as rent expense. Lease payments for short-term leases and leases of low value assets are recognized as rent expense on a straight-line basis over the lease term. Refer to Note 5 for leases where the Company is the lessor. The maturity analysis of the undiscounted cash flows for lease liabilities is included in Note 23(a).

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NOTE 9 – LEASES (continued)

(a) Right-of-use assets

The following table presents the change in the carrying amount of the Company’s right-of-use assets, excluding the right-of-use asset that is classified as investment property:

	Premises	Equipment	Total
Balance at August 31, 2023	\$ 10,144	\$ 380	\$ 10,524
Additions	2,921	45	2,966
Disposals	-	(1)	(1)
Depreciation	(2,469)	(118)	(2,587)
Lease modifications	1,682	-	1,682
Balance at August 31, 2024	\$ 12,278	\$ 306	\$ 12,584
Additions	300	59	359
Disposals	-	(19)	(19)
Lease modifications	(146)	-	(146)
Depreciation	(2,192)	(100)	(2,292)
Derecognition - discontinued operations	(7,396)	(125)	(7,521)
Balance at August 31, 2025	\$ 2,844	\$ 121	\$ 2,965

(b) Amounts recognized in consolidated statements income (loss) and comprehensive income (loss)

	Year ended August 31, 2025	Year ended August 31, 2024
<u>Continued Operations</u>		
Revenue from sub-leasing ROU assets ⁽¹⁾	\$ 6,229	\$ 2,548
The following items are expense items:		
Accretion of lease liabilities - continuing operations ⁽²⁾	2,130	994
Depreciation of ROU assets - continuing operations	555	565
Expense relating to short term and low value leases ⁽³⁾	-	5
Expense relating to variable lease payments ⁽⁴⁾	781	750
Expense relating to unrecoverable taxes ⁽³⁾	84	16
(Gain) Loss on fair value changes - right-of-use asset ⁽⁵⁾	5,040	(2,145)
<u>Discontinued Operations</u>		
Total expenses	1,746	4,383

⁽¹⁾ Included in rental revenues associated with the Company’s investment properties.

⁽²⁾ Included in finance costs (Note 19).

⁽³⁾ Included in rent expense within general and administrative expense (Note 18).

⁽⁴⁾ Included in rent expense within general and administrative expense.

⁽⁵⁾ Included in net loss on fair value changes in investment properties (Note 5(a)(c)).

(c) Amounts recognized in consolidated statements of cash flows

During the year ended August 31, 2025, total cash outflow associated with leases for continued operations was \$9,006 (August 31, 2024 - \$8,519), including \$5,616 (August 31, 2024 - \$2,937) recognized as cash outflows associated with financing activities and \$865 (August 31, 2024 - \$771) recognized as cash outflows associated with operating activities in the consolidated statements of cash flows.

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NOTE 9 – LEASES (continued)

(d) Lease liabilities

The following table presents the change in the carrying amount of the Company's lease liabilities:

	Premises	Equipment	Total
Balance at August 31, 2023	\$ 12,139	\$ 382	\$ 12,521
Additions	15,130	45	15,175
Disposals	-	(1)	(1)
Lease modifications	12,441	-	12,441
Payments	(5,404)	(143)	(5,547)
Interest expense on lease liabilities	1,719	35	1,754
Balance at August 31, 2024	\$ 36,025	\$ 318	\$ 36,343
Additions	300	60	360
Lease modifications	(147)	-	(147)
Payments	(7,987)	(153)	(8,140)
Interest expense on lease liabilities	2,792	27	2,819
Derecognition - discontinued operations	(8,662)	(136)	(8,798)
Balance at August 31, 2025	\$ 22,321	\$ 116	\$ 22,437

NOTE 10 – TRADE AND OTHER RECEIVABLES

Trade receivables and other receivables consisted of the following:

	August 31, 2025	August 31, 2024
Net trade receivables	\$ 908	\$ 8,319
Loans receivable, net (Note 23(b))	3,740	3,816
SSCC closing receivable	3,240	-
Other	1,549	1,542
	\$ 9,437	\$ 13,677

NOTE 11 – TRADE AND OTHER PAYABLES

Trade payables and other payables consisted of the following, all of which were current:

	August 31, 2025	August 31, 2024
Trade AP and accrued liabilities	\$ 9,364	\$ 11,537
Due to related parties	1,913	339
Other payables	3,468	3,439
	\$ 14,745	\$ 15,315

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NOTE 11 – TRADE AND OTHER PAYABLES (continued)

	August 31, 2025	August 31, 2024
Trade AP and accrued liabilities ⁽¹⁾	\$ 4,810	\$ 6,224
Payroll and related liabilities	308	1,047
Tuition fees and grants	633	820
Tenant lease deposits	1,148	975
Interest payable on borrowings	1,659	2,019
Other	806	452
	<u>\$ 9,364</u>	<u>\$ 11,537</u>

⁽¹⁾ Includes accrued and unpaid distributions to non-controlling interests of \$1,555 at August 31, 2025 (August 31, 2024 - \$1,393).

NOTE 12 – DEFERRED REVENUE

The Company generates revenue from contracts with customers as detailed in Note 29 – *Segmented Information*. Other sources of revenue include rental income from owned and leased investment properties and development fee revenues. The primary geographic market for the Company’s revenue is Canada. The timing of revenue recognition is described in Note 28(B).

The following provides information about deferred revenue from contracts with customers including significant changes in deferred revenues. The majority of deferred revenue is associated with educational programs and services and revenue is recognized proportionately as instruction is delivered. Significant changes in deferred revenue balances are as follows:

	August 31, 2025	August 31, 2024
Balance at beginning of year	\$ 20,979	\$ 22,017
Revenue recognised and included in opening balance	(17,684)	(20,620)
Increases excluding amount recognized as revenue in current period	17,498	19,145
Amount removed from deferred revenue as refundable	150	437
Derecognition - discontinued operations	(17,823)	-
Balance at end of year	<u>\$ 3,120</u>	<u>\$ 20,979</u>

⁽¹⁾ Except for deferred revenue from SSCC, the majority of other deferred revenue from contracts with customers is realized within one year from initial recognition as performance obligations for services are performed.

NOTE 13 – BORROWINGS

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

	August 31, 2025	August 31, 2024
Current liabilities		
Current portion of secured loans (a)	\$ 44,513	\$ 74,945
Current portion of convertible debentures (b)	5,746	285
Current portion of government loans ⁽¹⁾	83	83
Current portion of loans payable ⁽²⁾⁽³⁾⁽⁴⁾	2,247	5,489
Bank credit facilities	-	2,184
Bonds payable	-	1,000
	<u>\$ 52,589</u>	<u>\$ 83,986</u>
Non-current liabilities		
Secured loans (a)	123,579	156,505
Convertible debentures (b)	1,051	4,749
Loans payable ⁽³⁾	5,495	5,177
Government loans ⁽¹⁾	496	539
	<u>\$ 130,621</u>	<u>\$ 166,970</u>
Total borrowings	<u>\$ 183,210</u>	<u>\$ 250,956</u>

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NOTE 13 – BORROWINGS (continued)

- (1) Loans payable to the Government of Canada or designated lender under COVID-19 related programs with monthly payments up to March 2032.
(2) At August 31, 2025, interest on current portion of loans payable was 14.3% (August 31, 2024 - ranges between 0% - 12%), and matures in September 2025 (August 31, 2024 - ranges from due on demand to matures in December 2025).
(3) In January 2024, the Company issued a loan with total principal of \$5,000. The loan bears interest at 12% per annum with a portion of interest deferred until maturity in December 2026.
(4) In September 2024, the Company completed two tranches of non-brokered private placement of convertible debentures for a total of \$1,505, of which \$1,230 of pre-financing was received as at August 31, 2024.

Total interest expense and finance fees associated with borrowings, including interest capitalized to investment properties, was \$19,677 for the year ended August 31, 2025 (August 31, 2024 - \$25,438). Total interest expense and finance fees associated with borrowings recognized in net loss was \$11,174 for the year ended August 31, 2025 (August 31, 2024 - \$13,027). During the year ended August 31, 2025, terms of various secured loans were modified including deferral of some interest only payments. Gains and losses on non-substantial modifications are recorded in Finance costs for secured loans associated with revenue producing properties and capitalized to Investment properties for secured loans associated with properties under development.

Approximately 49% of the outstanding borrowings at August 31, 2025 have variable interest rates linked to the Canadian prime rate (August 31, 2024 – 47%). Certain interest rates are subject to minimum rates with certain loans including escalation clauses. Interest rate risk is described in Note 23(c).

(a) Secured loans payable

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 September 2024 to March 2031. Full repayment of loans before maturity is permitted subject to specific criteria and satisfaction of minimum interest payment requirements. See Note 23(a) for cash flow commitments related to these loans.

	August 31, 2025 ⁽¹⁾	August 31, 2024
Balance, beginning of year	\$ 231,450	\$ 257,332
Advances	58,827	123,923
Repayments ⁽²⁾	(61,486)	(95,555)
Derecognition of secured loans (Note 8(b))	-	(54,100)
Finance costs incurred	(6,041)	(3,175)
Accretion of finance costs	2,802	2,092
Loss on derecognition of liability	1,144	725
Modification loss (gain) on non-substantial modification ⁽²⁾	(1,132)	208
Derecognized on loss of control	(57,472)	-
Total current and non-current secured loans, end of year⁽³⁾	\$ 168,092	\$ 231,450

- (1) At August 31, 2025, interest rates on secured loans range from 1.88% to 12.00% per annum (August 31, 2024 – 1.88% to 13.20% per annum).
(2) Interest payable at the end of each reporting period is included in trade accounts payables and accrued liabilities (Note 11).
(3) During the years ended August 31, 2025 and August 31, 2024, certain terms for several secured mortgages, including maturity dates, interest rates and principal amounts, were changed resulting in non-substantial modifications gains and losses, net.
(4) Secured loans are secured by investment properties with an aggregate carrying value of \$285,200.

The loans are secured by a first and/or second mortgage, as applicable, whereby the first mortgagor must approve any additional mortgages. For revenue producing properties, the mortgage security is the assets of the specific real estate project, an assignment of rents and a general security agreement from each of the borrowers. For properties under development, security represents development permits and plans related to the proposed development, and other guarantees from the Company and its subsidiaries. In most cases, the associated limited partnership is required to pay the insurance premium in favor of the lender. Certain commitment fees are customarily paid associated with commitment letters and other financing costs are incurred which are expensed over the term of the loans. During the year ended August 31, 2025, an event of default occurred as a result of missed payments required under a loan agreement. The agreement was amended and all principal and interest payments under the amended agreement were made as they fell due. At August 31, 2025, total principal outstanding for the loan was \$15,709.

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NOTE 13 – BORROWINGS (continued)

(b) Convertible debentures

In May 2019, the Company issued Hong Kong dollar (“HKD”) denominated and Canadian dollar denominated convertible debentures (the “2019 Debentures”) and received proceeds of \$8,642. In February 2020, the Company issued Canadian dollar denominated convertible debentures (the “2020 Debentures”) and received proceeds of \$860. For the 2019 Debentures and 2020 Debentures, each debenture holder may elect to convert all or part of its outstanding principal into common shares of the Company at the conversion prices set at issuance. For the 2019 Debentures, the conversion prices were set in the currency of funding and ranged between HKD 4.80 and HKD 5.00 for HKD denominated debentures, and \$0.78 for Canadian dollar denominated debentures. The 2020 Debenture conversion price was set at \$0.81. Interest payments are made either quarterly or semi-annually at a rate ranging between 8% to 10% per annum as specified in the individual debenture. The terms of the debentures have been amended several times and the current stated maturities of the 2019 and 2020 Debentures are November 2025 and due on demand, respectively.

In September 2024, the Company issued convertible debentures for proceeds of \$1,505 (“2024 Debentures”). The 2024 Debentures have a maturity of one year, extendable for one additional year at the option of the Company, and are convertible into common shares of the Company at a price of \$0.30 in the first of year and \$0.36 in the second year. Interest is payable quarterly at a 10% per annum interest rate. At initial recognition, the convertible debentures are considered a compound financial instrument that included a host liability classified as amortized cost and a conversion option classified as equity. At initial recognition, the fair value of the host liability was determined first (\$1,346) with the residual amount (\$126) allocated as equity component to the compound financial instrument. In August 2025, \$390 out of the \$1,505 outstanding 2024 Debentures principal balance was converted into 1,300,000 common shares of the Company. As a result, the Company transferred \$33 of the equity component of convertible debt and \$370 of the host liability for a total of \$403 to share capital during the year ended August 31, 2025.

The balances associated with the 2019, 2020 and 2024 Debentures are presented as follows:

	<u>August 31, 2025</u>	<u>August 31, 2024</u>
Carrying value of host liabilities at beginning of year	\$ 4,951	\$ 5,199
Issuances	1,505	-
Equity portion allocated	(126)	-
Less: transaction costs	(33)	(298)
Gain on modification ⁽¹⁾	-	(599)
Accretion of carrying value of host liabilities	743	650
Converted to equity	(370)	-
Foreign exchange adjustments	95	(1)
Carrying value of host liabilities at end of year	\$ 6,765	\$ 4,951

⁽¹⁾ In February 2024, terms of the 2019 Debenture were amended to extend its maturity date and the conversion option’s expiry date to November 2025, which resulted in a non-substantial modification gain in the period ended August 31, 2024.

	<u>August 31, 2025</u>	<u>August 31, 2024</u>
Fair value of embedded derivatives at beginning of year	\$ 83	\$ 45
Fair value increase (decrease) in liability (Note 22(b))	(53)	35
Converted to equity	-	-
Foreign exchange adjustments	2	3
Balance, embedded derivatives at end of year	\$ 32	\$ 83
Total convertible debentures at end of year	\$ 6,797	\$ 5,034
Current portion of debentures	\$ 5,746	\$ 285
Non-current portion of debentures	1,051	4,749
Total convertible debentures	\$ 6,797	\$ 5,034

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NOTE 14 – CAPITAL AND RESERVES

(a) Common Shares

Authorized share capital consists of 150,000,000 common shares without par value. 1,300,000 common shares were issued during the year ended August 31, 2025 (Note 13(b)) (August 31, 2024 - Nil).

(b) Treasury shares

Pursuant to the provisions of a normal course issuer bid approved by the Toronto Stock Exchange (the “TSX”), the Company from time to time acquires its own common shares for cancellation. The following table details changes in the treasury shares balance:

	Year Ended	
	Number	Value
Balance, August 31, 2023	47,100	\$ 23
Purchases of treasury shares	34,000	11
Cancellation of treasury shares	(81,100)	(34)
Balance, August 31, 2024	-	\$ -
Purchases of treasury shares	97,500	43
Balance, August 31, 2025	97,500	43

(c) Reserves

The Company has the following reserves included within shareholders’ equity.

- *Share-based payment reserve.* The reserve includes the amount of share-based payment expense for the period less the corresponding amounts reclassified to share capital on exercise of the underlying stock options.
- *Ownership changes reserve.* The reserve is comprised of amounts resulting from changes in ownership and other transactions associated with the Company’s non-controlling interests that do not result in a loss of control (Note 16).
- *Treasury shares reserve.* The reserve comprises the cost of the Company’s shares currently held by the Company in treasury for future cancellation (Note 14(b)). The cost of the Company’s shares previously held is charged to share capital upon cancellation of the treasury shares.
- *Convertible debt instrument reserve.* The reserve includes the value of the equity component of convertible instruments, offset by taxes.

(d) Basic and diluted common shares outstanding

The calculations of basic and diluted loss per share are based on the following.

	August 31, 2025	August 31, 2024
Net income attributable to shareholders	\$ 22,141	\$ 1,094
Adjustment for dilutive instruments	1,058	-
	\$ 23,199	\$ 1,094
Basic weighted average number of common shares outstanding	67,479,841	67,455,647
Add: Effect of conversion of convertible debt	11,886,675	-
Add: Effect of in-the-money stock options	145,892	-
	79,512,408	67,455,647

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NOTE 14 – CAPITAL AND RESERVES (continued)

(d) Basic and diluted common shares outstanding (continued)

Basic income per share	\$	0.33	\$	0.02
Diluted income per share	\$	0.29	\$	0.02
Basic income (loss) per share - continuing operations	\$	(0.21)	\$	(0.00)
Diluted income (loss) per share - continuing operations	\$	(0.21)	\$	(0.00)
Basic income per share - discontinued operations	\$	0.54	\$	0.02
Diluted income per share - discontinued operations	\$	0.50	\$	0.02

- ⁽¹⁾ The average market value of the Company's common shares for the purpose of calculating the dilutive effect of stock options was based on the quoted market prices for the period of time the instruments were outstanding.
- ⁽²⁾ For the year ended August 31, 2025, 1,950,000 stock options were excluded from the calculation of the diluted weighted average number of common shares outstanding as they were anti-dilutive (August 31, 2024 – 3,010,000 stock options and 6,926,994 common shares underlying potential conversion of 2019 and 2020 Debentures).

NOTE 15 – SHARE-BASED PAYMENT ARRANGEMENTS

(a) Description of share-based payment arrangements – equity settled

The Company has a rolling stock option plan (the "Plan") whereby a maximum of 10% of the issued and outstanding shares of the Company, from time to time, may be reserved for issuance pursuant to the exercise of options. The board of directors or compensation committee set the terms of share-based payment arrangements under the Plan; however, stock options terms are generally as follows. The options have a maximum term of 10 years and vest 25% on the date of grant with the remainder vesting 25% on each of the next three anniversary dates of the grant. The exercise price is equal to the average closing price of the Company's common shares on the TSX for five trading days preceding the grant date. Unvested options granted expire on the date the option holder gives notice of cessation of employment.

For the year ended August 31, 2025, share-based payment expense was \$157 (August 31, 2024 - \$134) and is included as a separate line item in the consolidated statements of income (loss).

(b) Measurement of fair values – equity settled arrangements

During the year ended August 31, 2025, the weighted average fair value of stock options granted of \$0.12 per option (August 31, 2024 - \$ 0.16) was calculated as of the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions and inputs: expected life of 5.00 years (August 31, 2024 – 5.00 years); risk-free interest rate of 2.90% (August 31, 2024 – 4.25%); expected volatility of 45.41% (August 31, 2024 – 39.70%); weighted average forfeiture rate of 8.61% (August 31, 2024 – 8.25%); and weighted average share price of \$ 0.25 (August 31, 2024 - \$ 0.38). The expected volatility assumption is based on historical volatility of the Company's common share price on the TSX. The risk-free interest rate assumption is based on yield curves on Canadian government zero coupon bonds with the remaining term equal to the stock options expected life.

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NOTE 15 – SHARE-BASED PAYMENT ARRANGEMENTS (continued)

(c) Reconciliation of stock options outstanding

The Company's stock option activity is summarized as follows:

	Number of Options 2025	Weighted Average Exercise Price	Number of Options 2024	Weighted Average Exercise Price
Outstanding at September 1	3,010,000	\$ 0.45	2,870,000	\$ 0.55
Granted	2,100,000	\$ 0.25	1,000,000	\$ 0.38
Exercised/forfeited	(1,060,000)	\$ 0.44	(860,000)	\$ 0.68
Outstanding at August 31	4,050,000	\$ 0.35	3,010,000	\$ 0.45
Exercisable at August 31	2,025,000	\$ 0.42	2,022,500	\$ 0.47

The options outstanding at August 31, 2025 have exercise prices ranging from \$ 0.22 to \$ 0.53 (August 31, 2024 - \$ 0.38 to \$ 0.53) and a weighted average contractual life of 3.44 years (August 31, 2024 – 2.47 years). At August 31, 2025, if all exercisable options were exercised, total cash received would be \$ 857.00 (August 31, 2024 - \$ 950).

NOTE 16 – INTERESTS IN OTHER ENTITIES

(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 (b) below and in Note 27 – *Segmented Information*.

	August 31, 2025	August 31, 2024
GECH at beginning of year	\$ 117,040	\$ 139,463
Contributions from sale of limited partnership units	-	6,040
Derecognition of NCI (Note 6(a))	(19,046)	-
Distributions declared	(6,209)	(6,100)
Ownership changes not resulting in loss of control (Note 6(a))	23,460	-
Allocation of net comprehensive income (loss)	(18,133)	(22,363)
GECH at end of year	97,112	117,040
CIBT China	(54)	(50)
IRIX	(272)	(266)
Total non-controlling interests	\$ 96,786	\$ 116,724

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NOTE 16 – INTERESTS IN OTHER ENTITIES (continued)

(b) Transactions with non-controlling interests

The Company's subsidiaries GEC Master 1 Limited Partnership ("Master 1") and GEC Master 2 Limited Partnership ("Master 2") own limited partnership units in the real estate projects controlled by the Company. Non-controlling interests subscribe to units in the limited partnerships which hold the real estate projects. The Company earns development fee revenues associated with these subscriptions and uses these funds to invest in units of the limited partnership.

The following table summarizes the non-controlling interests and the Company's ownership of the individual limited partnerships which hold the real estate projects which are included in the GECH operating segment. Transactions that result in changes in ownership interest while the Company retains control are accounted for between the equity holders and no gain or loss on these ownership changes is recognized in profit or loss but instead is recognized in equity and attributed to the owners of the parent.

Real Estate Projects	Formed	Non-controlling interest %		Company's Ownership %	
		August 31, 2025	August 31, 2024	August 31, 2025	August 31, 2024
GEC LP 1	Mar 2016	81.48%	81.48%	18.52%	18.52%
GEC LP 2	May 2014	61.50%	61.50%	38.50%	38.50%
GEC LP 3	Dec 2014	80.00%	80.00%	20.00%	20.00%
GEC LP 5	Nov 2015	75.00%	75.00%	25.00%	25.00%
GEC LP 6	Aug 2016	64.25%	64.25%	35.75%	35.75%
GEC LP 7	Aug 2016	79.09%	79.09%	20.91%	20.91%
GEC LP 8	Oct 2017	54.47%	54.47%	45.53%	45.53%
GEC LP 9	Feb 2018	72.33%	72.33%	27.67%	27.67%
GEC LP 12	Jul 2020	80.00%	80.00%	20.00%	20.00%
GEC LP 13	Nov 2022	80.00%	80.00%	20.00%	20.00%
GEC LP 14	Jan 2019	98.99%	-	1.01%	-

(c) Summary information for GECH

The following table summarizes the information related to each of the Company's subsidiaries that has material NCIs, before any intercompany eliminations.

August 31, 2024	GECH ⁽¹⁾	Other ⁽²⁾
Current assets	\$ 12,474	
Non-current assets	419,781	
Current liabilities	(92,749)	
Non-current liabilities	(187,922)	
Net assets	\$ 151,584	
Net assets (liabilities) attributed to NCI	\$ 117,040	\$ (316)
Revenue	17,250	
Net income (loss)	(19,879)	
Total comprehensive income (loss)	\$ (22,363)	\$ (4)
CF operating activities	\$ (14,151)	
CF investing activities	(19,357)	
CF financing activities	33,504	
FX effect on cash	-	
Net increase/decrease in cash and cash equivalents	\$ (4)	\$ (50)

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NOTE 16 – INTERESTS IN OTHER ENTITIES (continued)

(c) Summary information for GECH (continued)

August 31, 2025	GECH ⁽¹⁾	Other ⁽²⁾
Current assets	\$ 20,342	
Non-current assets	335,256	
Current liabilities	(62,175)	
Non-current liabilities	(153,829)	
Net assets	\$ 139,594	\$ 1,020
Net assets (liabilities) attributed to NCI	\$ 97,112	\$ (326)
Revenue	\$ 17,101	
Net loss	(28,849)	
Total comprehensive loss attributable to NCI	\$ (18,133)	\$ (11)
Cash flows provided by operating activities	2,627	
Cash flows used in investing activities	(7,320)	
Cash flows provided by financing activities	4,502	
Net increase/decrease in cash and cash equivalents	\$ (191)	\$ -

⁽¹⁾ Includes only GECH subsidiaries with non-controlling interest for the applicable period. See Note 16(b) for range of non-controlling interests in GECH subsidiaries.

⁽²⁾ Other individually immaterial subsidiaries.

(d) Control of real estate projects

The Company's real estate projects are held in limited partnerships with various agreements governing the limited partnership. Control exists when a company has power over the investee, has exposure or rights to variable returns from its involvement, and has the ability to use its power to affect the amount of investors' returns. Where control has been assessed, the general partner or its affiliates have been assessed to have complete responsibility for the conduct of all the business activities of the limited partnership.

Management has determined that the Company and certain of its subsidiaries control these entities and accordingly, have consolidated the results of each limited partnership for the period subsequent to formation. One of the key factors in this determination is that the Company, through a management limited partnership, has the ability to direct the relevant activities of the business of the partnership.

(e) Joint arrangements

Joint operations

CIBT and Weifang University established CIBT Beihai International Management School ("Beihai"), which is a Chinese-foreign cooperatively run school whose principal place of business is China, of which the Company has a 60% interest in the joint arrangement. The Company has recognized its proportionate share of assets, liabilities, revenues, and expenses of this business using the proportionate consolidation method. Beihai results are included within the CIBT reporting segment.

Joint ventures

Refer to Note 6 for details of the Company's joint arrangements that are recognized as joint ventures.

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NOTE 17 – DIVESTMENT OF SSCC

On July 4, 2025, the Company entered into a definitive agreement to sell 100% of the issued and outstanding shares of SSCC (the “SSCC Divestment”). The SSCC Divestment was completed on August 7, 2025. The consideration consisted of initial cash proceeds of \$32,224 and \$3,240 of closing receivable for final working capital adjustments. At August 31, 2025, the closing receivable is recorded as Trade and other receivables.

The following tables outline the net assets disposed of the consideration received and the gain on divestment of SSCC.

Total consideration received	\$	35,464
Allocated to net assets disposed:		
Cash and cash equivalents		262
Other current assets		11,827
Property and equipment		1,675
Right-of-use assets		7,521
Other long-term assets		171
Intangible assets and goodwill		11,428
Other current liabilities		(3,594)
Deferred revenue		(17,823)
Current portion of borrowings		(4,686)
Lease liabilities		(8,798)
Current income tax liabilities		(511)
Deferred income tax liabilities		(2,168)
Total net liabilities disposed		(4,696)
Transaction costs		260
Gain on divestment of SSCC	\$	39,900
Tax expense		(4,744)
Net gain on divestment of SSCC	\$	35,156

The results of operations for SSCC are presented as discontinued operations for the years ended August 31, 2025 and 2024 as shown below.

	Year to Date August 7, 2025	Year Ended August 31, 2024
Revenue	\$ 37,864	\$ 41,806
Direct costs	(15,950)	(17,366)
Gross Profit	21,914	24,440
Operating costs	19,557	21,646
Other items	774	765
Income before income taxes	1,583	2,029
Income tax expense	539	503
Net income and comprehensive income for the year from discontinued operations	\$ 1,044	\$ 1,526
Net cash provided by operating activities	\$ 2,778	\$ 5,308
Net cash provided by (used in) investing activities ¹	\$ 31,515	\$ (887)
Net cash used in financing activities	\$ (23)	\$ (463)

⁽¹⁾ Includes \$31,936 of cash proceeds from divestment of SSCC during the period ended August 7, 2025.

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NOTE 18 – GENERAL AND ADMINISTRATIVE EXPENSES

	Year Ended	
	August 31, 2025	August 31, 2024
Salaries and benefits	\$ 4,597	\$ 5,487
Office and general	1,566	1,885
Advertising	408	572
Professional fees	3,985	3,525
Consulting and management fees	1,525	1,183
Investor relations	40	262
Bank charges and interest	150	133
Rent	800	1,402
Travel and promotion	183	466
General and administrative expenses - continuing operations	\$ 13,254	\$ 14,915
General and administrative expenses - discontinued operations	\$ -	\$ 18,053
Total general and administrative expenses	\$ 13,254	\$ 32,968

NOTE 19 – FINANCE COSTS

	Year Ended	
	August 31, 2025	August 31, 2024
<i>Interest expense comprised of:</i>		
Interest expense on borrowing (Note 13)	\$ 15,875	\$ 21,543
Accretion of finance fee and other (Note 13)	3,802	3,895
Accretion of lease liabilities (Note 9(b))	2,130	993
	21,807	26,431
Less: capitalized interest and finance fees (Note 5(a))	(8,503)	(12,412)
Total interest expense	13,304	14,019
(Gain) loss on embedded derivatives, net (Note 13(b))	(53)	35
Debt modification gains, net(1)	(499)	(966)
Other	-	1
Total finance costs - continuing operations	\$ 12,752	\$ 13,089

⁽¹⁾ During the years ended August 31, 2025 and August 31, 2024, the Company modified the of terms of certain borrowings which resulted in non-substantial modifications. The difference between the present value of estimated contractual cash flow under original agreements and the present value of the modified estimated contractual cash flows represents a modification gain or loss.

NOTE 20 – OTHER INCOME (LOSS), NET

	Year Ended	
	August 31, 2025	August 31, 2024
Interest and other income, net	\$ 381	\$ 238
Foreign exchange gain (loss)	(84)	39
Impairment of intangibles and goodwill	-	(461)
Loss on sale of property and equipment	-	(7)
Loss on derecognition of financial liabilities (Note 6(a))	(975)	(31)
Downstream revenue from equity investee (Note 6)	636	-
Other	140	-
Total other income (loss), net	\$ 98	\$ (222)

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NOTE 21 – INCOME TAXES

(a) Amounts recognized in net loss

	Year Ended August 31, 2025	Year Ended August 31, 2024
Current tax expense (recovery)		
Current year	\$ 109	\$ (188)
Changes in estimates related to prior years	7	(58)
	\$ 116	-\$ 246
Deferred tax expense (recovery)		
Current year	\$ (1,904)	\$ (2,297)
Changes in estimates related to prior years	(352)	(136)
	\$ (2,256)	\$ (2,433)
Net tax (recovery) expense	\$ (2,140)	\$ (2,679)

(b) Reconciliation of effective tax rate

The following table is a reconciliation of income tax expense, at the Canadian income tax rate and the amount of reported income tax recovery in the consolidated statements of income (loss) and comprehensive income (loss). The Company's operations are subject to income taxes primarily in Canada and China.

	Year Ended August 31, 2025	Year Ended August 31, 2024
Income (loss) before taxes from continuing operations	\$ (34,343)	\$ (25,478)
Statutory income tax rate ⁽¹⁾	27%	27%
Income tax (recovery) provision at stat rate	(9,273)	(6,879)
Effect of difference in foreign tax rates	(4)	-
Non-deductible expenses, net	72	68
Gain on disposal of investment	18	569
Impact of convertible debt	(2)	-
Effect of differences in prior period tax returns as filed	(346)	(187)
Loss of control of partnerships	3,085	-
Change in deferred tax assets not recognised	178	37
Change in fair value of investment properties	2,333	2,308
Impact of partnership loss allocation	1,260	1,410
Other	539	(5)
Income tax (recovery) expense	\$ (2,140)	\$ (2,679)

⁽¹⁾ Comprised of the Canadian Federal effective corporate tax rate of 15.0% and the British Columbia provincial tax rate of 12.0%. The statutory tax rate in China was 25.0%.

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NOTE 21 – INCOME TAXES (continued)

(c) Movement in deferred tax balances

The following tables show deferred income tax assets and liabilities resulting from temporary differences between the carrying amounts of assets and liabilities for accounting purposes and the amount used for tax purposes, as well as unused tax losses.

<i>Deferred income tax assets</i>	Year Ended August 31, 2025	Year Ended August 31, 2024
Non-capital losses carried forward	\$ 3,702	\$ 4,359
Share issuance and finance costs	352	839
Property and equipment	261	324
Convertible debt	11	-
Intangible assets and goodwill	16	-
Net capital losses	-	7
Total deferred income tax assets	\$ 4,342	\$ 5,529
<i>Deferred income tax liabilities</i>		
Investment properties	\$ 10,033	\$ 8,187
Convertible debt	-	181
Intangible assets and goodwill	-	2,532
Total deferred income tax liabilities	\$ 10,033	\$ 10,900
Net deferred income tax assets (liabilities)	\$ (5,691)	\$ (5,371)
<i>Classified as</i>		
Deferred tax assets, net	\$ 3,225	\$ 3,825
Deferred tax liabilities, net	(8,916)	(9,196)
Net deferred income tax assets (liabilities)	\$ (5,691)	\$ (5,371)

(d) Tax losses carried forward

The Company recognizes deferred tax assets to the extent that it is probable that future taxable profit will be available against which the Company can utilize the benefits of the deductible temporary differences and unused tax losses. Deductible temporary differences and unused tax losses for which a future benefit has not been recognized as a deferred tax asset include the following:

	Year Ended August 31, 2025	Year Ended August 31, 2024
Non-capital loss carry-forwards ⁽¹⁾	\$ 1,534	\$ 896
Net capital loss carry-forwards ⁽²⁾	1,075	1,026
Intangible assets in Canada	4,157	4,276
Property and equipment in Canada	508	510
	\$ 7,274	\$ 6,708

⁽¹⁾ Includes \$747 in carry-forwards eligible to be applied for Canadian tax purposes and expire in the years ending August 31, 2035 to 2045. \$787 in carry-forwards eligible to be applied for China tax purposes and expire in the years ending August 31, 2025 to 2030.

⁽²⁾ Net capital loss carry-forwards are eligible to be applied for Canadian tax purposes and are carried forward indefinitely.

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NOTE 22 – FINANCIAL INSTRUMENTS

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

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

		<u>August 31, 2025</u>	<u>August 31, 2024</u>
Financial assets	<u>Measurement basis</u>		
Cash and cash equivalents	Amortized cost	\$ 3,299	\$ 2,132
Restricted cash	Amortized cost	1,388	2,749
Secured loan receivable (Note 26)	Amortized cost	7,951	-
Note receivable (6(b))	Amortized cost	7,750	-
Trade and other receivables (Note 10)	Amortized cost	9,437	13,677
Current development assets (Note 7)	Amortized cost	3,300	3,300
		<u>\$ 33,125</u>	<u>\$ 21,858</u>

		<u>August 31, 2025</u>	<u>August 31, 2024</u>
Financial liabilities	<u>Measurement basis</u>		
Trade and other payables	Amortized cost	\$ 14,745	15,315
Secured loans (Note 13(a))	Amortized cost	168,092	231,450
Lease liabilities (Note 9(b))	Amortized cost	22,437	36,343
Convertible debentures – liability (Note 13(b))	Amortized cost	6,765	4,951
Convertible debentures – derivatives (Note 13(b))	FVTPL	32	83
Loans payable (Note 13)	Amortized cost	7,742	10,666
Bonds payable (Note 13)	Amortized cost	-	1,000
Government loans (Note 13)	Amortized cost	579	622
Bank credit facilities (Note 13)	Amortized cost	-	2,184
		<u>\$ 220,392</u>	<u>\$ 302,614</u>

Financial instruments not measured at fair value

The carrying amounts of Cash and cash equivalents, Restricted cash, Trade and other receivables, and Trade and other payables are considered reasonable approximations of their fair values due to the short-term nature of these instruments. The carrying value for Secured loan receivable, Note receivable and Current development assets is considered a reasonable approximation of its fair value taking into consideration the expected credit loss provision that has been recognized (Note 23(b) and Note 7). With the exception of one secured loan, the fair value of Secured loans payable, Lease liabilities, liabilities portion of Convertible debentures, Loans payable and Government loans approximate their carrying value as current market interest rates are not significantly different than stated interest rates for these instruments.

At August 31, 2025, the fair value of one secured loan was \$3,593 (August 31, 2024 - \$3,844) lower than the carrying amount 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. All financial instruments not measured at fair value are considered level 2 financial assets or liabilities under the fair value hierarchy, except for the current development asset of \$3,300 and loans receivable of \$3,740 which are considered level 3 financial assets.

NOTE 22 – FINANCIAL INSTRUMENTS (continued)

(b) Measurement of fair value

(i) Fair value of financial instruments and fair value hierarchy

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. As at August 31, 2025 and 2024, there were no financial assets and financial liabilities measured and recognized at fair value on a non-recurring basis.

During the year ended August 31, 2025, there were no transfers between the three levels of fair value measurements.

(ii) Valuation methodologies used in the measurement of fair value for Level 3 financial assets and financial liabilities

The valuation of investment properties is a level 3 fair value measurement as it involves significant unobservable inputs and fluctuations in the inputs could significantly alter the fair value (Note 5(b)).

At inception, the 2019 and 2020 Debentures included an embedded derivatives for prepayment, extension and conversion options. The fair value of the embedded derivatives was determined using a discounted cash flow which considers the present value of the expected future payments if the prepayment or extension option were exercised, discounted using a market discount rate. The expected cash flows are impacted by significant unobservable inputs: managements estimate of the probability of these options being exercised and the discount rate. The estimated fair value would increase (decrease) if the probability of the options being exercised was higher (lower) and if the discount rate was lower (higher). The fair value of the HKD denominated debenture conversion feature is calculated using the Black-Scholes option pricing model and is based on observable inputs except for the possible date of conversion. The estimated fair value would increase (decrease) if the date of conversion was later (earlier). The embedded derivatives are remeasured at each period end until such time as they are derecognized. The reconciliation of opening to closing balances for level 3 fair values is presented in Note 13(b) associated with these instruments. Unrecognized fair value changes are recorded as gains or losses in finance costs in the consolidated statements of income (loss) and comprehensive income (loss).

NOTE 23 – RISK MANAGEMENT

The Company's risks related to financial instruments, including liquidity risk, credit risk, interest rate risk and currency risk, and the Company's strategy to manage risks, are described below.

(a) Liquidity risk

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 principal liquidity needs of the Company are for working capital requirements, debt servicing and repayment obligations, and cost associated with expanding the real estate business. The Company manages its liquidity risk by monitoring its operating requirements, securing new loans, refinancing current loans on reasonable terms, and where necessary liquidating assets and reducing/delaying real estimate project development costs. Cash and cash equivalents and restricted cash as at August 31, 2025 were \$ 3,299 and \$1,388, respectively (August 31, 2024 - \$ 2,132 and \$2,749). Management prepares budgets and cash forecasts to ensure that the Company has sufficient funds to fulfill its financial obligations. At August 31, 2025 and 2024, the Company was in a working capital deficit position. The majority of the Company's assets are long-term in nature; however, there are significant current borrowings and deferred revenues that contribute to the working capital deficit position. Total working capital deficit decreased in the year ended August 31, 2025 from the year ended August 31, 2024.

Investment properties tend to be relatively illiquid, with the degree of liquidity generally fluctuating in relation to 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 aggregate carrying value of such property.

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NOTE 23 – RISK MANAGEMENT (continued)

(a) Liquidity risk (continued)

The Company diligently monitors the repayment dates of its mortgages and intends to refinance all mortgages as they become due. The Company has successfully raised capital financing in the past 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 reasonable terms or at all. The Company made all interest and principal payments on its borrowings and interest payments to its debenture holders.

Maturities of financial liabilities

The tables below present the Company's contractual undiscounted cash flows associated with financial liabilities broken into relevant maturity groupings based on their contractual maturities. Amounts include principal and interest payments.

August 31, 2025	Less than one year	2-3 years	4-5 years	Over 5 years	Total
Trade and other payables	\$ 14,745	\$ -	\$ -	\$ -	\$ 14,745
Secured loans ⁽¹⁾	52,216	17,810	48,685	89,320	208,031
Lease payments ⁽²⁾	7,011	14,078	6,765	2,754	30,608
2019, 2020 and 2024 Debentures	6,261	1,142	-	-	7,403
Other loans	3,581	6,363	183	127	10,254
Total	\$ 83,814	\$ 39,393	\$ 55,633	\$ 92,201	\$ 271,041

August 31, 2024	Less than one year	2-3 years	4-5 years	Over 5 years	Total
Trade and other payables	\$ 15,315	\$ -	\$ -	\$ -	\$ 15,315
Secured loans ⁽¹⁾	88,085	79,226	45,240	29,514	242,065
Lease payments ⁽²⁾	10,696	21,788	18,466	9,749	60,699
2019 and 2020 Debentures	853	5,774	-	-	6,627
Other loans ⁽³⁾	8,994	6,620	189	217	16,020
Total	\$ 123,943	\$ 113,408	\$ 63,895	\$ 39,480	\$ 340,726

⁽¹⁾ At August 31, 2025, Interest reserves of \$198 exist to offset future interest payments on certain borrowings (August 31, 2024 - \$2,389).

⁽²⁾ At August 31, 2025, Lease payments includes \$22,437 recognized as Lease liabilities (Note 9), estimated variable lease payments and short term lease payments (August 31, 2024 - \$36,343).

⁽³⁾ Includes payments against Government loans, Loans payable, Bank credit facilities, and Bond payable.

(b) Credit risk

Credit risk is the risk that a third party might fail to discharge its obligations under the terms of a financial contract. The Company's maximum exposure to credit risk is the carrying value of the financial assets (Note 22(a)). Credit risk is limited to the following instruments.

Trade receivables

Trade accounts receivable are reviewed by management on an ongoing basis to ensure timely collection and to minimize losses. Payment of trade receivables are scheduled, routine and received within contractually agreed time frames with limited exceptions. The Company generates revenues from multiple sources and from a broad customer/client base. The majority of trade accounts receivable are from the Company's education business.

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NOTE 23 – RISK MANAGEMENT (continued)

(b) Credit risk (continued)

Trade receivables (continued)

Trade accounts receivable are from individual customers and are not assessed based on external credit rating agencies. The Company uses a provision matrix to measure the expected credit loss (“ECL”) of trade receivables from individual customers which comprise a large number of small balances (Note 28(D)(iv)). The weighted average loss rates are calculated by entity based on the following common risk characteristics – age of receivable, type of customer relationship, and for education receivables whether students have completed instruction. Loss rates are based on actual credit loss experience and reflect forward looking conditions over the expected life of the receivable.

The following table provides information about the exposure to credit risk and ECL’s from individual trade receivable customers at August 31, 2025.

	Weighted- average loss rate	Gross carrying amount	Loss allowance	Credit impaired
Current	0.1%	5,630	3	No
1-30 days past due	25.0%	31	8	Yes
31-60 days past due	50.0%	45	22	Yes
61-90 days past due	4.3%	149	6	Yes
More than 90 days past due ⁽¹⁾	100.0%	4,173	4,173	Yes
	42.0%	10,028	4,212	

⁽¹⁾ At August 31, 2025, this includes gross carrying amount of \$3,838 and loss allowance of \$3,007 associated with CIBT net trade receivables (August 31, 2024 - \$3,838 and \$3,007, respectively). The majority of the balance is more than 90 days past due and the loss allowance reflects the expected credit risk considering the current state of the Chinese economy.

The movement in the expected credit loss allowance in respect of trade receivables was as follows:

	August 31, 2025	August 31, 2024
Beginning balance	7,008	5,376
Net remeasurement of loss allowance	1,720	1,825
Amounts written off during the year	(302)	(312)
Amounts recovered during the year	115	109
Impact of foreign currency	(11)	10
Derecognition - discontinued operations	(4,318)	-
Ending balance	4,212	7,008

Receivable from developer

The receivable from developer described in Note 7 became repayable in the year ended August 31, 2020. The credit risk associated with this instrument has increased significantly since initial recognition, most notably due to the CCAA process, and is considered a credit-impaired financial asset which requires that the Company measure a loss allowance equal to lifetime expected credit losses.

At August 31, 2022, based on project activity as described in Note 7, management determined that the value of the underlying security may not be sufficient to cover any potential loss on the receivable; therefore, a provision of \$22,700 was recognized in provision for expected credit losses on development and other assets in the consolidated statement of income (loss) and comprehensive income (loss) for the year ended August 31, 2022. The expected credit loss provision is a probability-weighted amount that was determined by evaluating a range of possible outcomes, considering the time value of money, reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. The expected credit loss provision amount remains unchanged as at August 31, 2025.

NOTE 23 – RISK MANAGEMENT (continued)

Loans receivable

The Company advanced \$7,000 in funds to a third-party investor limited partnership in August 2019. The loan receivable is due on demand, secured by GEC LP9 limited partnership units held by the borrower, and commencing September 2020 attracted interest at 7% per annum. The loan receivable is considered to be credit-impaired due to the filing of the CCAA as described in Note 7. The value of the underlying security may not be sufficient to cover any potential loss on the receivable. A lifetime expected credit loss provision of \$4,240 was recognized in provision for expected credit losses on development and other assets in the consolidated statement of income (loss) and comprehensive income (loss) for the year ended August 31, 2022. At August 31, 2025, the loan receivable before expected credit loss provision was \$7,980 (August 31, 2024 - \$7,980). The Company has a payable amount to this same third-party investor limited partnership of \$3,517 at August 31, 2025 (August 31, 2024 - \$3,517).

Loans receivable from Pure GECC LP

The Company is exposed to credit risk through its amount receivable from Pure GECC LP, which includes \$7,750 of non-interest bearing receivable and \$7,951 of loan receivable secured by the GEC EMC investment property. The Company mitigates the credit risk by actively monitoring the receivables and initiating recovery procedures in a timely manner when required. Management also actively monitors the financial strength of Pure GECC LP and the fair value of the investment property secured against the loan receivable. As at August 31, 2025, the fair value of the secured investment property is greater than the value of the loan and Pure GECC LP reported net assets of \$18,823. Management has assessed the credit risk as low and that no loss allowance is required.

Other receivables

Other receivables include amounts receivable from tax authorities and other amounts receivable related to leasing of campus and office space. Credit risk is considered low.

Cash and cash equivalents and restricted cash is held on deposit at major financial institutions and these balances are considered to have low credit risk based on the external credit ratings of the counterparties.

Financial Guarantees are provided in limited cases on certain subsidiary liabilities including debt financing (Note 13).

(c) Market Risk

This is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Company's results or value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters given the nature of the business, while optimizing returns.

i. Interest Rate Risk

Interest rate risk is the risk that the fair values and future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk primarily on its outstanding borrowings subject to floating rates of interest, its secured loan receivable and its cash and cash equivalents. The Company monitors its exposure to interest rates and has a mix of fixed and floating rate debt, with floating rate debt tied to the Canadian prime rate. The Company attempts to mitigate this risk by having the optimum mix of financing facilities for its diversified real estate portfolio.

At August 31, 2025, the variable interest rate risk decreased as a result of decreases in the Canadian prime rate during the fiscal year. The total proportion of borrowings subject to variable interest rates was 49% at August 31, 2025 (August 31, 2024 - 39%). The weighted-average interest rate paid by the Company at August 31, 2025, on its secured loans, convertible and other corporate debt was 5.7% (2024 – 8.0%).

A 2% increase in the Canadian prime rate would result in an increase in the Company's net loss of \$1,240 for the year ended August 31, 2025 (August 31, 2024 - \$414), not considering interest costs which are capitalized. This sensitivity is an estimate for additional interest expense for variable rate debt at year end.

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NOTE 24 – CAPITAL MANAGEMENT

The Company's objectives in managing capital are to safeguard the Company's normal operating requirements on an ongoing basis and to ensure sufficient liquidity to conduct its strategy of organic growth in conjunction with strategic acquisitions, and to utilize capital to provide an appropriate return on investment to its shareholders. The Company's overall capital strategy remains unchanged from the prior periods. The Company manages and adjusts its capital structure considering economic conditions and the risk characteristics of the underlying assets. The Company monitors its capital using various financial ratios and non-financial performance indicators. The Company's primary uses of capital are to finance working capital requirements, capital expenditures and acquisitions. The Company's capital is as follows:

	<u>August 31, 2025</u>	<u>August 31, 2024</u>
Total borrowings	\$ 183,210	\$ 250,956
Less: cash and cash equivalent	(3,299)	(2,132)
Net debt	179,911	248,824
Total equity	144,744	141,932
Less: NCI	(96,786)	(116,724)
Shareholder's equity	\$ 47,958	\$ 25,208

From time to time, the Company purchases its own shares on the market depending on market prices and these treasury shares are cancelled periodically (Note 14). At August 31, 2025, the Company was in compliance with all applicable financial and non-financial debt covenants.

NOTE 25 – CONTINGENCIES

The Company is subject to various tax audits and is a party to various legal proceedings and claims as a plaintiff or defendant, all of which arise in the ordinary course of business. The Company analyzes all tax audits, legal proceedings and the allegations therein. The outcomes of such tax audits and legal proceedings, either individually or in the aggregate, are inherently uncertain and in the opinion of management are not expected to have a material adverse effect on the Company's financial position, results of operations or liquidity. In the event that management's estimates of the future resolution of these matters change, the Company will recognize the effect of these changes in its consolidated financial statements in the period in which such changes occur.

NOTE 26 – RELATED PARTY TRANSACTIONS

The Company's related parties include its subsidiaries, associates over which it exercises significant influence, and key management personnel. During its normal course of operation, the Company enters into transactions with its related parties for goods and services. Transactions with related parties are in the normal course of operations.

(a) Key management personnel compensation:

	<u>Year Ended</u>	
	<u>August 31, 2025</u>	<u>August 31, 2024</u>
Management salaries and director's fees	\$ 1,044	\$ 1,347
Share-based payments	119	105
Total key management personnel compensation	\$ 1,163	\$ 1,452

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NOTE 26 – RELATED PARTY TRANSACTIONS (continued)

(b) Other related party balances:

	<u>August 31, 2025</u>	<u>August 31, 2024</u>
Due to officers and directors of the Company (1)	\$ 1,913	\$ 229
Due to the president of IRIX (2)	170	110
Convertible debentures issued to officers and directors of the Company	140	140

⁽¹⁾ Amounts due are non-interest bearing and have no fixed terms of repayment.

⁽²⁾ Loans relate to convertible debentures pre-financing received but refundable as at August 31, 2024. Amounts due are to non-interest bearing, and payable to a corporation controlled by an officer and to a director of the Company.

⁽³⁾ Amounts due to related party has no fixed terms of repayment, bearing interest at a rate of 6% per annum

At August 31, 2025, \$140 (August 31, 2024 - \$140) of the 2024 Debentures are held by officers and directors of the Company.

At August 2025, the Company reported a \$7,750 non-interest bearing, due on demand note receivable (Note 6(b)) and a \$7,951 secured loan receivable from Pure GECC LP. The secured loan receivable was acquired by the Company in August 2025 from an arms-length third party for cash proceeds of \$7,750. The secured loan matures in March 2026 and bears a prime-linked interest rate of 15.5% as at August 31, 2025. During the year ended August 31, 2025, the Company recognized \$48 of interest income associated with the secured loan receivable in the consolidated statement of income (loss) and comprehensive income (loss).

NOTE 27 – SUPPLEMENTAL CASH FLOW INFORMATION

(a) Changes in working capital

	<u>Year Ended</u>	
	<u>August 31, 2025</u>	<u>August 31, 2024</u>
<i>Changes in:</i>		
Accounts receivable	\$ (1,016)	\$ (840)
Prepayments	(230)	52
Inventory	12	33
Accounts payable and accrued liabilities	648	(4,193)
Deferred revenue	(904)	(1,026)
Restricted cash	896	(298)
Changes in working capital	\$ (594)	\$ (6,272)

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NOTE 27 – SUPPLEMENTAL CASH FLOW INFORMATION (continued)

(b) Changes in liabilities arising from financing activities

	Year Ended	
	August 31, 2025	August 31, 2024
Total borrowings, beginning of year	\$ 250,956	\$ 269,879
Cash flows, comprised of:	(5,167)	35,576
Repayments of secured loans (Note 13(a))	(61,486)	(95,555)
Advances of secured loans (Note 13(a))	58,827	123,923
Issuance of convertible debt (Note 13(b))	275	-
Repayment of other loans	(3,783)	(1,207)
Advances of other loans	1,000	8,415
<u>Liability related items:</u>		
Finance fees	(6,749)	(4,091)
<u>Non-cash related items:</u>		
Finance cost accretion ⁽¹⁾	3,134	2,929
Equity component of convertible debt (Note 13(b))	(126)	-
Derecognition of secured loans (Note 6)	(57,472)	(54,100)
Derivative fair value (gain) loss	(53)	35
Loss on derecognition of liability (Note 13(a))	1,144	725
Conversion of debt (Note 13(b))	(370)	
Foreign exchange and other	97	3
Derecognition - discontinued operations	(2,184)	-
Total borrowings, end of year	\$ 183,210	\$ 250,956

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

(c) Other non-cash investing and financing activities

During the year ended August 31, 2025, non-cash investing and financing activities for the Company include \$59 (August 31, 2024 - \$15,175) Lease liabilities additions for the acquisition of Right-of-use assets, \$39,807 (August 31, 2024 - \$Nil) of Investment in joint ventures, and various net assets derecognize from the loss of control over subsidiaries and net assets recognized from the gain of control over subsidiaries. See Note 6 for additional information on Investment in joint ventures.

NOTE 28 – MATERIAL ACCOUNTING POLICIES

The Company has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except if otherwise noted (Note 4(a)).

A. Basis of Consolidation

i. Principles of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries as at August 31, 2025. Control exists over an investee when the Company is exposed, or has rights, to variable returns from its investee and has the ability to affect those returns through its power over the investee. Subsidiaries are included in the consolidated financial results of the Company from the effective date of acquisition up to the effective date of disposition or loss of control. Unless otherwise stated, the subsidiaries have share capital consisting solely of ordinary shares and the proportion of ownership interests held equals the voting rights held by the entity.

NOTE 28 – MATERIAL ACCOUNTING POLICIES (continued)

A. Basis of Consolidation (continued)

Subsidiaries

The Company's principal subsidiaries include: Sprott Shaw Language College Inc.; Vancouver International College (2016) Limited Partnership; CIBT School of Business & Technology Corp.; IRIX Design Group Inc. ("IRIX"); Global Education City Holdings Inc.; GEC Master 1 Limited Partnership ("Master 1"); GEC Master 2 Limited Partnership ("Master 2") and GEC Management Limited Partnership. All subsidiaries were formed under the laws of British Columbia, Canada and their principal place of business is Canada except for CIBT School of Business & Technology Corp., which operates in China. The Company directly and indirectly owns 100% of all subsidiaries except for IRIX which is 51% owned. Master 1 and Master 2 own limited partnership units in the real estate projects controlled by the Company. The percentage of ownership of the Company in each of these real estate limited partnerships and the corresponding non-controlling interest ownership is presented in Note 16(b).

When the Company loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognized in net income or loss. Any interest retained by the former subsidiary is measured at fair value when control is lost. The Company has presented SSCC as a discontinued operation in the current year and for the comparative period (Note 17).

All intercompany transactions, balances, revenues and expenses have been eliminated on consolidation. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Company. Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests

Non-controlling interests exist in less than wholly-owned subsidiaries and divisions of the Company and represent the outside interests' share in the carrying values and operations of the subsidiaries and divisions. Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not attributable to the common shareholders of the Company. The interests of the non-controlling shareholders are initially measured at either fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. Any subsequent income or loss, dividends and foreign translation adjustments attributable to the non-controlling interests is recognized as part of the non-controlling interests' income or equity. When changes in ownership interests are disproportionate to cumulative contributions, distributions and income or loss allocations, non-controlling interest are adjusted through direct charges to equity. The Company attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests. Changes in the Company's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. The Company determines the type of joint arrangement in which it is involved either was a joint operation or a joint venture and this depends upon the rights and obligations of the parties to the joint arrangement.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement on a proportionate basis. Those parties are called joint operators. A joint venture is a joint arrangement whereby the parties have joint control of the arrangement and rights to the net assets. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. None of the parties involved have unilateral control of a joint venture.

The Company accounts for its interests in joint operations by recognising its share of assets, liabilities, revenues and expenses in accordance with its contractually conferred rights and obligations.

NOTE 28 – MATERIAL ACCOUNTING POLICIES (continued)

A. Basis of Consolidation (continued)

Joint arrangements (continued)

The Company accounts for its interest in joint ventures by applying the equity method, whereby its investment in the investee is initially recognized at cost. The carrying amount of the investment in joint venture is subsequently increased or decreased to recognise the Company's share of the investee's profit or loss, which may differ from the Company's ownership interest in the joint venture and determined based on the associated partnership agreement in place. In the case of LP11, losses are first allocated to the Company's capital accounts until a deficit is reached. Excess losses are then allocated to PCAP's capital account until a deficit is reached, and final excess losses are allocated to the general partners of LP11. Income from LP11 are allocated in the reverse order of losses.

Dividends and repayment of capital received from a joint venture are accounted for as a reduction in the carrying amount of the Company's investment. At the end of each reporting period, the Company assesses whether there is any objective evidence that an investment in an associate is impaired.

Objective evidence includes observable data indicating there is a significant or prolonged decline in the fair value of an equity investment below its cost. When there is objective evidence that an investment is impaired, the carrying amount of such investment is compared to its recoverable amount, being the higher of its fair value less costs of disposal and value-in-use. If the recoverable amount of an investment is less than its carrying amount, the carrying amount is reduced to its recoverable amount and an impairment loss is recognized in the period in which the relevant circumstances are identified. When an impairment loss reverses in a subsequent period, the carrying amount of the investment is increased to the revised estimate of recoverable amount to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had an impairment loss not been previously recognized. A reversal of an impairment loss is recognized in profit or loss in the period in which the reversal occurs.

B. Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognizes revenue when it transfers control over a product or service to a customer. The following are the principal activities from which the Company generates its revenue and information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Educational programs and services

The educational programs and services consist of tuition fees (net of discounts) on course offerings by SSLC and CIBT. Customers (students) obtain control over services and revenue is recognized proportionately as instruction is delivered. Tuition is either paid in advance of delivery of instruction or in accordance with a payment plan over the course of the customer's program. The Company records deferred revenue when both of the following conditions are met: the contract is non-cancellable and the Company has an unconditional right to bill the customer under the payment terms of the contract. The Company recognizes revenue for educational programs proportionately as instruction is delivered over the length of the contracts, and records refunds only when given. Revenue is reported net of scholarships, business taxes and related surcharges. Students are entitled to a short-term course trial period which commences on the date the course begins. Partial tuition refunds are provided to students if they decide within the trial period that they no longer want to take the course. After the trial period, if a student withdraws from a class, no refunds will be provided, and any collected but unearned portion of the fee is recognized as revenues at that time.

NOTE 28 – MATERIAL ACCOUNTING POLICIES (continued)

B. Revenue recognition (continued)

Rental revenues

Rental revenues include rents from commercial tenants and residential accommodations. Rental revenues earned under lease arrangements include both lease components accounted for under IFRS 16, and non-lease components accounted for under IFRS 15. Lease components include the lease for the rental unit including furnishing. Non-lease components include utilities, internet, housekeeping and common area maintenance, and have been determined to be non-distinct performance obligations from each other as the customer cannot benefit from them separately. Customers obtain control of the lease and non-lease components concurrently and revenue is recognized systematically over the term of the contract. For short term tenants such as the Company's hotel property, revenues are recognized in accordance with IFRS 15. Performance obligations for the short-term rental of the hotel units are generally satisfied on a nightly basis, and revenue is recognized based on consideration in the contract.

Development fee revenues

The Company earns fees in connection with certain real estate development activities. As described in Note 16(d), the Company holds units in various real estate focused limited partnerships. Limited partnership agreements specify that when third-party investors obtain an interest and become limited partners in these limited partnerships, that the Company receives consideration from these third-party investors for services performed. Revenue is recognized when specified third-party investments are made as all performance obligations are fulfilled at that point in time. Development fee revenues is categorized as revenue and is disclosed separately in Note 29.

Revenue sharing arrangement with education service providers

One of the Company's subsidiaries, CIBT, has entered into educational delivery agreements with various educational service providers whereby a portion of the tuition fees, net of discounts, are paid to these educational service providers for the provision of facilities and/or teaching staff. For the majority of these revenue sharing arrangements, CIBT is considered the primary obligor and accordingly records the tuition fee revenues on a gross basis and the portion paid to the educational service providers is included in direct educational costs.

Design and advertising

The Company provides a variety of graphic, design and multi-media services. Revenue is recognized over the duration of the contract reflecting the transfer of control of the promised good or service to the customer, calculated based on the ratio of the Company's efforts or inputs at the reporting date relative to the total number of inputs required to satisfy the performance obligations.

C. Financial Instruments

i. Recognition and initial measurement

On initial recognition, all financial assets and liabilities are classified and recorded at fair value, net of attributable transaction costs, except for financial assets and liabilities classified as at fair value through profit or loss ("FVTPL").

Cash and cash equivalents

Cash is held in bank accounts. The Company considers only those investments that are highly liquid, readily convertible to cash with original maturities of three months or less at date of purchase as cash equivalents.

Restricted cash

Restricted cash represents Canadian dollar bank deposits as collateral for the credit cards used in business operations, certain deposits required to be held related to real estate holdbacks, interest reserves, and Chinese RMB deposits at governmental accounts as security to conduct business in China.

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income; or fair value through profit or loss, depending on the business model in which a financial asset is managed and its contractual cash flow characteristics. Financial assets that do not meet the below classifications are classified as fair value through profit or loss.

NOTE 28 – MATERIAL ACCOUNTING POLICIES (continued)

C. Financial Instruments (continued)

ii. Classification and subsequent measurement (continued)

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at fair value through other comprehensive income if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial Liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative, or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in net income or loss.

When a financial liability is non-substantially modified, a gain or loss is recognized into net income or loss. The gain or loss is calculated at the date of modification as the difference between the remaining original contractual cash flows and the modified cash flows both discounted at the original effective interest rate. Any costs associated with the modified loan is added to the loan carrying amount and amortized over the remaining modified loan term. The carrying amount of the loan is revised to reflect the new cash outflows at the date of modification.

iii. Derecognition of financial assets and liabilities

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or the Company transfers the rights to receive the contractual cash flow in a transaction in which substantially all the risks and rewards of ownership have been transferred.

A financial liability is derecognized when its contractual obligations are discharged, cancelled or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in net income or loss.

iv. Impairment of non-derivative financial assets

The Company applies an expected credit loss (“ECL”) impairment model, which applies to financial assets measured at amortized cost, secured loan receivable, contract assets, lease receivables, and financial guarantee contracts. The ECL model results in an allowance for credit losses being recorded on financial assets regardless of whether there has been an actual loss event. Except for trade receivables, the ECL model requires the recognition of credit losses based on 12 months of expected losses for financial assets and the recognition of lifetime expected losses on financial assets that have experienced a significant increase in credit risk since origination or which are considered credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. ECL’s are probability-weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls representing the difference between the cash flows due to the entity in accordance with the contract and the cash flow an entity expects to receive. The Company has elected to measure loss allowances for trade receivables at an amount equal to lifetime ECL’s.

NOTE 28 – MATERIAL ACCOUNTING POLICIES (continued)

C. Financial Instruments (continued)

iv. Impairment of non-derivative financial assets (continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Company's historical experience and including forward looking information.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a portion or the full amount. The Company assesses the timing of write-offs based on whether there is a reasonable expectation of recovery. Impairment losses related to trade and other receivables are presented within general and administrative expenses in the consolidated statements of comprehensive income or loss.

D. Investment properties

i. Recognition and measurement

A property is determined to be an investment property when it is held either to earn rental income or for capital appreciation, rather than for the use in the production of supply for services or for administrative purposes for sale in the ordinary course of business. Investment properties are measured initially at cost, including transaction costs except where the investment property is purchased as part of a business combination. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in fair value of investment properties are including in net income or loss in the period in which they arise. Subsequent capital expenditures are added to the carrying value of the investment properties only when it is probable that future economic benefits will flow to the property and the cost can be measured reliably.

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value at the date of change in use and reclassified accordingly. Any gain arising on this remeasurement is recognized in net income or loss to the extent that reverses a previous impairment loss on the specific property, with any remaining gain recognized in other comprehensive income or loss and presented in the revaluation reserve. Any loss is recognized immediately.

ii. Borrowing costs

Borrowing costs directly attributable to the acquisition and redevelopment of investment properties are capitalized to the carrying value of the related investment properties until such time as the redevelopment of the investment properties is substantially completed or construction has ceased. All other borrowing costs are recognized in net income or loss in the period in which they are incurred.

iii. Assets held for sale and discontinued operations

Non-current assets or disposal groups comprising assets and liabilities are classified as held for sale when: (a) assets are available for immediate sale; management has committed to a plan to sell; it is unlikely that significant changes in the plan will be made or that the plan will be withdrawn; an active program to locate a buyer has been initiated; the asset or disposal group is being marketed at a reasonable price in relation to its value; and the sales expected to complete within 12 months from the date from the date of the classification. Such assets are generally measured at the lower of carrying amount and fair value less costs to sell. IFRS Accounting Standards requires investment properties to continue to be accounted for under the fair value model.

Once classified as held for sale, intangible assets, and property and equipment, is no longer amortized, or depreciated.

NOTE 28 – MATERIAL ACCOUNTING POLICIES (continued)

D. Investment properties (continued)

iii. Assets held for sale and discontinued operations (continued)

Discontinued operation is a component of the Company's business, the operations and cash flows of which can be clearly distinguished from the rest of the Company. Classification as a discontinued operations occurs at the earlier of the disposal or when the operation meets the criteria to be classified as held-for-sale. When an operation is classified as a discontinued operation, the post-tax profit or loss of the discontinued operations and the post tax gain or loss recognized on the measurement to fair value less cost to sell the discontinued operations are presented as a single amount in the statement of income and comprehensive income for the reporting period and the comparative period.

E. Property and equipment

Property and equipment are carried at cost less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price and any costs directly attributable to bringing the asset into working condition for its intended purpose. Depreciation is calculated to write off the cost of property and equipment less their estimated residual values over the estimated useful lives of assets as follows. Land is not depreciated.

- Building – straight line over fifty years;
- Leasehold improvements – straight-line over the lesser of five years and remaining lease term;
- Furniture and equipment – 20% to 30% declining balance or straight line;

Depreciation commences on the date the asset is available for use and capable of operating in the manner intended by management. Depreciation methods, useful lives and residual values are reviewed annually and any change in estimate is considered in the determination of remaining depreciation charges.

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated statements of comprehensive income or loss in the period in which the item is derecognized.

F. Leases

i. Recognition and initial measurement

As a lessee

At the commencement date of a lease, the Company recognizes a right-of-use asset and a lease liability for all leases except leases of low value assets and leases with a duration of 12 months or less.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A lease is defined as a contract, or part of a contract, that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company determines whether, throughout the period of use, it has the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. When the supplier has a substantive right to substitute the asset throughout the period of use, the asset is not identified. The Company reassesses whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed.

For contracts that contain multiple lease components, the Company allocates the consideration in the contract to each lease component based on their relative stand-alone price. The Company has elected not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

NOTE 28 – MATERIAL ACCOUNTING POLICIES (continued)

F. Leases (continued)

i. Recognition and initial measurement (continued)

At the commencement date of a lease, the Company recognizes a lease liability and a right-of-use asset. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date of the lease, discounted using the Company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or a rate (such as CPI), initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Company under residual value guarantees;
- exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising an option to terminate the lease.

Variable rent payments that are not based on an index or rate, including additional rent for operating costs and taxes and non-recoverable goods and services tax, are recognized as rent expense, within general and administrative expense or direct costs, as incurred. Lease payments for short-term leases and leases of low value assets are recognized as rent expense on a straight-line basis over the lease term.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, increased for:

- lease payments made at or before the commencement of the lease;
- initial direct costs incurred; and
- the estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located,
- less any lease incentives received.

ii. Classification and subsequent measurement

Subsequent to the commencement date of the lease, the lease liability is measured at amortized cost using the effective interest method. The lease liability is remeasured by discounting the revised lease payments using a revised discount rate when there is a change in the lease term or there is a change in the assessment of an option to purchase the underlying asset. The lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate when there is a change in the amounts expected to be payable under a residual value guarantee or there is a change in future lease payments resulting from a change in an index or a rate used to determine variable payments. Upon remeasurement of a lease liability, a corresponding adjustment to the right-of-use asset is recognized.

Subsequent to the commencement date of the lease, the Company measures the right-of-use asset at cost, less accumulated depreciation, and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. The right-of-use asset is depreciated using the straight-line method from the commencement date of the lease to the earlier of the end of the useful life of the underlying asset and the end of the lease term. The Company assesses its right-of-use assets for impairment and accounts for identified impairment losses similar to its assessment of impairment on other property and equipment.

Right-of-use assets that meet the definition of an investment property are classified as investment property and measured at fair value at each reporting date. Changes in fair value during each period are recognized and included in net gains on fair value changes in investment properties in the statement of comprehensive income or loss.

Refundable security deposits are classified as financial assets measured at amortized cost and included in current other receivables or other non-current assets. Tenant improvement allowances are recognized as a reduction in the costs of the associated leasehold improvement assets.

NOTE 28 – MATERIAL ACCOUNTING POLICIES (continued)

F. Leases (continued)

As a lessor

The Company accounts for leases as operating leases and recognizes rental revenues on a straight-line basis over the lease term.

G. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Where appropriate, the future cash flow estimates are adjusted to reflect risks specific to the liability.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money. Where discounting is used, the increase in the provision due to the passage of time is recognized within financing costs.

Contingent liabilities are possible obligations whose existence will only be confirmed by future events not wholly within the control of the Company. Contingent liabilities are not recognized in the financial statements but are disclosed unless the possibility of an outflow of economic resources is considered remote.

H. Share related items

i. Treasury Shares

Consideration paid for the purchase of treasury shares is recognized directly in equity. The carrying amount of these reacquired shares is presented as a treasury share reserve. If any of these shares are resold, the resulting gains (losses) are recorded as reserves in equity and resulting losses are applied first against prior reserves, if any, and secondly to retained earnings (deficit). When treasury shares are cancelled, the cost of the shares is charged first to the prior reserve gains, if any, and secondly to retained earnings (deficit).

ii. Share-based payments

The Company grants stock options to certain directors and employees to acquire shares in the common stock of the Company in accordance with the terms of the Company's stock option plan. The fair value of options granted is recognized as a share-based payment expense with a corresponding increase in equity. The fair value is measured for each tranche at grant date and is recognized on a graded-vesting basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model using the terms and conditions upon which the options were granted, and management's estimate of forfeitures and expected volatility based on historical volatility. At each reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that vest.

iii. Earnings per share

Basic earnings per share figures have been calculated by dividing net income or loss attributable to common shareholders by the weighted monthly average number of shares outstanding during the respective reporting periods. The Company follows the treasury stock method for determining diluted earnings per share. This method assumes that proceeds received from in-the-money stock options are used to repurchase common shares at the average prevailing market rate during the reporting period. The potentially issuable dilutive shares are ranked based on dilution.

Anti-dilutive equity instruments and convertible debt instruments are not considered in computing diluted earnings per share. Treasury shares are excluded from the calculation of earnings per share.

NOTE 28 – MATERIAL ACCOUNTING POLICIES (continued)

I. Compound Financial Instruments

Compound financial instruments are Canadian denominated convertible debentures and convertible promissory notes held by the Company that can be converted at the option of the holder into common shares of the Company in the case of the debentures and limited partnership units in the case of the convertible promissory notes, when the number of shares or units to be issued is fixed and does not vary with changes in fair value or currency.

The liability component of compound financial instruments is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts. Subsequent to initial recognition the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured.

Interest related to the financial liability is recognised in net income or loss. If the instrument is converted before maturity, any accrued but unpaid interest is paid to the holder, the liability is derecognized and reclassified to equity, and no gain or loss is recognized. If the financial instrument is repaid, the liability is derecognized, and the equity component is unchanged.

J. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date or, in its absence, the most advantageous market to which the group has access at that date. Several of the company's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities. The Company uses the fair value hierarchy to classify the significance of inputs to valuation techniques used in making fair value measurements of financial assets and liabilities. The categories are:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities;
- Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 inputs are not based on unobservable market data.

When one Level 1 input is available the Company measures the fair value of the instrument using the quoted price in an active market for that instrument (Level 1). A market is regarded as active if transactions for the asset or a liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the group uses valuation techniques that maximise the use of relevant observable inputs and minimize the use of unobservable inputs (Level 2 or Level 3). The chosen valuation technique incorporates all the factors that market participants would consider in pricing a transaction.

K. Income taxes and deferred taxation

Income tax expense represents current tax and deferred tax. The Company records current tax based on the taxable profits for the period which is calculated using tax rates that have been enacted or substantively enacted by the reporting date. Taxable profit differs from profit as reported in the consolidated statement of income (loss) and comprehensive income (loss) because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Deferred income taxes are accounted for using the liability method. Under this method, deferred tax assets and liabilities are determined based on temporary differences between the financial reporting and tax basis of assets and liabilities and measured using the substantively enacted tax rates and laws in effect when the differences are expected to reverse. The effect of a change in tax rates or tax legislation is recognized in the period of substantive enactment. Deferred tax assets, such as unused tax losses, income tax reductions, and certain items that have a tax basis but cannot be identified with an asset or liability on the statement of financial position, are recognized to the extent it is probable that taxable profit will be available against which the difference can be utilized. Deferred taxes arising from investment properties measured at fair value presumes that recovery will be through sale rather than use. Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current assets and liabilities.

NOTE 28 – MATERIAL ACCOUNTING POLICIES (continued)

K. Income taxes and deferred taxation (continued)

When there is uncertainty concerning the Company's filing position regarding the tax bases of assets or liabilities, the taxability of certain transactions or other tax-related assumptions, then the Company: (a) considers whether uncertain tax treatments should be considered separately, or as a group, based on which approach provides better predictions of the resolution; (b) determines if it is probable that the tax authorities will accept the uncertain tax treatment; and (c) if it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainly based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty. Companies are to assume in making this measurement that a taxation authority with the right to examine any amounts reported to it will examine those amounts and will have full knowledge of all relevant information when making those examinations.

GLOBAL EDUCATION COMMUNITIES CORP.
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NOTE 29 – SEGMENTED INFORMATION

The Company's primary industry and geographic segments are in Canada where SSLC operates 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 operates technical and career training schools. The Company's corporate operations are also in Canada. Inter-segment transactions are eliminated on consolidation.

	Year Ended August 31, 2024							Total from continuing operations
	Corporate	CIBT	IRIX	GECH	SSLC			
Revenues								
Educational	\$ -	\$ 2,088	\$ -	\$ -	\$ -	\$ -	\$ 12,545	\$ 14,633
Rental	-	-	-	17,250	-	-	-	17,250
Development fees	1,467	-	-	-	-	-	-	1,467
Design and advertising	-	-	580	-	-	-	-	580
Commissions and referral fees	-	1,305	-	-	-	-	-	1,305
	1,467	3,393	580	17,250	-	-	12,545	35,235
Direct Costs								
Educational	-	1,414	-	-	-	-	7,422	8,836
Rental	-	-	-	5,710	-	-	-	5,710
Design and advertising	-	-	135	-	-	-	-	135
Commissions and referral fees	-	608	-	-	-	-	-	608
	-	2,022	135	5,710	-	-	7,422	15,289
Other Operating Costs								
General and administrative	3,822	1,252	409	4,144	-	-	4,883	14,510
Provision for expected credit loss on trade receivables	-	857	-	-	-	-	21	878
Depreciation and amortization	114	13	37	96	-	-	467	727
Share-based payment expense	134	-	-	-	-	-	-	134
Intersegment transactions	(2,041)	(111)	(21)	1,967	-	-	611	405
	2,029	2,011	425	6,207	-	-	5,982	16,654
Operating Income	(562)	(640)	20	5,333	-	-	(859)	3,292
Finance costs	(793)	-	(2)	(12,147)	-	-	(147)	(13,089)
Net loss on fair value changes in investment properties	-	-	-	(25,844)	-	-	-	(25,844)
Gain from sale of hotel property	-	-	-	10,385	-	-	-	10,385
Other income (loss), net	(296)	(249)	-	301	-	-	22	(22)
Income (loss) before income taxes	(1,651)	(889)	18	(21,972)	-	-	(984)	(25,478)
Income tax recovery (expense)	161	307	(19)	2,092	-	-	138	2,679
Net income (loss)	\$ (1,490)	\$ (582)	\$ (1)	\$ (19,880)	\$ -	\$ -	\$ (846)	\$ (22,799)

GLOBAL EDUCATION COMMUNITIES CORP.
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NOTE 29 – SEGMENTED INFORMATION (continued)

Industry and Geographic Segments

	As at August 31, 2024						
	Corporate	CIBT	IRIX	GECH	SSLC	Total from continuing operations	
Total assets	\$ 4,765	\$ 2,216	\$ 172	\$ 432,255	\$ 2,892	\$ 442,300	
Property and equipment	\$ 11	\$ 40	\$ 21	\$ 19	\$ 161	\$ 252	
Investment properties	\$ -	\$ -	\$ -	\$ 419,002	\$ -	\$ 419,002	
Intangible assets	\$ -	\$ -	\$ -	\$ -	\$ 40	\$ 40	
Goodwill	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Total liabilities	\$ 6,603	\$ 544	\$ 369	\$ 280,671	\$ 7,833	\$ 296,020	
Non-controlling interests	\$ -	\$ (50)	\$ (266)	\$ 117,040	\$ -	\$ 116,724	

GLOBAL EDUCATION COMMUNITIES CORP.
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NOTE 29 – SEGMENTED INFORMATION (continued)

Year Ended August 31, 2025

	Corporate	CIBT	IRIX	GECH	SSLC	Total from continuing operations
Revenues						
Educational	\$ -	\$ 1,687	\$ -	\$ -	\$ 8,422	\$ 10,109
Rental	-	-	-	17,101	-	17,101
Development fees	-	-	-	-	-	-
Design and advertising	-	-	362	-	-	362
Commissions and referral fees	-	1,465	-	-	-	1,465
	-	3,152	362	17,101	8,422	29,037
Direct Costs						
Educational	-	1,102	-	-	4,973	6,075
Rental	-	-	-	4,991	-	4,991
Design and advertising	-	-	103	-	-	103
Commissions and referral fees	-	675	-	-	-	675
	-	1,777	103	4,991	4,973	11,844
Other Operating Costs						
General and administrative	4,461	808	308	4,025	3,652	13,254
Provision for expected credit loss on trade receivables	-	1,001	-	-	58	1,059
Depreciation and amortization	115	10	26	15	473	639
Share-based payment expense	157	-	-	-	-	157
Intersegment transactions	261	11	29	(74)	(227)	-
	4,994	1,830	363	3,966	3,956	15,109
Operating Income	(4,994)	(455)	(104)	8,144	(507)	2,084
Finance costs	(1,462)	-	(2)	(11,026)	(262)	(12,752)
Net loss on fair value changes in investment properties	-	-	-	(17,282)	-	(17,282)
Share of net loss related to investment in joint venture	-	-	-	(6,491)	-	(6,491)
Other income (loss), net	(37)	154	47	(99)	33	98
Income (loss) before income taxes	(6,493)	(301)	(59)	(26,754)	(736)	(34,343)
Income tax recovery (expense)	3,985	71	(12)	(2,021)	117	2,140
Net loss	\$ (2,508)	\$ (230)	\$ (71)	\$ (28,775)	\$ (619)	\$ (32,203)

GLOBAL EDUCATION COMMUNITIES CORP.
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NOTE 29 – SEGMENTED INFORMATION (continued)

Industry and Geographic Segments

	As at August 31, 2025						
	Corporate	CIBT	IRIX	GECH	SSLC	Total from continuing operations	
Total assets	\$ 15,982	\$ 1,915	\$ 119	\$ 355,598	\$ 3,742	\$ 377,356	
Property and equipment	\$ 9	\$ 32	\$ 16	\$ 11	\$ 135	\$ 203	
Investment properties	\$ -	\$ -	\$ -	\$ 306,494	\$ -	\$ 306,494	
Intangible assets	\$ -	\$ -	\$ -	\$ -	\$ 24	\$ 24	
Goodwill	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Total liabilities	\$ 3,677	\$ 685	\$ 329	\$ 216,004	\$ 6,171	\$ 226,866	
Non-controlling interests	\$ -	\$ (54)	\$ (272)	\$ 97,112	\$ -	\$ 96,786	

GLOBAL EDUCATION COMMUNITIES CORP.
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NOTE 30 – EVENTS AFTER THE REPORTING PERIOD

In November 2025, terms of the 2019 Debenture were amended to extend its maturity date to May 2027 and its conversion rights cancelled.

In September 2025, the Company exercised its rights under 2024 Debenture to extend the maturity date to September 2026.

In October 2025, the Company resolved a legal matter related to a construction deficiency at a property acquired by the Company. Under the terms of the settlement agreement, the counterparty agreed to pay the Company \$1,750.

--- END OF CONSOLIDATED FINANCIAL STATEMENTS ---