



GLOBAL EDUCATION COMMUNITIES CORP.

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

FOR THE THREE MONTHS ENDED NOVEMBER 30, 2024 AND 2023

GLOBAL EDUCATION COMMUNITIES CORP.
(the “Company” or “GECC”)
MANAGEMENT’S DISCUSSION & ANALYSIS
FOR THE THREE MONTHS ENDED NOVEMBER 30, 2024

The following Management’s Discussion & Analysis (“**MD&A**”) is prepared in accordance with Form 51-102F1 and should be read in conjunction with the Company’s consolidated financial statements and related notes for the three months ended November 30, 2024 (the “**Q1 2025 Financial Statements**”) which have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) as issued by the International Accounting Standards Board (“**IASB**”). The comparatives in this MD&A have been presented in accordance with IFRS Accounting Standards. Additional information about the Company and its subsidiaries, including its annual information form, is available under the Company’s profile on SEDAR+ (www.sedarplus.ca).

FORWARD-LOOKING INFORMATION

This MD&A contains certain forward-looking statements, which relate to future events or the Company’s future performance that include terms such as “will”, “intend”, “anticipate”, “could”, “should”, “may”, “might”, “expect”, “estimate”, “forecast”, “plan”, “potential”, “project”, “assume”, “contemplate”, “believe”, “shall” and similar terms. These statements involve known and unknown risks, uncertainties and other factors that/ are beyond the Company’s control, which may cause actual results or events to differ materially from those anticipated in such forward-looking statements.

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

1. The Company expects that it will continue to meet obligations as they become due: the underlying material assumption is that the Company will continue to generate cash from operations and be able to secure new equity or debt financing under reasonable terms and/or refinance existing borrowings as required.
2. Development fees are expected to be a recurring source of revenues: the underlying material assumption is that the Company’s real estate business will continue to expand.
3. The Company anticipates that Bank of Canada policy interest rate cuts will slow in 2025.
4. The Company’s plans for the proposed GEC[®] real estate projects: the underlying material factors or assumptions are that sufficient equity financing is raised from the investment community and that the applicable limited partnerships are able to secure new loans and to refinance existing loans upon their maturities to enable the purchase and development of the projects; that the relevant municipalities are receptive to the proposed building plans; that these projects can be built or acquired for a price determined reasonable by the Company and its investment partners; there are no significant municipal and provincial government policy changes, and these projects can be completed in a reasonable amount of time as determined by the Company and the developers.

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

Reference should also be made to the risks described herein under the heading “Risks Related to the Company’s Business” for a discussion of these and other sources of factors underlying forward-looking statements and those additional risks set forth under the heading “Risk Factors” and elsewhere in the Company’s annual information form for the year ended August 31, 2024 which is available under the Company’s profile on SEDAR+ (www.sedarplus.ca).

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

This MD&A has been prepared as of January 13, 2025. In this MD&A, the following terms have the meanings shown:

“**Annual Financial Statements**” means the Company’s consolidated financial statements for Fiscal 2024.

“**Annual MD&A**” means the Company’s MD&A for the year ended August 31, 2024.

“**Q1 2025 Financial Statements**” means the Company’s condensed consolidated financial statements for Q1 2025.

“**Fiscal 2025**” means the fiscal year ending August 31, 2025.

“**Fiscal 2024**” means the fiscal year ended August 31, 2024.

“**Fiscal 2023**” means the fiscal year ended August 31, 2023.

“**Q1 2025**” means the three months ended November 30, 2024.

“**Q1 2024**” means the three months ended November 30, 2023.

“**Q2 2024**” means the three months ended February 29, 2024.

“**Q3 2024**” means the three months ended May 31, 2024.

“**Q4 2024**” means the three months ended August 31, 2024.

“**Q2 2023**” means the three months ended February 28, 2023.

“**Q3 2023**” means the three months ended May 31, 2023.

“**Q4 2023**” means the three months ended August 31, 2023.

NON-IFRS FINANCIAL MEASUREMENTS

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

Date of Report – January 13, 2025

GLOBAL EDUCATION COMMUNITIES CORP.
MANAGEMENT’S DISCUSSION & ANALYSIS
FOR THREE MONTHS ENDED NOVEMBER 30, 2024

NATURE OF BUSINESS

GECC is one of the largest education and student housing investment companies in Canada, focused on the domestic and global education market since 1994. On April 17, 2023, the Company changed its name from CIBT Education Group Inc. to Global Education Communities Corp. The Company's common shares trade on the Toronto Stock Exchange under the trading symbol ‘GEC’ and on the OTCQB under the symbol ‘GECSF’.

The Company owns business and language colleges, student-centric rental apartments, recruitment centres and has corporate offices at 41 locations in Canada and abroad. It offers over 150 educational programs in health care, business management, e-commerce, cyber-security, hotel management, and language training via its education subsidiaries. Its real estate business provides rental housing and accommodation services to 95 schools in Metro Vancouver, serving domestic and international students from 79 countries. In Fiscal 2024, the Company provided educational and housing services to over 12,500 students through its 40 locations. The Company controls and is an investor in limited partnerships that own a network of serviced apartments. Certain subsidiaries of the Company act as general partners and/or managers of these limited partnerships.

The Company’s operating entities are as follows:

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

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

FIRST QUARTER HIGHLIGHTS

Real estate portfolio and transactions

From time to time, the Company receives offers from parties interested in buying certain of the Company’s properties given the strong demand and low supply for revenue producing properties. The decision to sell a property will be based on the price offered and other terms and conditions related to the future management of a property after any potential sale. Despite a promising rental environment, macro economic uncertainty continues to affect the real estate market. The Company is also impacted by rezoning and permitting delays at various city departments which in turn impacts the timing on properties under development and the earning of development fees.

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

GEC[®] 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.

GEC[®] Richmond ("Project 9")

Pursuant to a Purchase and Development Agreement ("**LP9 PDA**") with a Vancouver developer for the construction of a number of buildings, a controlled limited partnership of the Company, 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, 2024.

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, 2024, 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, 2024, net development assets associated with GEC Project 9 was \$3,300 (August 31, 2023 - \$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. If the civil claim is successful, GEC LP9 could receive some or all of the amounts for which a provision or impairment loss have previously been recognized. 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. GEC LP9 and its general partner have appealed that decision to the BC Court of Appeal, where proceedings are on-going.

Borrowings

During Fiscal 2025, limited partnerships controlled by the Company repaid \$277 in existing secured mortgages. In addition, the Company modified the terms of various financing arrangements resulting in net non-cash gains of \$83 on non-substantial modifications of debt were recognized, majority of which were included in Finance costs in the consolidated statements of income (loss) and comprehensive income (loss). The Company also repaid \$21 of other borrowings and derecognized \$28,722 of secured mortgages associated with the GEC[®] Oakridge property.

During Q1 2025, the Bank of Canada policy interest rate decreased from 4.50% to 3.75%, and subsequently from 3.75% to 3.25%. This has resulted in the decrease in weighted-average interest rate on borrowings of 7.5% at November 30, 2024 compared to 8.0% at August 31, 2024. While further interest rate cuts may be announced, the Company anticipates these to slow in 2025.

REVIEW OF YEAR TO DATE FINANCIAL RESULTS

The table below provides key financial performance of each main business unit of the Company for Q1 2025 compared to Q1 2024. Information by business segment is presented in Note 15 to the Q1 2025 Financial Statements. This information should be read in conjunction with the Q1 2025 Financial Statements.

	Q1 2025	Q1 2024	\$ Change 2025 ⁽²⁾	% Change 2025 ⁽²⁾
Total revenues	\$ 17,752	\$ 22,132	\$ (4,380)	(20)
Gross margin ⁽¹⁾	59%	59%	0%	
Educational revenues – SSCC	\$ 10,257	\$ 10,382	\$ (125)	(1)
Gross margin – SSCC	57%	58%	(1%)	
Educational revenues – SSLC / VIC	\$ 1,984	\$ 3,134	\$ (1,150)	(37)
Gross margin – SSLC / VIC	33%	35%	(2%)	
Educational revenues – CIBT	\$ 508	\$ 621	\$ (113)	(18)
Gross margin – CIBT	53%	46%	7%	
Rental revenues – GECH	\$ 4,507	\$ 6,556	\$ (2,049)	(31)
Gross margin – GECH	73%	67%	6%	
Development fees – GECH and Corporate	\$ -	\$ 952	\$ (952)	(100)
Design and advertising revenues – IRIX	\$ 186	\$ 115	\$ 71	62
Gross margin – IRIX	70%	64%	6%	
Commissions and referral fees – GEA	\$ 310	\$ 372	\$ (62)	(17)
Gross margin – GEA	62%	54%	7%	
Gross profit ⁽¹⁾	\$ 10,421	\$ 12,952	\$ (2,531)	(20)
Other expenses	\$ (9,905)	\$ (9,157)	\$ (748)	8
Finance costs	(3,456)	(4,722)	1,266	(27)
Net gain on investment property fair value changes	(2,646)	(390)	(2,256)	578
Other income, net	(70)	10,448	(10,518)	(101)
Income (loss) before income taxes	\$ (5,656)	\$ 9,131	\$ (14,787)	(162)
Income tax recovery (expense)	716	(642)	1,358	(212)
Net income (loss)	\$ (4,940)	\$ 8,489	\$ (13,429)	(158)
Net income (loss) attributable to GECC shareholders	\$ (2,159)	\$ 3,553	\$ (5,712)	(161)
Income (loss) per share – GECC shareholders				
Basic and diluted	\$ (0.03)	\$ 0.05	\$ (0.08)	(157)
EBITDA [Non-IFRS] ⁽¹⁾	\$ (1,291)	\$ 15,025	\$ (16,316)	(109)
Adjusted EBITDA [Non-IFRS] ⁽¹⁾	\$ 1,306	\$ 4,992	\$ (3,686)	(74)
Total assets	\$ 442,957	\$ 467,732	\$ (24,775)	(5)
Total non-current financial liabilities	\$ 110,964	\$ 114,149	\$ (3,185)	(3)

⁽¹⁾ See the section titled “Non-IFRS Financial Measures” for more information on each non-IFRS specified financial measure. Gross margins reflected in the table above and referenced in the MD&A below as “Margins”.

⁽²⁾ Percentage change amounts reflect the relative change in the individual balance with the impact (negative or positive) on net income.

Operating results

Educational

Educational revenues predominately consist of tuition fees, sales of textbooks, supplies and related items, and other non-training services, which includes registration and administration fees. Deferred education revenues at November 30, 2024 were \$20,597 (August 31, 2024 - \$19,731) which primarily represents revenues which will be recognized as programs are provided by each education business over the next one to two fiscal years depending on the various types of programs. Overall education revenues decreased by \$1,388 in Q1 2025 compared to the respective prior period.

- Revenues for SSCC remained steady in Q1 2025 compared to Q1 2024 with a larger amount of deferred revenue earned in Q1 2025 compared to deferred revenue earned in Q1 2024, offset by a decrease of student enrollment this period. Margins for Q1 2025 remained consistent when compared to Q1 2024.
- Revenues for SSLC/VIC decreased in Q1 2025 compared to Q1 2024 as student enrollment has slowed in the most recent quarters. In Q2 2024, the Federal government announced amendments to its study permit policies which caused a slowdown of incoming international students in Fiscal 2024. The new policies caused immediate confusion in the marketplace with some of SSLC's overseas agents re-directing student pipelines to other countries. While the Federal government subsequently clarified its new policies and SSLC permit allocations remained in line with prior years, student enrollment has not fully recovered.

Real estate and student housing

- The Company completed the sale of GEC[®] Granville in Q1 2024, resulting in \$2,330 of lost revenue in Q1 2025 when compared to Q1 2024. Adjusting for the lost revenue, rental revenues increased by \$281 in Q1 2025 due to the commencement of operations of GEC[®] Kingsway in August 2024, offset by lower occupancy rates at GEC[®] Viva, which completed major renovations during the current period. Rental rates per square foot and occupancy rates have remained high across other properties.
- Margins in Q1 2025 increased to 73% compared to 67% in Q1 2024. The increase was primarily due to the sale of the GEC[®] Granville hotel. Direct costs remained consistent across all other properties.

Development fees

- In Q1 2025 the Company recognized \$Nil of development fees associated with the development of its real estate projects. As noted below in section "Quarterly Financial Review", development fees recognition is dependent on the status of real estate projects, and the amount and timing vary from period to period.

Other operating costs (general and administrative expenses, provision for expected credit losses on trade and other receivables, depreciation and amortization, and share-based payment expense)

- General and administrative expenses increased by \$720 in Q1 2025 compared to Q1 2024. The most significant increases were \$1,049 in professional fees, partly offset by \$133 decrease in travel and promotion expenses and \$122 in office and general expenses.
- Depreciation of property and equipment and amortization of intangible assets excluding agency fees, which are non-cash expenses, decreased by \$132 in Q1 2025 compared to Q1 2024 largely due to the sale of GEC[®] Granville.

Finance costs

Finance costs include interest expense on borrowings, finance fees (including accretion of finance fees and other), accretion of lease liabilities, debt modification gains and losses and changes in fair value of embedded derivatives. Total finance costs decreased by \$1,266 in Q1 2025 compared Q1 2024, as a result of the following:

- Total interest expense, which includes interest on borrowings, accretion of finance fees and accretion of lease liabilities, decreased by \$1,880 in Q1 2025 compared to Q1 2024. The decrease was the result of lower prime-linked interest rates on borrowings during the period, partly offset by an increase in total borrowings in Q1 2025 compared to Q1 2024.
- Total accretion of finance fees and accretion of lease liabilities increased by \$496 in Q1 2025 compared to Q1 2024. The increase was primarily due to the addition of the GEC[®] Kingsway lease agreement in Q4 2024.

Net gain (loss) on fair value changes in investment properties

- The fair value of the investment properties held by the Company decreased by \$2,646. This includes \$1,492 of fair value losses associated with the GEC[®] Viva and GEC[®] Kingsway right-of-use assets classified as an investment properties, and \$1,154 of fair value losses associated with development investment properties. The fair value of each right-of-use asset is remeasured each reporting period based on remaining cash flows receivable under the lease at the applicable discount rate. The Company expects, as the remaining cash flows receivable under each lease continues to decline as a function of time, that there will be a fair value loss each reporting period until the end of each lease which will reduce the applicable right-of-use asset to zero.

QUARTERLY FINANCIAL REVIEW

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

	Q1 2025	Q4 2024	Q3 2024	Q2 2024
Total revenues	17,752	18,975	18,391	17,543
Net income (loss)	(4,940)	(25,074)	(2,220)	(2,468)
Adjusted EBITDA ⁽¹⁾	1,306	1,350	2,222	2,142
Net loss - GECC shareholders	(2,159)	(1,726)	251	(982)
Gain (Loss) per share - GECC shareholders – basic and diluted	(0.03)	(0.02)	0.00	(0.01)

	Q1 2024	Q4 2023	Q3 2023	Q2 2023
Total revenues	22,132	23,243	19,901	17,130
Net income (loss)	8,489	3,353	(1,818)	(1,169)
Adjusted EBITDA ⁽¹⁾	4,992	3,420	3,550	2,065
Net income (loss) - GECC shareholders	3,553	(634)	(479)	(1,397)
Income (loss) per share - GECC shareholders – basic and diluted	0.05	(0.01)	(0.01)	(0.02)

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

Total revenues consist of: (a) educational revenues; (b) rental revenues; (c) development fees; and (d) revenues from other lines of business. Net income (loss) fluctuates based on changes in margins across all operating segments, the timing of recognition of fair value gains (losses) on investment properties (which depend on operating performance, the real estate market, and the original purchase cost), the timing of recognition of development fees, and one-off losses such as provisions for expected credit losses and impairments. Development fees have higher gross margins than other types of revenue. Net income (loss) attributable to the Company's shareholders varies depending on the net income (loss) in the quarter and the portion attributable to the Company's non-controlling interests.

The following additional factors have caused variation in results over the quarterly periods presented.

The Company's education business includes minor seasonality as revenue fluctuates with school terms. The Company historically has a spike in its deferred revenues in September which is the typical starting date of courses geared towards domestic students.

Given the low rental vacancy rate in Vancouver, the Company's rental revenues are generally consistent throughout the year except for the hotel property which typically has its highest revenues from March to September. With the sale of GEC[®] Granville in December 2023, the Company currently has no hotel property. Rental revenues generally increase as more GEC[®] rental units become available and are rented, which occurs when new properties are acquired or when the construction of a real estate project is completed and an occupancy permit issued, subject to a ramp-up period. Revenue increased each of the last quarters compared to their respective prior periods, as occupancy has remained high and market rates experienced gradual increases.

Development fees recognition is dependent on the status of real estate projects. Real estate projects involve development and construction timelines spanning several years and require substantial investment which is generally staged over several quarters as is the receipt by the Company of these development fees. Global geo-political conditions and high inflationary pressure may affect investment sentiments in the short-term causing slow-down in property development. Furthermore, backlogs at the various departments of the cities in which the Company has real estate projects are expected to impact the timing of real estate project status and thus the development fee recognition.

FINANCIAL CONDITION

The following table compares selected financial position information as at November 30, 2024 and August 31, 2024:

	November 30, 2024	August 31, 2024	Dollar change	% Change
Total current assets	\$ 24,886	\$ 24,214	\$ 672	3
Investment properties	\$ 367,561	\$ 419,002	\$ (51,441)	(12)
Development assets	\$ 676	\$ 869	\$ (193)	(22)
Other non-current assets	\$ 49,834	\$ 31,126	\$ 18,708	60
Total assets	\$ 442,957	\$ 475,211	\$ (32,254)	(7)
Total current liabilities	\$ 186,768	\$ 126,041	\$ 60,727	48
Total non-current liabilities	\$ 119,862	\$ 207,238	\$ (87,376)	(42)
Total liabilities	\$ 306,630	\$ 333,279	\$ (26,649)	(8)
Equity – GECC shareholders	\$ 23,210	\$ 25,208	\$ (1,998)	(8)
Non-controlling interests	\$ 113,117	\$ 116,724	\$ (3,607)	(3)
Total equity	\$ 136,327	\$ 141,932	\$ (5,605)	(4)
Working capital (deficit) – see below	\$ (161,882)	\$ (101,827)	\$ (60,055)	59
Net debt ⁽¹⁾	\$ 221,707	\$ 248,824	\$ (27,117)	(11)

⁽¹⁾ Total borrowings less cash and cash equivalents.

Total assets decreased mainly due to PCAP's investment in GEC[®] Oakridge, which resulted in the derecognition of the carrying amounts of assets associated with GEC[®] Oakridge, offset by the recognition of the fair value of the Company's equity interest in GEC[®] Oakridge.

Similarly, total liabilities decreased mainly as a result of the derecognition of the carrying amounts of liabilities associated with GEC[®] Oakridge.

LIQUIDITY AND CAPITAL RESOURCES

The principal liquidity needs of the Company are for working capital requirements, debt servicing and repayment obligations, and costs associated with expanding the real estate business. The Company is exposed to liquidity risk which is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due in the normal course of business. The Company manages its liquidity risk by monitoring its operating requirements, securing new loans and refinancing on reasonable terms, and reducing costs where possible. The Company has an undrawn facility of \$1,602 at the date of this report in addition to cash and cash equivalents of \$2,462 at November 30, 2024. The Company also has restricted cash of \$1,241 at November 30, 2024 mainly related to interest reserves held for certain real estate limited partnerships.

As has been the case for the last several years, the Company continues to have a working capital deficit, which was \$161,882 at November 30, 2024 (August 31, 2024 - \$101,827). It is common in the real estate holding and development sectors to have negative working capital and in the Company's case, negative working capital results primarily from the difference between the classification of investment properties as non-current assets, and a portion of the borrowings associated with those assets being classified as current liabilities as they are due within 12 months. The total amount of borrowings which are due within 12 months fluctuate based on the timing of funding, repayment dates or mortgage renewals and types of loans held by the Company. Given the nature of the real estate business, management determines the length of the borrowing term to optimize flexibility should opportunities arise to dispose of properties on economically favourable terms.

GECC's negative working capital at November 30, 2024 and the change from August 30, 2024 is predominately driven by \$58,696 of increase in current portion of borrowings as several secured loans are due to mature within the next twelve months.

The Company has continued to meet its obligations as they become due, and management believes this will continue to be the case. The Company has a history of successfully raising capital financing and anticipates it will continue to seek to secure new equity or debt financings under reasonable terms and/or to refinance existing borrowings with debts of similar natures as needed; however, there is no assurance that such financing will be available on favourable terms or at all. The Company expects it will have sufficient capital resources to carry out expansion plans and support operations through Fiscal 2025 based on existing cash, cash expected to be generated from operations, and successful capital raising which it considers probable based on the history of refinancing of similar debts.

Contractual obligations

In the normal course of business, the Company enters into contracts that give rise to contractual obligations for future minimum payments. The following table summarizes the Company's remaining contractual undiscounted cash flows associated with the Company's financial liabilities and operating and capital commitments at November 30, 2024:

	Less than one year	2-3 years	4-5 years	Over 5 years	Total
<i>Financial Liabilities</i>					
Trade and other payables	\$ 15,981	\$ -	\$ -	\$ -	\$ 15,981
Secured loans ⁽¹⁾	93,691	55,113	45,240	29,514	223,558
Lease payments ⁽²⁾	11,248	21,516	17,533	8,045	58,342
2019 and 2020 Debentures	5,750	304	-	-	6,054
Other loans	9,941	6,619	189	196	16,945
Total Financial Liabilities	\$ 136,611	\$ 83,552	\$ 62,962	\$ 37,755	\$ 320,880
<i>Other Commitments</i>					
Income taxes payable	548	-	-	-	548
Total Financial Liabilities and Commitments	\$ 137,159	83,552	62,962	37,755	321,428

⁽¹⁾ Interest reserves of \$392 exist to offset future interest payments on certain borrowings.

⁽²⁾ Includes lease payments recognized as lease liabilities, estimated variable lease payments and short-term lease payments.

Analysis of cash flows

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

	Q1 2025	Q1 2024	Change	% Change
Cash flows used in operating activities	\$ (216)	\$ (1,229)	\$ 1,013	(82)
Cash flows provided by investing activities	1,038	11,739	(10,701)	(91)
Cash flows provided by (used in) financing activities	(484)	681	(1,165)	(171)
Effects of exchange rate changes on cash and cash equivalents	(8)	5	(13)	(260)
Increase in cash and cash equivalents	\$ 330	\$ 11,196	\$ (10,866)	(97)
Cash and cash equivalents, beginning of year	2,132	3,392	(1,260)	(37)
Cash and cash equivalents, end of year	\$ 2,462	\$ 14,588	\$ (12,126)	(83)

Cash flows used in operating activities vary from period to period as a result of the Company's operational performance, working capital requirements associated with its educational business and real estate projects.

Cash flows provided by investing activities vary depending on the nature of transactions during a period, in particular investments in real estate projects. During Q1 2025, the Company's controlled subsidiaries received \$5,000 in return of capital associated with PCAP's investment in GEC[®] Oakridge, offset by \$1,053 of investment in investment properties and \$2,809 of capitalized borrowing costs associated with the GEC Education Mega Center[®] and GEC[®] Cyber City projects.

Cash flows provided by (used in) financing activities vary depending on the borrowing transactions, non-controlling interest contributions and distributions, and the Company's treasury share buyback activity. Note 13(b) to the Q1 2025 Financial Statements provides additional detail of the change in borrowings including cash and non-cash related items for Q1 2025 and Q1 2024. During Q1 2025, cash flows provided by financing activities decreased by \$1,165 as a result of lower advances from borrowings and higher payments of lease liabilities.

Outstanding share data

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

	Number of shares	Exercise price	Remaining life (Years)
Common shares	67,440,040	-	-
Stock options	3,910,000	\$0.28 - \$0.53	2.78
Convertible debentures ⁽¹⁾⁽²⁾	11,943,661	\$0.30 - \$0.89	1.16
Fully diluted	83,293,701		

⁽¹⁾ Includes convertible debentures issued in May 2019, February 2020 and September 2024. The conversion price for convertible debentures issued in May 2019 are denominated in HKD but presented in Canadian dollars.

Treasury shares

In March 2024, the Company received approval from the Toronto Stock Exchange to commence a new normal course issuer bid (the "2024 NCIB") to purchase up to 1,000,000 of the Company's previously issued common shares, subject to daily limits, from March 22, 2024 to March 21, 2025, to a maximum aggregate acquisition cost of approximately \$1,000. The Company has not acquired any common shares pursuant to the 2024 NCIB as at the date of this report.

Financial Instruments and Financial Risk Management

A description of the Company's financial instruments and financial risks to which the Company is exposed to and management of these risks can be found in Notes 22 and 23, respectively, to the Annual Financial Statements. In addition, information on the valuation and sensitivity analysis associated with investment properties is described in Note 5(b) to the Annual Financial Statements.

TRANSACTIONS BETWEEN RELATED PARTIES

The Company's related parties include its subsidiaries, associates over which it exercises significant influence, and key management personnel and directors. Amounts paid to related parties were incurred in the normal course of operations and measured at the amount exchanged. Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole, which includes Toby Chu, its president and chief executive officer, and Paul Harman, its chief financial officer. In addition, fees paid to the Company's directors are also presented below.

	<u>Q1 2025</u>		<u>Q1 2024</u>
Management fees, salaries and director's fees ⁽¹⁾	\$ 249	\$	266
Share-based compensation	39		47
Total remuneration	\$ 288	\$	313

⁽¹⁾ Total remuneration includes nominal post-employment benefits.

The amounts due to related parties are presented below.

	<u>November 30, 2024</u>		<u>August 31, 2024</u>
Due to officers and directors of the Company ⁽¹⁾	\$ 417	\$	229
Due to the president of IRIX ⁽²⁾	125		110
Due to related parties	\$ 542	\$	339
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⁾ No fixed terms of repayment, bearing interest at a rate of 6% per annum.

NON-IFRS FINANCIAL MEASURES

Certain non-IFRS financial measures have been included in this MD&A. The Company believes that these measures, in addition to measures prepared in accordance with IFRS, provide readers with an improved ability to evaluate its underlying performance. The non-IFRS financial measures do not have standardized meanings prescribed by IFRS and are therefore unlikely to be directly comparable to similar measurements presented by other issuers. These performance measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. These non-IFRS measures should be read in conjunction with the Q1 2025 Financial Statements.

EBITDA and Adjusted EBITDA

Management uses EBITDA metrics to measure the profit trends of the business units and segments in the consolidated group since it eliminates the effects of financing decisions. Management also presents Adjusted EBITDA which is EBITDA adjusted to exclude: net gain (loss) recognized on fair value changes on investment properties under the fair value model, the provision for expected credit losses on development and other assets, the impairment of development assets, and the net gain or loss recognized on fair value changes in embedded derivatives associated with certain financial liabilities.

The following table reconciles these non-IFRS measures to the most directly comparable IFRS measure disclosed in the Annual Financial Statements, which is net income (loss).

<i>Presented in thousands of Canadian dollars</i>	Q1 2025	Q1 2024
Net income (loss)	(4,940)	8,489
Add: interest expense	3,588	4,972
Add: income tax (recovery) provision	(716)	642
Add: depreciation and amortization ⁽¹⁾	777	922
EBITDA [non-IFRS]	(1,291)	15,025
Add: net loss on fair value changes in investment properties	2,646	390
Deduct: gain on sale of property and equipment ⁽²⁾	-	(10,378)
Deduct: gain on fair value changes in embedded derivatives, net ⁽³⁾	(49)	(45)
Adjusted EBITDA [non-IFRS]	1,306	4,992

⁽¹⁾ Includes amortization of agency fees which is a component of educational direct costs.

⁽²⁾ Gain from sale of GEC[®] Granville.

⁽³⁾ Included in finance costs within Note 11 to the Q1 2025 Financial Statements.

Gross profit and gross margin

Gross profit for the Company is the difference between revenue and direct cost of sales. Gross profit is a non-IFRS financial measure as the term and subtotal for gross profit does not appear on the face of the consolidated statements of loss and comprehensive loss.

Gross margin is a non-IFRS ratio and is calculated as gross profit divided by revenue, expressed as a percentage. Gross margin in total and for each operating segment is presented in this MD&A. Management uses Gross Profit and Gross Margin to assess how efficiently the Company generates profit from the sale of goods or services. The presentation of gross margin for each operating segment provides additional information as to the profitability of each business unit considering the Company's diversified nature of revenues. Note 15 to the Q1 2025 Financial Statements provides gross profit and revenue amounts for each business unit.

ACCOUNTING MATTERS

BASIS OF PRESENTATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements include the accounts of GECC., the ultimate parent company of its consolidated group, and its subsidiaries and are prepared in accordance with International Accounting Standard 34 – Interim Financial Reporting as issued by the IASB. Certain disclosures included in annual financial statements prepared in accordance with International Financial Reporting Standards as issued by the IASB have been condensed or omitted. Accordingly, these unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's Annual Finance Statements. The accounting policies applied in the preparation of these unaudited condensed consolidated interim financial statements are consistent with those applied and disclosed in Note 29 of the Company's Annual Financial Statements.

USE OF ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

In the preparation of the unaudited condensed consolidated interim 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 unaudited condensed consolidated interim 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, and 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. Actual results could differ from those estimates.

Critical judgements and estimates made by management in applying the Company's accounting policies including significant areas of estimation uncertainty were the same as those applied and disclosed in Note 3 to the Company's Annual Financial Statements.

ACCOUNTING STANDARDS DEVELOPMENT

There were new and amended accounting standards which were adopted by the Company in the current period. Details of these are disclosed in Note 2 to the Company's Q1 2025 Financial Statements. Certain new accounting standards, amendments to accounting standards, and interpretations have been issued by the IASB that are not mandatory for the current period and have not been early adopted. These standards are not expected to have a material impact on the Company in the year of adoption as described in Note 4(b) to the Company's Annual Financial Statements.

OFF-BALANCE SHEET ARRANGEMENTS

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

PROPOSED TRANSACTIONS

The Company does not have any proposed transactions as at the date of this report other than as disclosed elsewhere in this document.

DISCLOSURE CONTROLS AND PROCEDURES & INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal control over financial reporting and disclosure controls and procedures. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. There have been no changes in the Company's internal controls over financial reporting or disclosure controls and procedures during the three months ended November 30, 2024, that have materially affected, or are reasonably likely to have materially affected, the Company's internal controls over financial reporting.

RISKS RELATED TO THE COMPANY'S BUSINESS

The Company's business, financial condition, operating results, and prospects are subject to several risks and uncertainties which include but are not limited to those below as well as those specified elsewhere in this MD&A. A more detailed description of certain of the risks and uncertainties can be found under the heading "Risk Factors" in the Company's annual information form for Fiscal 2024 filed under the Company's profile on SEDAR+ at www.sedarplus.ca. See also above under "Forward-Looking Information."

- the performance of the real estate business depends on fluctuation of real estate prices
- risks related to real estate project developments generally include construction delays (due to factors including permit issuance, construction costs and construction labour market shortages) and rezoning process risk (due to delays in rezoning which may result from design changes and may result in substantial cost increases)
- the Company's dependence upon third parties in respect of the construction of its real estate projects and the financial stability of the parties involved
- lending sentiment by construction lenders may impact the cost of mortgage financing
- although the general partners of certain of the limited partnerships which own GEC[®] real estate projects are subsidiaries of the Company, they are required to act in good faith towards all of the limited partners which may result in decisions that are not beneficial to GECC
- the Company's ability to repay or refinance debt obligations and to fund committed capital expenditures will depend on certain financial, business and other factors and significant interest rate increases will affect financial performance
- the inability of any of the Company's limited partnerships to repay loans guaranteed by the Company or its subsidiaries could have a significant effect on the Company's financial performance
- increased competition in the sectors in which the Company has investments
- need for additional capital to complete acquisitions and expand operations and ability to manage planned growth and integrate new business opportunities into existing operations
- dependence on key personnel, the Company's facility providers and educational service providers
- ability to compete effectively with competitors that have greater financial, marketing, and other resources
- availability of government funded programs and increasing interest rates may impact student enrollment
- increases in the frequency and severity of extreme weather events, such as wildfires and snowstorms, could lead to supply chain interruptions
- risks involving the Chinese legal system, tax system, and foreign currency limitation

- the possibility that personal information that the Company collects may be vulnerable to breach, theft, or loss, which could subject the Company to liability or adversely affect its reputation and operations
- the Company stores significant amounts of information from various business activities on cloud servers which may be susceptible to cyber threats. There is also a heavy dependency on online digital platforms like websites and certain software critical to business operations. A cyber breach would bring significant impact and downtime to the Company's ability to offer its products and services.
- risks related to government regulations and obtaining required approvals
- government policy relating to rent control may affect rental income
- government policy relating to foreign investment may affect investor sentiment
- government policies relating to education that may affect international students from studying abroad
- Bank of Canada monetary policy may affect market interest rates
- compliance with rules and requirements applicable to public companies may cause the Company to incur increased costs