



EPICQUEST EDUCATION GROUP INTERNATIONAL LTD

CONSOLIDATED BALANCE SHEETS

AS OF MARCH 31, 2024 and SEPTEMBER 30, 2023

(US\$, except share data and per share data, or otherwise noted)

	March 31, 2024	September 30, 2023
	US\$	US\$
	(Unaudited)	(Audited)
Assets		
Current Assets		
Cash and cash equivalents	587,031	4,966,839
Restricted cash	338,712	338,712
Receivables, net	168,222	36,503
Other receivable	115,078	107,179
Prepaid expenses	8,626,693	2,326,185
Inventory	45,030	41,185
Income tax receivable	897,861	894,743
Total current assets	10,778,627	8,711,346
Non-current assets		
Property and equipment, net	1,653,409	2,041,242
Right-of-use assets	832,775	1,117,554
Intangible assets	4,575,135	4,686,228
Goodwill	2,652,772	2,652,766
Total assets	20,492,718	19,209,136
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Current liabilities		
Accounts payable and other liabilities	2,710,991	2,121,051
Loan payable	409,956	-
Income tax payable	-	1,872
Due to related party	140,000	140,000
Lease liabilities – current	424,704	559,375
Deferred revenue	2,627,427	4,057,517
Total current liabilities	6,313,078	6,879,815
Non-current liabilities		
Lease liabilities – non current	406,289	571,131
Deferred income tax liabilities	706,214	824,480
Total liabilities	7,425,581	8,275,426
Commitments and contingencies		
Shareholders' equity		
Common shares, US\$0.0015873 par value, 31,500,000 shares authorized, 12,818,173 and 11,998,173 shares issued and outstanding as of March 31, 2024 and September 30, 2023, respectively	20,347	19,045
Additional paid-in capital	19,388,914	18,232,263
Deficit	(12,279,190)	(9,071,818)
Accumulated other comprehensive loss	(43,970)	(36,284)

Total shareholders' equity	7,086,101	9,143,206
Noncontrolling interests	<u>5,981,036</u>	<u>1,790,504</u>
Total liabilities and shareholders' equity	20,492,718	19,209,136

EPICQUEST EDUCATION GROUP INTERNATIONAL LTD

**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
FOR THE SIX MONTHS ENDED MARCH 31, 2024 AND 2023
(US\$, except share data and per share data, or otherwise noted)**

	For The Six Months Ended March 31, 2024	For The Six Months Ended March 31, 2023
	US\$	US\$
	(Unaudited)	(Unaudited)
Revenues	4,162,650	3,420,669
Costs of services	<u>1,759,229</u>	<u>769,619</u>
Gross profit	2,403,421	2,651,050
Operating costs and expenses:		
Selling expenses	696,052	474,169
General and administrative	<u>5,850,927</u>	<u>5,367,085</u>
Total operating costs and expenses	<u>6,546,979</u>	<u>5,841,254</u>
Income from operations	(4,143,558)	(3,190,204)
Other (income) expenses:		
Other income	(493,554)	(1,655)
Interest income	(19,948)	(20,833)
Foreign exchange gain	-	(5)
Total other (income) expenses	<u>(513,502)</u>	<u>(22,493)</u>
Loss before provision for income taxes	(3,630,056)	(3,167,711)
Current income tax expense	5,124	8,553
Deferred income tax expense (recovery)	<u>(118,266)</u>	<u>(172,975)</u>
Income taxes expense (recovery)	<u>(113,142)</u>	<u>(164,422)</u>
Net loss	<u>(3,516,914)</u>	<u>(3,003,289)</u>
Net loss attributable to noncontrolling interest	(309,542)	(305,928)
Net loss attributable to common stockholders	(3,207,372)	(2,697,361)
Foreign currency translation adjustment	<u>(7,686)</u>	<u>(4,154)</u>
Total Comprehensive loss	<u>(3,524,600)</u>	<u>(3,007,443)</u>
Basic & diluted net loss per share	\$ (0.26)	\$ (0.24)
Weighted average number of ordinary shares-basic and diluted	12,370,905	11,469,800

EPICQUEST EDUCATION GROUP INTERNATIONAL LTD

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED MARCH 31, 2024 AND 2023
(US\$, except share data and per share data, or otherwise noted)**

	For The Six Months Ended March 31, 2024 US\$	For The Six Months Ended March 31, 2023 US\$
Cash Flows from Operating Activities:	(Unaudited)	(Unaudited)
Net loss	(3,516,914)	(3,003,289)
Adjustments for items not affecting cash:		
Depreciation and amortization	227,319	163,863
Stock-based compensation expenses	1,120,299	900,877
Accretion of finance lease	-	3,546
Net (gain)/loss from disposal of fixed assets	(477,115)	-
Deferred income tax expense	(118,266)	(172,975)
Changes in operating assets and liabilities		
Accounts receivable	(139,617)	235,640
Operating leases	(14,734)	(51,592)
Inventory	(3,845)	(16,350)
Prepaid expenses	(6,300,508)	(176,420)
Accounts payable & accrued liabilities	589,942	(225,407)
Deferred revenue	(1,430,090)	(2,364,570)
Income tax(payable)/ receivable	(4,990)	360,126
Student deposits	-	6,000
Net cash used in operating activities	<u>(10,068,519)</u>	<u>(4,340,551)</u>
Cash Flows from Investing Activities:		
Purchase of property and equipment	(8,398)	(7,641)
Long term investment received for SouthGilmore	3,737,728	
Net cash acquired from business acquisitions	-	562,791
Proceeds from sale of property and equipment	757,115	-
Net cash provided by investing activities	<u>4,486,445</u>	<u>555,150</u>
Cash Flows from Financing Activities:		
Proceeds from financing offering	800,000	-
Proceeds borrowed from related parties	409,956	-
Repayment of lease liabilities	-	(15,001)
Share buyback	-	(1,250,007)
Acquisition of additional interest in subsidiary	-	(187,505)
Net cash provided by (used in) financing activities	<u>1,209,956</u>	<u>(1,452,513)</u>
Effect of exchange rate change on cash	(7,690)	(3,973)
Net decrease in cash, cash equivalents and restricted cash	<u>(4,379,808)</u>	<u>(5,241,887)</u>
Cash, cash equivalents and restricted cash, beginning of period	5,305,551	11,443,059
Cash, cash equivalents and restricted cash, end of period	925,743	6,201,172

EPICQUEST EDUCATION GROUP INTERNATIONAL LTD

**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
SIX MONTHS ENDED MARCH 31, 2023 AND 2024**

(US\$, except share data and per share data, or otherwise noted)

	<u>Common shares</u>	<u>Common shares amount</u>	<u>Additional paid-in capital</u>	<u>Accumulated other comprehensive loss</u>	<u>NCI</u>	<u>Deficit</u>	<u>Total equity</u>
Balance as of September 30, 2022	<u>11,350,704</u>	<u>18,017</u>	<u>17,526,546</u>	<u>(28,939)</u>	<u>2,180,108</u>	<u>(2,416,788)</u>	<u>17,278,944</u>
Net loss	-	-	-	-	(305,928)	(2,697,361)	(3,003,289)
Share buyback	(201,614)	(320)	(1,249,687)	-	-	-	(1,250,007)
Share-based compensation	559,083	888	1,028,592	-	-	-	1,029,480
Stock option compensation	-	-	123,397	-	-	-	123,397
Acquisition of business	-	-	-	-	453,635	(453,635)	-
Acquisition of additional interest in subsidiary	-	-	(208,321)	-	20,817	-	(187,504)
Translation adjustment	-	-	-	(4,154)	-	-	(4,154)
Balance as of March 31, 2023 (unaudited)	<u>11,708,173</u>	<u>18,585</u>	<u>17,220,527</u>	<u>(33,093)</u>	<u>2,348,632</u>	<u>(5,567,784)</u>	<u>13,986,867</u>

	<u>Common shares</u>	<u>Common shares amount</u>	<u>Additional paid-in capital</u>	<u>Accumulated other comprehensive loss</u>	<u>NCI</u>	<u>Retained earnings</u>	<u>Total equity</u>
Balance as of September 30, 2023	<u>11,998,173</u>	<u>19,045</u>	<u>18,232,263</u>	<u>(36,284)</u>	<u>1,790,504</u>	<u>(9,071,818)</u>	<u>10,933,710</u>
Net loss	-	-	-	-	(309,542)	(3,207,372)	(3,516,914)
Share issued for acquisition	400,000	635	799,365	-	-	-	800,000
Share-based compensation	420,000	667	524,533	-	-	-	525,200
Stock option compensation	-	-	595,099	-	-	-	595,099
Long term investment received for Gilmore	-	-	(762,346)	-	-	-	(762,346)
Acquisition of 40% interest in SouthGilmore	-	-	-	-	4,500,074	-	4,500,074
Translation adjustment	-	-	-	(7,686)	-	-	(7,686)

Balance as of March							
31, 2024							
(unaudited)	<u>12,818,173</u>	<u>20,347</u>	<u>19,388,914</u>	<u>(43,970)</u>	<u>5,981,036</u>	<u>(12,279,190)</u>	<u>13,067,137</u>

Source: EpicQuest Education Group International Limited