



**EPICQUEST EDUCATION GROUP INTERNATIONAL LIMITED**  
**CONSOLIDATED BALANCE SHEETS**  
**AS OF SEPTEMBER 30, 2023 and 2022**  
(US\$, except share data and per share data, or otherwise noted)

|  | <b>September 30,</b><br><b>2023</b> | <b>September 30,</b><br><b>2022</b> |
|--|-------------------------------------|-------------------------------------|
|  | <b>US\$</b>                         | <b>US\$</b><br>Restated             |
| <b>Assets</b>  |                                     |                                     |
| <b>Current Assets</b>  |                                     |                                     |
| Cash and cash equivalents  | 4,966,839                           | 11,443,059                          |
| Restricted cash  | 338,712                             | -                                   |
| Accounts receivable, net   | 36,503                              | -                                   |
| Other receivable   | 107,179                             | 47,639                              |
| Prepaid expenses   | 2,326,185                           | 946,299                             |
| Inventory  | 41,185                              | -                                   |
| Notes receivable   | -                                   | 485,000                             |
| Income tax receivable  | 894,743                             | 1,147,213                           |
| <b>Total current assets</b>  | <b>8,711,346</b>                    | <b>14,069,210</b>                   |
| <b>Non-current assets</b>  |                                     |                                     |
| Property and equipment, net  | 2,041,242                           | 2,205,084                           |
| Long term investment   | -                                   | 5,086,413                           |
| Deferred income tax assets   | -                                   | 411,934                             |
| Intangible assets  | 4,686,228                           | 398,794                             |
| Right-of-use assets  | 1,117,554                           | 976,404                             |
| Goodwill   | 2,652,766                           | 854,887                             |
| <b>Total assets</b>  | <b>19,209,136</b>                   | <b>24,002,726</b>                   |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>  |                                     |                                     |
| <b>Liabilities:</b>  |                                     |                                     |
| <b>Current liabilities</b>   |                                     |                                     |
| Accounts payable and other liabilities   | 2,121,051                           | 2,120,660                           |
| Student deposits   | -                                   | 46,040                              |
| Income tax payable   | 1,872                               | -                                   |
| Due to related party   | 140,000                             | 140,000                             |
| Lease liabilities – current  | 559,375                             | 461,161                             |
| Deferred revenue   | 4,057,517                           | 3,286,350                           |
| <b>Total current liabilities</b>   | <b>6,879,815</b>                    | <b>6,054,211</b>                    |
| <b>Non-current liabilities</b>   |                                     |                                     |
| Lease liabilities – non current  | 571,131                             | 561,897                             |
| Deferred income tax liabilities  | 824,480                             | -                                   |
| <b>Total liabilities</b>   | <b>8,275,426</b>                    | <b>6,616,108</b>                    |
| <b>Commitments and contingencies</b>   |                                     |                                     |
| Common shares subject to redemption  | -                                   | 1,250,000                           |
| <b>Shareholders' equity</b>  |                                     |                                     |
| Common shares, US\$0.0015873 par value, 31,500,000 shares authorized, 11,998,173 and 11,350,704 shares | 19,045                              | 17,697                              |

issued and outstanding as of September 30, 2023 and 2022, respectively

|   |                   |                   |
|---|-------------------|-------------------|
| Additional paid-in capital                        | 18,232,263        | 16,276,866        |
| Deficit   | (9,071,818)       | (2,309,114)       |
| Accumulated other comprehensive loss              | (36,284)          | (28,939)          |
| <b>Total shareholders' equity</b>                 | <b>9,143,206</b>  | <b>13,956,510</b> |
| Non-controlling interests                         | 1,790,504         | 2,180,108         |
| <b>Total liabilities and shareholders' equity</b> | <b>19,209,136</b> | <b>24,002,726</b> |

## EPICQUEST EDUCATION GROUP INTERNATIONAL LIMITED

### CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS FOR THE YEARS ENDED SEPTEMBER 30, 2023, 2022 AND 2021 (US\$, except share data and per share data, or otherwise noted)

|   | September 30,<br>2023 | September 30,<br>2022 | September 30,<br>2021 |
|---|-----------------------|-----------------------|-----------------------|
|   | US\$                  | US\$<br>Restated      | US\$                  |
| Revenues  | 5,712,480             | 6,330,428             | 5,341,850             |
| Costs of services                                   | 1,502,255             | 2,021,058             | 1,934,237             |
| <b>Gross profit</b>                                 | <b>4,210,225</b>      | <b>4,309,370</b>      | <b>3,407,613</b>      |
| <b>Operating costs and expenses:</b>                |                       |                       |                       |
| Selling expenses                                    | 1,018,894             | 952,888               | 1,732,758             |
| General and administrative                          | 10,314,223            | 10,521,551            | 3,148,256             |
| <b>Total operating costs and expenses</b>           | <b>11,333,117</b>     | <b>11,474,439</b>     | <b>4,881,014</b>      |
| <b>Loss from operations</b>                         | <b>(7,122,892)</b>    | <b>(7,165,069)</b>    | <b>(1,473,401)</b>    |
| <b>Other (income) expenses:</b>                     |                       |                       |                       |
| Other income  | (186,137)             | (819,135)             | (71,640)              |
| Interest income                                     | (53,089)              | (26,463)              | (9,537)               |
| Foreign exchange gain                               | (5)                   | -                     | (743)                 |
| <b>Total other (income) expenses</b>                | <b>(239,231)</b>      | <b>(845,598)</b>      | <b>(81,920)</b>       |
| <b>Loss before provision for income taxes</b>       | <b>(6,883,661)</b>    | <b>(6,319,471)</b>    | <b>(1,391,481)</b>    |
| Current income tax expense                          | 11,590                | 16,459                | 13,889                |
| Deferred income tax expense (recovery)              | 277,874               | (207,488)             | (321,057)             |
| <b>Income taxes expense (recovery)</b>              | <b>289,464</b>        | <b>(191,029)</b>      | <b>(307,168)</b>      |
| <b>Net loss</b>                                     | <b>(7,173,125)</b>    | <b>(6,128,442)</b>    | <b>(1,084,313)</b>    |
| Net loss attributable to non-controlling interest   | (410,421)             | (164,887)             | -                     |
| <b>Net loss attributable to common stockholders</b> | <b>(6,762,704)</b>    | <b>(5,963,555)</b>    | <b>(1,084,313)</b>    |
| Unrealized foreign currency translation adjustment  | (7,345)               | (28,939)              | -                     |

|  |    |                    |                    |                    |
|--|----|--------------------|--------------------|--------------------|
| <b>Comprehensive loss</b>  |    | <u>(7,180,470)</u> | <u>(6,157,381)</u> | <u>(1,084,313)</u> |
| <b>Basic &amp; diluted net loss per share</b>                            | \$ | (0.58)             | \$ (0.54)          | (0.12)             |
| <b>Weighted average number of ordinary shares-<br/>basic and diluted</b> |    | 11,655,642         | 11,010,240         | 9,160,447          |

**EPICQUEST EDUCATION GROUP INTERNATIONAL LIMITED**

**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE YEAR ENDED SEPTEMBER 30, 2023, 2022 AND 2021  
(US\$, except share data and per share data, or otherwise noted)**

|  | <u>Common<br/>shares</u> | <u>Common<br/>shares<br/>amount</u> | <u>Additional<br/>paid-in<br/>capital</u> | <u>Subscrip-<br/>tion<br/>receivable</u> | <u>Retained<br/>earnings<br/>(deficit)</u> | <u>Accumulate<br/>d other<br/>comprehen-<br/>sive loss</u> | <u>Non-<br/>controlling<br/>interests</u> | <u>Total equity</u> |
|--|--------------------------|-------------------------------------|---|--|--|--|---|---------------------|
| <b>Balance as of<br/>September 30, 2020</b>                | <u>7,938,000</u>         | <u>12,600</u>                       | <u>2,731,273</u>                          | <u>-</u>                                 | <u>4,738,754</u>                           | <u>-</u>   | <u>-</u>                                  | <u>7,482,627</u>    |
| Net loss   |                          |                                     |   |  | (1,084,313)                                | -  | -   | (1,084,313)         |
| Share issues –<br>transaction costs                        | 2,474,843                | 3,928                               | 8,733,706                                 | (200,000)                                | -  | -  | -   | 8,537,634           |
| <b>Balance as of<br/>September 30, 2021</b>                | <u>10,412,843</u>        | <u>16,528</u>                       | <u>11,464,979</u>                         | <u>(200,000)</u>                         | <u>3,654,441</u>                           | <u>-</u>   | <u>-</u>                                  | <u>14,935,948</u>   |
| Net loss   |                          |                                     |   |  | (5,963,555)                                | -  | (164,887)                                 | (6,128,442)         |
| Receipt of<br>subscription<br>receivable                   | -                        | -                                   | -   | 200,000                                  | -  | -  | -   | 200,000             |
| Issuance of common<br>shares for acquisition               | 201,614                  | -                                   | 7   | -  | -  | -  | 2,344,995                                 | 2,345,002           |
| Share-based<br>compensation –<br>common shares             | 736,247                  | 1,169                               | 3,454,511                                 | -  | -  | -  | -   | 3,455,680           |
| Share-based<br>compensation – stock<br>options             | -                        | -                                   | 1,357,369                                 | -  | -  | -  | -   | 1,357,369           |
| Currency translation<br>adjustment                         | -                        | -                                   | -   | -  | -  | (28,939)   | -   | (28,939)            |
| <b>Balance as of<br/>September 30, 2022<br/>(restated)</b> | <u>11,350,704</u>        | <u>17,697</u>                       | <u>16,276,866</u>                         | <u>-</u>                                 | <u>(2,309,114)</u>                         | <u>(28,939)</u>  | <u>2,180,108</u>                          | <u>16,136,618</u>   |
| Net loss   |                          |                                     |   |  | (6,762,704)                                | -  | (410,421)                                 | (7,173,125)         |
| Share buyback  | (201,614)                | -                                   | (7)                                       | -  | -  | -  | -   | (7)                 |
| Share-based<br>compensation –<br>common shares             | 849,083                  | 1,348                               | 1,898,094                                 | -  | -  | -  | -   | 1,899,442           |
| Share-based<br>compensation – stock<br>options             | -                        | -                                   | 265,631                                   | -  | -  | -  | -   | 265,631             |

|  |                          |                      |                          |                 |                           |                        |                         |                          |
|--|--------------------------|----------------------|--------------------------|-----------------|---------------------------|------------------------|-------------------------|--------------------------|
| Acquisition of additional interest in subsidiary | -                        | -                    | (208,321)                | -               | -                         | -                      | 20,817                  | (187,504)                |
| Currency translation adjustment                  | -                        | -                    | -                        | -               | -                         | (7,345)                | -                       | (7,345)                  |
| <b>Balance as of September 30, 2023</b>          | <b><u>11,998,173</u></b> | <b><u>19,045</u></b> | <b><u>18,232,263</u></b> | <b><u>-</u></b> | <b><u>(9,071,818)</u></b> | <b><u>(36,284)</u></b> | <b><u>1,790,504</u></b> | <b><u>10,933,710</u></b> |

**EPICQUEST EDUCATION GROUP INTERNATIONAL LIMITED**

**CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED SEPTEMBER 30, 2023, 2022 AND 2021  
(US\$, except share data and per share data, or otherwise noted)**

|   | <u>September 30,<br/>2023</u> | <u>September 30,<br/>2022</u> | <u>September 30,<br/>2021</u> |
|---|-------------------------------|-------------------------------|-------------------------------|
|   | US\$                          | US\$<br>Restated              | US\$                          |
| <b>Cash Flows from Operating Activities:</b>                |                               |                               |                               |
| Net loss  | (7,173,125)                   | (6,128,442)                   | (1,084,313)                   |
| Adjustments for items not affecting cash:                   |                               |                               |                               |
| Depreciation and amortization                               | 407,013                       | 252,097                       | 126,234                       |
| Share-based compensation                                    | 2,165,073                     | 4,813,049                     | -                             |
| Impairment of goodwill                                      | 14,038                        | -                             | -                             |
| Non-cash lease expenses                                     | -                             | (25,643)                      | 94,698                        |
| Deferred income tax expense                                 | 277,874                       | (207,488)                     | (321,057)                     |
| Gain from disposal of fixed assets                          | -                             | (813,064)                     | (4,000)                       |
| Changes in operating assets and liabilities                 |                               |                               |                               |
| Accounts receivable and other receivable                    | 217,407                       | 118,608                       | (5,176)                       |
| Prepaid expenses  | (1,323,593)                   | 614,548                       | 71,800                        |
| Operating lease – lease liabilities and right of use assets | (45,022)                      | -                             | -                             |
| Inventory   | (21,170)                      | -                             | -                             |
| Long-term prepaid expenses                                  | -                             | -                             | 159,382                       |
| Accounts payable & accrued liabilities                      | (212,817)                     | (1,320,563)                   | 1,117,184                     |
| Deferred revenue  | 233,493                       | (1,283,314)                   | 961,426                       |
| Income tax receivable                                       | 254,342                       | 2,293                         | (480,866)                     |
| Student deposits  | (46,040)                      | (635,778)                     | (313,122)                     |
| Net cash provided from (used in) operating activities       | <u>(5,252,527)</u>            | <u>(4,613,697)</u>            | <u>322,190</u>                |
| <b>Cash Flows from Investing Activities:</b>                |                               |                               |                               |
| Purchase of property and equipment                          | (14,231)                      | (51,410)                      | (618,529)                     |
| Collection (addition) of notes receivable                   | -                             | (305,000)                     | 100,000                       |
| Repayment to related parties                                | -                             | (270,000)                     | -                             |
| Share buyback   | (1,250,007)                   | -                             | -                             |
| Acquisition of additional interest in subsidiary            | (187,505)                     | 1,920,861                     | 4,000                         |
| Net cash acquired from (used for) business acquisitions     | 574,108                       | (1,945,931)                   | -                             |
| Proceeds from sale of fixed assets                          | -                             | 1,920,861                     | 4,000                         |
| Net cash used in investing activities                       | <u>(877,635)</u>              | <u>(651,480)</u>              | <u>(514,529)</u>              |
| <b>Cash Flows from Financing Activities:</b>                |                               |                               |                               |
| Share issuances, net of issuance costs                      | -                             | 200,000                       | 9,321,523                     |

|  |             |             |            |
|--|-------------|-------------|------------|
| Net cash provided from (used in) financing activities            | -           | 200,000     | 9,321,523  |
| Effect of exchange rate changes on cash and cash equivalents     | (7,346)     | (28,938)    | -          |
| Net increase/(decrease) in cash, cash equivalents                | (6,137,508) | (5,094,115) | 9,129,184  |
| Cash and cash equivalents and restricted cash, beginning of year | 11,443,059  | 16,537,174  | 7,407,990  |
| Cash and cash equivalents and restricted cash, end of year       | 5,305,551   | 11,443,059  | 16,537,174 |

**SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:**

|   |         |         |         |
|---|---------|---------|---------|
| Interest paid   |         |         |         |
| Income taxes paid   | 10,575  | 14,166  | 490,250 |
| Non-cash investing activities – acquisition of operating lease right-of-used assets | 561,247 | 574,483 | -       |
| Non-cash investing activities – assumption of operating lease obligation            | 572,564 | 574,483 | -       |

*The accompanying notes included in Form 20-F as filed with the SEC form an integral part of these consolidated financial statements.*