

EPICQUEST EDUCATION GROUP INTERNATIONAL LIMITED

CONSOLIDATED BALANCE SHEETS

AS OF SEPTEMBER 30, 2024 and 2023

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

	September 30, 2024	September 30, 2023
	US\$	US\$
Assets		
Current Assets		
Cash and cash equivalents	1,150,042	4,966,839
Restricted cash	338,712	338,712
Accounts receivable, net	85,279	36,503
Other receivable	473,271	107,179
Prepaid expenses	1,305,935	2,326,185
Inventory	48,470	41,185
Income tax receivable	889,766	894,743
Total current assets	4,291,475	8,711,346
Non-current assets		
Property and equipment, net	1,597,823	2,041,242
Long-term prepaids	7,500,023	-
Intangible assets	4,464,226	4,686,228
Right-of-use assets	2,785,008	1,117,554
Goodwill	2,652,772	2,652,766
Total assets	23,291,327	19,209,136
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Current liabilities		
Accounts payable and other liabilities	3,233,471	2,121,051
Loan payable	409,956	-
Income tax payable	4,294	1,872
Due to related party	140,000	140,000
Lease liabilities – current	641,254	559,375
Deferred revenue	5,332,194	4,057,517
Total current liabilities	9,761,169	6,879,815
Non-current liabilities		
Lease liabilities – non current	2,181,769	571,131
Deferred income tax liabilities	470,468	824,480
Total liabilities	12,413,406	8,275,426
Commitments and contingencies		
Shareholders' equity		
Common shares, US\$0.0015873 par value, 31,500,000 shares authorized, 13,113,173 and 11,998,173 shares issued and outstanding as of September 30, 2024 and 2023, respectively	20,814	19,045
Additional paid-in capital	20,142,071	18,129,000
Deficit	(14,958,678)	(8,968,555)
Accumulated other comprehensive loss	(35,803)	(36,284)
Total shareholders' equity	5,168,404	9,143,206
Non-controlling interests	5,709,517	1,790,504
Total liabilities and shareholders' equity	23,291,327	19,209,136

EPICQUEST EDUCATION GROUP INTERNATIONAL LIMITED
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
FOR THE YEARS ENDED SEPTEMBER 30, 2024, 2023 AND 2022
(US\$, except share data and per share data, or otherwise noted)

	September 30, 2024	September 30, 2023	September 30, 2022
	US\$	US\$	US\$
Revenues	8,153,546	5,712,480	6,330,428
Costs of services	2,840,112	1,502,255	2,021,058
Gross profit	5,313,434	4,210,225	4,309,370
Operating costs and expenses:			
Selling expenses	1,537,006	1,018,894	952,888
General and administrative	11,201,445	10,210,960	10,521,551
Total operating costs and expenses	12,738,451	11,229,854	11,474,439
Loss from operations	(7,425,017)	(7,019,629)	(7,165,069)
Other (income) expenses:			
Other income	(495,276)	(186,137)	(819,135)
Interest income	(22,731)	(53,089)	(26,463)
Foreign exchange gain	-	(5)	-
Total other (income) expenses	(518,007)	(239,231)	(845,598)
Loss before provision for income taxes	(6,907,010)	(6,780,398)	(6,319,471)
Current income tax expense	18,186	11,590	16,459
Deferred income tax expense (recovery)	(354,012)	277,874	(207,488)
Income taxes expense (recovery)	(335,826)	289,464	(191,029)
	-	-	-
Net loss	(6,571,184)	(7,069,862)	(6,128,442)
Net loss attributable to non-controlling interest	(581,061)	(410,421)	(164,887)
Net loss attributable to common stockholders	(5,990,123)	(6,659,441)	(5,963,555)
Unrealized foreign currency translation adjustment	481	(7,345)	(28,939)
Comprehensive loss	(6,570,703)	(7,077,207)	(6,157,381)
Basic & diluted net loss per share	(0.47)	(0.57)	(0.54)
Weighted average number of ordinary shares-basic and diluted	12,637,968	11,655,642	11,010,240

EPICQUEST EDUCATION GROUP INTERNATIONAL LIMITED
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED SEPTEMBER 30, 2024, 2023 AND 2022
(US\$, except share data and per share data, or otherwise noted)

	Common shares	Common shares amount	Additional paid-in capital	Subscription receivable	Retained earnings (deficit)	Accumulated other comprehensive loss	Non- controlling interests	Total equity
Balance as of September 30, 2021	10,412,843	16,528	11,464,979	(200,000)	3,654,441	-	-	14,935,948
Net loss					(5,963,555)		(164,887)	(6,128,442)
Receipt of subscription receivable	-	-	-	200,000	-	-	-	200,000
Issuance of common shares for acquisition	201,614	-	7	-	-	-	2,344,995	2,345,002
Share-based compensation – common shares	736,247	1,169	3,454,511	-	-	-	-	3,454,511
Share-based compensation – stock options	-	-	1,357,369	-	-	-	-	1,357,369
Currency translation adjustment	-	-	-	-	-	(28,939)	-	(28,939)
Balance as of September 30, 2022	11,350,704	17,697	16,276,866	-	(2,309,114)	(28,939)	2,180,108	16,138,618
Net loss					(6,659,441)		(410,421)	(7,069,862)
Share buyback	(201,614)	-	(7)	-	-	-	-	(7)
Share-based compensation – common shares	849,083	1,348	1,794,831	-	-	-	-	1,796,179
Share-based compensation – stock options	-	-	265,631	-	-	-	-	265,631
Acquisition of additional interest in subsidiary	-	-	(208,321)	-	-	-	20,817	(187,504)
Currency translation adjustment	-	-	-	-	-	(7,345)	-	(7,345)
Balance as of September 30, 2023	11,998,173	19,045	18,129,000	-	(8,968,555)	(36,284)	1,790,504	10,933,710

Net loss				(5,990,123)		(581,061)	(6,571,184)	
Issuance of common stock for cash	400,000	635	799,365				800,000	
Share-based compensation – common shares	715,000	1,134	833,265				834,399	
Share-based compensation – stock options			1,142,787				1,142,787	
Investment with 40% interest in SouthGilmore			(762,346)			4,500,074	3,737,728	
Currency translation adjustment						481	481	
Balance as of September 30, 2024	<u>13,113,173</u>	<u>20,814</u>	<u>20,142,071</u>	<u>-</u>	<u>(14,958,678)</u>	<u>(35,803)</u>	<u>5,709,517</u>	<u>10,877,921</u>

EPICQUEST EDUCATION GROUP INTERNATIONAL LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2024, 2023 AND 2022
(US\$, except share data and per share data, or otherwise noted)

	September 30, 2024	September 30, 2023	September 30, 2022
	US\$	US\$	US\$
Cash Flows from Operating Activities:			
Net loss	(6,571,184)	(7,069,862)	(6,128,442)
Adjustments for items not affecting cash:			
Depreciation and amortization	425,763	407,013	252,097
Share-based compensation	1,977,187	2,061,810	4,813,049
Net gain from disposal of fixed assets	(477,115)	-	(813,064)
Impairment of goodwill	-	14,038	-
Non-cash lease expenses	-	-	(25,643)
Deferred income tax expense	(354,012)	277,874	(207,488)
Changes in operating assets and liabilities			
Accounts receivable and other receivable	(414,866)	217,407	118,608
Prepaid expenses	(6,479,773)	(1,323,593)	614,548
Operating lease – lease liabilities and right of use assets	25,064	(45,022)	-
Inventory	(7,285)	(21,170)	-
Accounts payable & accrued liabilities	1,112,423	(212,817)	(1,320,563)
Deferred revenue	1,274,677	233,493	(1,283,314)
Income tax receivable	7,399	254,342	2,293
Student deposits	-	(46,040)	(635,778)
Net cash used in operating activities	<u>(9,481,722)</u>	<u>(5,252,527)</u>	<u>(4,613,697)</u>
Cash Flows from Investing Activities:			
Purchase of property and equipment	(40,343)	(14,231)	(51,410)
Collection (addition) of notes receivable	-	-	(305,000)
Repayment to related parties	-	-	(270,000)

Share buyback	-	(1,250,007)	-
Acquisition of additional interest in subsidiary	-	(187,505)	-
Net cash acquired from (used for) business acquisitions	-	574,108	(1,945,931)
Proceeds from sale of fixed assets	757,115	-	1,920,861
Net cash provided from (used in) investing activities	<u>716,772</u>	<u>(877,635)</u>	<u>(651,480)</u>

Cash Flows from Financing Activities:

Long term investment received for Gilmore	3,737,727	-	-
Share issuances, net of issuance costs	800,000	-	200,000
Proceeds borrowed from third party	409,956	-	-
Net cash provided from financing activities	<u>4,947,683</u>	<u>-</u>	<u>200,000</u>

Effect of exchange rate changes on cash and cash equivalents	470	(7,346)	(28,938)
Net increase/(decrease) in cash, cash equivalents	<u>(3,816,797)</u>	<u>(6,137,508)</u>	<u>(5,094,115)</u>
Cash and cash equivalents and restricted cash, beginning of year	<u>5,305,551</u>	<u>11,443,059</u>	<u>16,537,174</u>
Cash and cash equivalents and restricted cash, end of year	1,488,754	5,305,551	11,443,059

SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:

Interest paid			
Income taxes paid	10,787	10,575	14,166
Non-cash investing activities – acquisition of operating lease right-of-used assets	2,267,597	561,247	574,483
Non-cash investing activities – assumption of operating lease obligation	2,238,099	572,564	574,483

The accompanying notes in the Company's 20-F for fiscal 2024 as filed with the SEC form an integral part of these consolidated statements.