



**Elite Education Group International Ltd.
First Half Fiscal Year 2022 Financial Results**

**ELITE EDUCATION INTERNATIONAL CO., LTD
CONSOLIDATED BALANCE SHEETS
AS OF MARCH 31, 2022 and SEPTEMBER 30, 2021
(US\$, except share data and per share data, or otherwise noted)**

	<u>March 31, 2022</u>	<u>September 30, 2021</u>
	US\$	US\$
Assets		
Current Assets	(Unaudited)	
Cash and cash equivalents	12,932,265	16,537,174
Accounts receivable	16,137	154,537
Prepaid expenses	1,382,552	1,560,847
Notes receivable	-	180,000
Income tax receivable	1,159,274	1,149,506
Total current assets	<u>15,490,228</u>	<u>19,582,064</u>
Non-current assets		
Property and equipment, net	2,291,220	3,479,922
Long term asset	2,120,000	-
Deferred income tax assets	307,317	321,057
Right-of-use assets	1,457,394	626,596
Intangible assets	1,314,798	-
Goodwill	3,202,663	-
Total assets	<u>26,183,620</u>	<u>24,009,639</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Current liabilities		
Accounts payable and other liabilities	2,526,775	2,960,915
Student deposits	681,818	681,818
Due to related party	140,107	140,000
Lease liabilities – current	567,510	259,297
Deferred revenue	2,302,189	4,569,664
Total current liabilities	<u>6,218,399</u>	<u>8,611,694</u>
Non-current liabilities		
Lease liabilities – non current	973,311	461,997
Deferred income tax liabilities	380,878	-
Total liabilities	<u>7,572,588</u>	<u>9,073,691</u>
Commitments and contingencies		
Shareholders' equity		
Common shares, US\$0.0015873 par value, 31,500,000 shares authorized, 11,045,313 and 10,412,843 shares issued and outstanding as of March 31, 2022 and September 30, 2021, respectively	17,532	16,528
Additional paid-in capital	15,343,585	11,464,979
Subscription receivable	(200,000)	(200,000)
Retained earnings	1,170,916	3,654,441
Accumulated other comprehensive income (loss)	(8,214)	-
Total shareholders' equity	<u>16,323,819</u>	<u>14,935,948</u>
Noncontrolling interests	2,287,213	-
Total liabilities and shareholders' equity	<u>26,183,620</u>	<u>24,009,639</u>

ELITE EDUCATION INTERNATIONAL CO., LTD
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED MARCH 31, 2022 AND 2021
(US\$, except share data and per share data, or otherwise noted)

	For The Six Months Ended March 31, 2022	For The Six Months Ended March 31, 2021
	US\$	US\$
	(Unaudited)	(Unaudited)
Revenues	4,055,213	3,101,646
Costs of services	<u>1,327,308</u>	<u>1,280,083</u>
Gross profit	2,727,905	1,821,563
Operating costs and expenses:		
Selling expenses	757,969	626,017
General and administrative	<u>5,299,119</u>	<u>1,588,611</u>
Total operating costs and expenses	<u>6,057,088</u>	<u>2,214,628</u>
Income from operations	(3,329,183)	(393,065)
Other (income) expenses:		
Other income	(797,411)	-
Foreign exchange gain	<u>(4,206)</u>	<u>(38,152)</u>
Total other (income) expenses	(801,617)	(38,152)
Income before provision for income taxes	(2,527,566)	(354,913)
Current income tax expense (recovery)	-	-
Deferred income tax expense (recovery)	<u>13,741</u>	<u>(63,025)</u>
Income taxes expense (recovery)	<u>13,741</u>	<u>(63,025)</u>
Net income	<u>(2,541,307)</u>	<u>(291,888)</u>
Net income (loss) attributable to noncontrolling interest	(57,782)	-
Net income (loss) attributable to common stockholders	(2,483,525)	(291,888)
Unrealized foreign currency translation adjustment	(8,214)	-
Total Comprehensive income (loss)	<u>(2,549,521)</u>	<u>(291,888)</u>
Basic & diluted net income per share	\$ (0.23)	\$ (0.04)
Weighted average number of ordinary shares-basic and diluted	10,835,956	7,946,678

ELITE EDUCATION INTERNATIONAL CO., LTD
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED MARCH 31, 2022 AND 2021
(US\$, except share data and per share data, or otherwise noted)

	For The Six Months Ended March 31, 2022	For The Six Months Ended March 31, 2021
	US\$	US\$
	(Unaudited)	(Unaudited)
Cash Flows from Operating Activities:		
Net income	(2,541,307)	(291,888)
Adjustments for items not affecting cash:		
Depreciation and amortization	111,597	43,797
Stock-based compensation expenses	2,629,603	-
Non-cash lease expense	11,070	-
Net (gain)/loss from disposal of fixed assets	(813,064)	-
Deferred income tax expense	13,740	(63,025)
Changes in operating assets and liabilities		
Accounts receivable	150,110	18,042
Prepaid expenses	178,295	275,403
Long-term prepaid expenses	-	125,235
Accounts payable & accrued liabilities	(618,187)	(405,060)
Deferred revenue	(2,267,475)	(2,083,445)
Income tax receivable	(9,768)	(278,982)
Student deposits	-	(213,455)
Net cash used in operating activities	<u>(3,155,386)</u>	<u>(2,873,378)</u>
Cash Flows from Investing Activities:		
Purchase of property and equipment	(30,147)	(218,000)
Notes receivable	180,000	100,000
Due from related party	(296,199)	-
Net cash used for business acquisitions	(1,954,145)	-
Proceeds from sale of property and equipment	1,920,861	-
Net cash provided by (used in) investing activities	<u>(179,630)</u>	<u>(118,000)</u>
Cash Flows from Financing Activities:		
Proceeds borrowed from related parties	(269,893)	-
Proceeds from initial public offering, net of issuance costs	-	4,929,079
Net cash (used in) provided from financing activities	<u>(269,893)</u>	<u>4,929,079</u>
Net increase/(decrease) in cash, cash equivalents and restricted cash	<u>(3,604,909)</u>	<u>1,937,701</u>
Cash and cash equivalents, beginning of period	<u>16,537,174</u>	<u>7,407,990</u>
Cash and cash equivalents, end of period	12,932,265	9,345,691

ELITE EDUCATION INTERNATIONAL CO., LTD

**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
SIX MONTHS ENDED MARCH 31, 2022 AND 2021
(US\$, except share data and per share data, or otherwise noted)**

	Common shares	Common shares amount	Additional paid-in capital	Subscription receivable	Retained earnings	Total equity
Balance as of September 30, 2020	7,938,000	12,600	2,731,273	-	4,738,754	7,410,627
Net loss					(291,888)	(291,888)
Share issued, net of transaction costs	893,718	1,419	4,905,646	(761,875)	-	4,038,898
Balance as of March 31, 2021 (unaudited)	8,831,718	14,019	7,636,919	(761,875)	4,446,866	11,166,827

	Common shares	Common shares amount	Additional paid-in capital	Subscription receivable	Accumulated other comprehensive income	NCI	Retained earnings	Total equity
Balance as of September 30, 2021	10,412,843	16,528	11,464,979	(200,000)	-	-	3,654,441	14,922,791
Net loss						(57,782)	(2,483,525)	(2,541,307)
Share issued for acquisition	201,614	320	1,249,687	-	-	2,344,995	-	3,796,616
Share-based compensation	430,856	684	2,628,919	-	-	-	-	2,629,659
Translation adjustment	-	-	-	-	(8,214)	-	-	(8,214)
Balance as of March 31, 2022 (unaudited)	11,045,313	17,532	15,343,585	(200,000)	(8,214)	2,287,213	1,170,916	18,556,145

Source: Elite Education Group International Limited