



**EpicQuest Education Group International Ltd.**  
**First Half Fiscal Year 2023 Financial Results**

**CONSOLIDATED BALANCE SHEETS**  
**AS OF MARCH 31, 2023 and SEPTEMBER 30, 2022**  
(US\$, except share data and per share data, or otherwise noted)

	<b>March 31, 2023</b>	<b>September 30, 2022</b>
	<b>US\$</b>	<b>US\$</b>
<b>Assets</b>	(Unaudited)	
<b>Current Assets</b>		
Cash and cash equivalents	5,862,460	11,443,059
Restricted cash	338,712	-
Receivables, net	331,179	47,639
Prepaid expenses	1,431,012	946,299
Inventory	36,365	-
Notes receivable	-	485,000
Income tax receivable	787,086	1,147,213
<b>Total current assets</b>	<b>8,786,814</b>	<b>14,069,210</b>
<b>Non-current assets</b>		
Property and equipment, net	2,210,933	2,205,084
Long term investment	-	5,086,413
Deferred income tax assets	578,919	411,934
Right-of-use assets	1,308,503	976,404
Intangible assets	2,226,609	398,794
Goodwill	4,522,586	854,887
<b>Total assets</b>	<b>19,634,364</b>	<b>24,002,726</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Liabilities:</b>		
<b>Current liabilities</b>		
Accounts payable and other liabilities	2,108,462	2,120,660
Student deposits	52,040	46,040
Due to related party	140,000	140,000
Lease liabilities – current	636,126	461,161
Deferred revenue	1,459,886	3,286,350
<b>Total current liabilities</b>	<b>4,396,513</b>	<b>6,054,211</b>
<b>Non-current liabilities</b>		
Lease liabilities – non current	760,799	561,897
Deferred income tax liabilities	490,184	107,674
<b>Total liabilities</b>	<b>5,647,497</b>	<b>6,723,782</b>
<b>Commitments and contingencies</b>		
<b>Shareholders' equity</b>		
Common shares, US\$0.0015873 par value, 31,500,000 shares authorized, 11,708,173 and 11,350,704 shares issued and outstanding as of March 31, 2023 and September 30, 2022, respectively	18,585	18,017
Additional paid-in capital	17,220,527	17,526,546

Deficit	(5,567,784)	(2,416,788)
Accumulated other comprehensive loss	(33,093)	(28,939)
<b>Total shareholders' equity</b>	<b>11,638,235</b>	<b>15,098,836</b>
Noncontrolling interests	2,348,632	2,180,108
<b>Total liabilities and shareholders' equity</b>	<b>19,634,364</b>	<b>24,002,726</b>

**EPICQUEST EDUCATION GROUP INTERNATIONAL LTD**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**  
**FOR THE SIX MONTHS ENDED MARCH 31, 2023 AND 2022**  
(US\$, except share data and per share data, or otherwise noted)

	<b>For The Six Months Ended March 31, 2023</b>	<b>For The Six Months Ended March 31, 2022</b>
	<b>US\$</b>	<b>US\$</b>
	(Unaudited)	(Unaudited)
Revenues	3,420,669	4,055,213
Costs of services	<u>769,619</u>	<u>1,327,308</u>
<b>Gross profit</b>	2,651,050	2,727,905
<b>Operating costs and expenses:</b>		
Selling expenses	474,169	757,969
General and administrative	5,367,085	5,299,119
<b>Total operating costs and expenses</b>	<u>5,841,254</u>	<u>6,057,088</u>
<b>Income from operations</b>	(3,190,204)	(3,329,183)
<b>Other (income) expenses:</b>		
Other income	(1,655)	(797,411)
Interest income	(20,833)	-
Foreign exchange gain	<u>(5)</u>	<u>(4,206)</u>
<b>Total other (income) expenses</b>	(22,493)	(801,617)
<b>Loss before provision for income taxes</b>	(3,167,711)	(2,527,566)
Current income tax expense	8,553	-
Deferred income tax expense (recovery)	<u>(172,975)</u>	<u>13,741</u>
<b>Income taxes expense (recovery)</b>	<u>(164,422)</u>	<u>13,741</u>
	-	-
<b>Net loss</b>	<u>(3,003,289)</u>	<u>(2,541,307)</u>
Net loss attributable to noncontrolling interest	(305,928)	(57,782)
Net loss attributable to common stockholders	(2,697,361)	(2,483,525)
Foreign currency translation adjustment	<u>(4,154)</u>	<u>(8,214)</u>
<b>Total Comprehensive loss</b>	<u>(3,007,443)</u>	<u>(2,549,521)</u>
<b>Basic &amp; diluted net loss per share</b>	\$ (0.24)	\$ (0.23)
<b>Weighted average number of ordinary shares-basic and diluted</b>	11,469,800	10,835,956



**EPICQUEST EDUCATION GROUP INTERNATIONAL LTD**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED MARCH 31, 2023 AND 2022**  
(US\$, except share data and per share data, or otherwise noted)

	<b>For The Six Months Ended March 31, 2023</b>	<b>For The Six Months Ended March 31, 2022</b>
	<b>US\$</b>	<b>US\$</b>
Cash Flows from Operating Activities:	(Unaudited)	(Unaudited)
Net loss	(3,003,289)	(2,541,307)
Adjustments for items not affecting cash:		
Depreciation and amortization	163,863	111,597
Stock-based compensation expenses	900,877	2,629,603
Accretion of finance lease	3,546	-
Net (gain)/loss from disposal of fixed assets	-	(813,064)
Deferred income tax expense	(172,975)	13,740
Changes in operating assets and liabilities		
Accounts receivable	235,640	150,110
Operating leases	(51,592)	11,070
Inventory	(16,350)	-
Prepaid expenses	(176,420)	178,295
Accounts payable & accrued liabilities	(225,407)	(618,187)
Deferred revenue	(2,364,570)	(2,267,475)
Income tax receivable	360,126	(9,768)
Student deposits	6,000	-
Net cash used in operating activities	<u>(4,340,551)</u>	<u>(3,155,386)</u>
Cash Flows from Investing Activities:		
Purchase of property and equipment	(7,641)	(30,147)
Notes receivable	-	180,000
Due from related party	-	(296,199)
Net cash acquired from (used for) business acquisitions	562,791	(1,954,145)
Proceeds from sale of property and equipment	-	1,920,861
Net cash provided by (used in) investing activities	<u>555,330</u>	<u>(179,630)</u>
Cash Flows from Financing Activities:		
Proceeds borrowed from related parties	-	(269,893)
Repayment of lease liabilities	(15,001)	-
Share buyback	(1,250,007)	-
Acquisition of additional interest in subsidiary	(187,505)	-
Net cash used in financing activities	<u>(1,452,513)</u>	<u>(269,893)</u>
Effect of exchange rate change on cash	(4,153)	-
Net decrease in cash, cash equivalents and restricted cash	<u>(5,241,887)</u>	<u>(3,604,909)</u>
Cash, cash equivalents and restricted cash, beginning of period	<u>11,443,059</u>	<u>16,537,174</u>
Cash, cash equivalents and restricted cash, end of period	6,201,172	12,932,265

**EPICQUEST EDUCATION GROUP INTERNATIONAL LTD**  
**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**SIX MONTHS ENDED MARCH 31, 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	Accumulated other comprehensive loss	NCI	Deficit	Total equity
Balance as of September 30, 2022	11,350,704	18,017	17,526,546	-	(28,939)	2,180,108	(2,416,788)	17,278,944
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)	11,708,173	18,585	17,220,527	-	(33,093)	2,348,632	(5,567,784)	13,986,867

	Common shares	Common shares amount	Additional paid-in capital	Subscription receivable	Accumulated other comprehensive loss	NCI	Retained earnings	Total equity
Balance as of September 30, 2021	10,412,843	16,528	11,464,979	(200,000)	-	-	3,654,441	14,935,948
Net loss					-	(57,782)	(2,483,525)	(2,541,307)
Share issued for acquisition	201,614	320	1,249,687	-	-	2,344,995	-	3,595,002
Share-based compensation	430,856	684	2,628,919	-	-	-	-	2,629,603
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	18,611,032

Source: EpicQuest Education Group International Limited