



EpicQuest Education Group International Ltd.
Fiscal Year End 2022 Financial Results

CONSOLIDATED BALANCE SHEETS
AS OF SEPTEMBER 30, 2022 and SEPTEMBER 30, 2021
(US\$, except share data and per share data, or otherwise noted)

	September 30,	September 30,
	2022	2021
	US\$	US\$
Assets		
Current Assets		
Cash and cash equivalents	11,443,059	16,537,174
Accounts receivables	47,639	154,537
Prepaid expenses	946,299	1,560,847
Notes receivable	485,000	180,000
Income tax receivable	1,147,213	1,149,506
Total current assets	14,069,210	19,582,064
Non-current assets		
Property and equipment, net	2,205,084	3,479,922
Long term investment	5,086,413	
Deferred income tax assets	411,934	321,057
Intangible assets	398,794	
Right-of-use assets	976,404	626,596
Goodwill	854,887	
Total assets	24,002,726	24,009,639
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Current liabilities		
Accounts payable and other liabilities	2,120,660	2,960,915
Student deposits	46,040	681,818
Due to related party	140,000	140,000
Lease liabilities – current	461,161	259,297
Deferred revenue	3,286,350	4,569,664
Total current liabilities	6,054,211	8,611,694
Non-current liabilities		
Lease liabilities – non current	561,897	461,997
Deferred income tax liabilities	107,674	

Total liabilities	6,723,782	9,073,691
Commitments and contingencies		
Shareholders' equity		
Common shares, US\$0.0015873 par value, 31,500,000 shares authorized, 11,350,704 and 10,412,843 shares issued and outstanding as of September 30, 2022 and 2021, respectively	18,017	16,528
Additional paid-in capital	17,526,546	11,464,979
Subscription receivable		(200,000)
Retained earnings (deficit)	(2,416,788)	3,654,441
Accumulated other comprehensive loss	(28,939)	
Total shareholders' equity	15,098,836	14,935,948
Non-controlling interests	2,180,108	
Total liabilities and shareholders' equity	24,002,726	24,009,639

**CONSOLIDATED
STATEMENTS OF
OPERATIONS AND
COMPREHENSIVE LOSS**

**FOR THE TWELVE MONTHS
ENDED SEPTEMBER 30, 2022,
2021 AND 2020**

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

	September 30, 2022 US\$	September 30, 2021 US\$	September 30, 2020 US\$
Revenues	6,330,428	5,341,850	9,063,137
Costs of services	2,021,058	1,934,237	2,342,276
Gross profit	4,309,370	3,407,613	6,720,861
Operating costs and expenses:			
Selling expenses	952,888	1,732,758	2,310,188
General and administrative	10,521,551	3,148,256	3,115,120
Total operating costs and expenses	11,474,439	4,881,014	5,425,308
Income (loss) from operations	(7,165,069)	(1,473,401)	1,295,553

Other (income) expenses:			
Other income	(819,135)	(71,640)	(55,000)
Interest income	(26,463)	(9,537)	(35,293)
Foreign exchange gain		(743)	(23,262)
Total other (income) expenses	(845,598)	(81,920)	(113,555)
Income (loss) before provision for income taxes	(6,319,471)	(1,391,481)	1,409,108
Current income tax expense (recovery)	16,459	13,889	397,553
Deferred income tax expense (recovery)	(99,814)	(321,057)	
Income taxes expense (recovery)	(83,355)	(307,168)	397,553
Net income (loss)	(6,236,116)	(1,084,313)	1,011,555
Net income (loss) attributable to non-controlling interest	(164,887)		
Net income (loss) attributable to common stockholders	(6,071,229)	(1,084,313)	1,011,555
Unrealized foreign currency translation adjustment	(28,939)		
Comprehensive income	(6,265,055)	(1,084,313)	1,011,555
Basic & diluted net income per share	\$ (0.55)	\$ (0.12)	0.13
Weighted average number of ordinary shares-basic and diluted	11,010,240	9,160,447	7,938,000

CONSOLIDATED STATEMENTS OF CASH FLOWS

**FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2022, 2021
AND 2020**

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

	September 30, 2022 US\$	September 30, 2021 US\$	September 30, 2020 US\$
Cash Flows from Operating Activities:			
Net income (loss)	(6,236,116)	(1,084,313)	1,011,555
Adjustments for items not affecting cash:			
Depreciation and amortization	252,097	126,234	87,593
Share-based compensation	4,813,049		
Non-cash adjustment to lease expenses	(25,643)	94,698	
Deferred income tax expense	(99,814)	(321,057)	
Gain from disposal of fixed assets	(813,064)	(4,000)	
Changes in operating assets and liabilities			
Accounts receivable	118,608	(5,176)	89,521
Prepaid expenses	614,548	71,800	428,592
Long-term prepaid expenses		159,382	584,356
Accounts payable & accrued liabilities	(1,320,563)	1,117,184	545,606
Deferred revenue	(1,283,314)	961,426	(3,221,807)
Income tax receivable	2,293	(480,866)	(664,399)
Student deposits	(635,778)	(313,122)	994,940
Net cash provided from (used in) operating activities	(4,613,697)	322,190	(144,043)
Cash Flows from Investing Activities:			
Purchase of property and equipment	(51,410)	(618,529)	(288,555)
Notes receivable	(305,000)	100,000	
Long-term investment	(270,000)		
Net cash used for business acquisitions	(1,945,931)		
Proceeds from sale of fixed assets	1,920,861	4,000	
Net cash used in investing activities	(651,480)	(514,529)	(288,555)
Cash Flows from Financing Activities:			
Deferred costs related to initial public offering			(432,035)
Share issuances, net of issuance costs	200,000	9,321,523	

Net cash provided from (used in) financing activities	200,000	9,321,523	(432,035)
Effect of exchange rate changes on cash and cash equivalents	(28,938)		
Net increase/(decrease) in cash, cash equivalents	(5,094,115)	9,129,184	(864,633)
Cash and cash equivalents, beginning of period	16,537,174	7,407,990	8,272,623
Cash and cash equivalents, end of period	11,443,059	16,537,174	7,407,990
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:			
Interest paid			
Income taxes paid	14,166	490,250	1,053,360
Non-cash investing activities – acquisition of operating lease right-of-used assets	574,483		
Non-cash investing activities – assumption of operating lease obligation	574,483		

Source: EpicQuest Education Group International Limited