



## EpicQuest Education Announces Fiscal Year 2023 Financial Results and Operations Update

MIDDLETOWN, Ohio, January 10, 2024 /PRNewswire/ -- EpicQuest Education Group International Limited (NASDAQ: EEIQ), ("EpicQuest Education", "EEIQ" or the "Company"), a provider of comprehensive education solutions for domestic and international students seeking college and university degrees in the US, Canada and the UK, today announced its financial results for the twelve months ended September 30, 2023.

"We own and operate two institutions of higher learning, Davis University in Ohio and EduGlobal College in Vancouver and our growth strategy of internationalization has resulted in numerous cross-border educational collaborations for our schools, a more diversified student base and global academic programming designed to better serve our students' needs. Our educational niche provides practical educational programming and a wide set of academic degree programs that serve as an effective way for students to reach their career goals," commented EpicQuest Education CEO Jianbo Zhang.

"The effects of the global Covid-19 pandemic, while currently muted, hampered our recruiting activities in fiscal 2022. In addition, there was a heightened wave of the pandemic in China from November 2022 to February 2023. Taken together, these factors caused substantially lower foreign student in-person attendance at our US campuses which resulted in our experiencing an operating loss for the current fiscal year. However, we believe that our numerous collaborations and new recruiting efforts in Latin America and Southeast Asia will result in stronger top line results going forward, while cost reductions due to synergies across our operations should continue to enhance our gross margin," continued CEO Jianbo Zhang.

"We believe that the enriched international academic experiences at our schools help students reach their potential and better prepare them for fulfilling careers. Further, long-term recruiting relationship with Miami University to recruit for the MU Regional Campuses' English Language Center will continue to serve as a key cornerstone for our business. Our financial condition remains strong, and we plan to execute upon our internationalization growth strategy through additional collaborations and by undertaking new growth initiatives that create synergies with our business," CEO Jianbo Zhang concluded.

### Fiscal Year End 2023 Financial Results Ended September 30, 2023

**Revenues** were \$5.74 million for the fiscal year ended September 30, 2023 compared to \$6.33 million for the fiscal year 2022, representing a decrease of \$0.59 million, or 9.3%. The decrease in revenue was mainly due to the effects of the global Covid-19 pandemic having severely hampered our recruiting activities in the year-ago period, which coupled with a heightened wave of the pandemic in China from December 2022 to February 2023, caused lower foreign student in-person attendance at our US campuses.

**Gross profit** was \$4.24 million for the fiscal year ended September 30, 2023 compared to \$4.31 million for the fiscal year 2022, representing a decrease of \$0.07 million, or 1.7%. The decrease was due to the decrease in revenue which was partially offset by a 25.7% decrease in our costs of services attributable to operating efficiencies implemented across our operations. As a result, our gross margin increased to 73.8% for the fiscal year ended September 30, 2023 as compared to 68.1% for fiscal year 2022.

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**Operating Expenses** were \$11.28 million for the fiscal year ended September 30, 2023 compared to \$11.47 million for the fiscal year 2022, representing a decrease of \$0.19 million, or 1.7%. The decrease was due to a 2.5% decrease in general and administrative expenses to \$10.26 million from \$10.52 million for the fiscal year 2022 which was partially offset by a 6.9% increase in selling expenses to \$1.02 million from \$0.95 million. General and administrative expenses were somewhat higher in both periods due to non-cash expenses attributable to share-based compensation granted to directors, officers and employees for retention purposes following the Company's IPO in March of 2021, as well as professional fees that were primarily related to the Company's two major acquisitions and expansion efforts.

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**Operating loss** was \$7.05 million for the fiscal year ended September 30, 2023 compared to an operating loss of \$7.17 million for the fiscal year 2022. This was due to lower revenue in the current period, which was offset by the year-over-year decrease in direct and indirect expenses.

**Income tax expense** was \$0.39 million for the fiscal year ended September 30, 2023 as compared to an income tax recovery of \$0.08 million for the fiscal year 2022.

**Net loss** was \$7.19 million for the fiscal year ended September 30, 2023 compared to a net loss of \$6.24 million for the fiscal year 2022, which was due to the factors discussed above.

**Net Loss Per Basic and Diluted Share** for the fiscal year ended September 30, 2023 was \$0.58 compared to a net loss of \$0.55 per basic and diluted share for the fiscal year 2022. The weighted average number of shares used in the computation of basic and diluted earnings per share for the fiscal year of 2023 was 11,655,642 shares compared to 11,010,240 shares for basic and diluted earnings per share in the prior year period.

### **Financial Condition**

As of September 30, 2023, the Company had \$4.97 million in cash and cash equivalents, a decrease of \$6.48 million or 56.6% as compared to \$11.44 million as of September 30, 2022. As of September 30, 2023, working capital was \$1.86 million (current assets minus current liabilities) and the current ratio (current assets divided by current liabilities) was 1.05 times, as compared to working capital of \$8.02 million and a current ratio of 2.1 times as of September 30, 2022. Stockholders' equity as of September 30, 2023 was \$9.06 million, a decrease of \$6.03 million or 40.0% as compared to \$15.10 million as of September 30, 2022.

### **Liquidity and Capital Resources**

Net cash used in operating activities for the twelve months ended September 30, 2023 was \$5.22 million as compared to \$4.61 million for the twelve months ended September 30, 2022. This increase was primarily due to the changes in net income and other working capital balances. Changes in these balances are included in the changes in assets and liabilities presented in the consolidated statement of cash flows.

Net cash provided by investing activities was \$0.56 million for the twelve months ended September 30, 2023 as compared to net cash used in investing activities of \$0.65 million for the twelve months ended September 30, 2022. The net cash of \$0.56 million provided by investing activities for the twelve months ended September 30, 2023 was attributable to ...

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Net cash used in financing activities was \$1.47 million for the twelve months ended September 30, 2023 as compared to net cash provided from financing activities of \$0.20 million for the twelve months ended September 30, 2022. For the twelve months ended September 30, 2023, we used \$1.25 million in

cash for a contractual share buyback, and \$0.19 million for the remaining interest in [EduGlobal College](#) and [Davis University](#).

### Operations Update

EpicQuest Education's operations provide a diversified revenue stream that balances its two owned and operated colleges, Davis University, located in Ohio, and EduGlobal College, located in Vancouver, with its primary recruiting relationship with Miami University of Ohio for the English Language Program at the Miami University Regional Campuses. For fiscal 2023, the Company undertook the following initiatives to develop a solid foundation for growth for the future:

- Received approval to convert Davis College to Davis University; the new designation reflects the breadth of Davis University's academic programs including current and planned four-year degree programs which offer students a wide range of avenues to pursue a variety of academic programs.
- Opened a recruiting office in Sri Lanka to serve as its main hub to attract students from Southeast Asia and the Middle East in order to expand its geographical recruiting market for international students.
- Hired a recruitment agent in Mexico to initiate Latin American recruitment activities as part of its international expansion strategy with a focus on high schools and LATAM colleges and universities for partnership opportunities.
- Established a wholly owned subsidiary, Gilmore Inv LLC, in Ohio, for the purposes of offering kinesiology and recreation education programs to students of both of its owned and operated institutions, Davis University and EduGlobal College.
- Davis University signed non-binding Memoranda of Understandings (MoU's) for cross-border student exchange degree programs. The MoU's are for institutions of higher learning based in the United Kingdom, Mexico, Canada, Sri Lanka and China. Davis also entered into articulation agreement for the transfer of credits towards degree programs with Lourdes University and Northeastern University, which enhances its students' academic and career options.
- EduGlobal College signed an academic pathway agreements with Yorkville University, Corpus Christi College and the Academy of Learning that provides its students with additional options to further their academic journeys and professional development.
- Renewed the agreement with Miami University of Ohio to recruit international students residing outside of the US for admission to the Miami University English Language Center at the Miami University Regional Campuses; the agreement is for 5 years as compared to the previous 3 year agreements. The agreement reflects a sustained cornerstone of the Company's business since its inception.

### Recruitment Metrics

Recruitment for our owned and operated schools as well as the English Language Program at the Miami University Regional Campuses were adversely impacted as compared to those for the year-ago period as the impact from the Covid-19 pandemic caused deferred consequences in the higher education sector.

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- As of September 30, 2023, x students attended in-person classes in the English Language Program at the MU Regional Campuses, which was comprised of y students for the Fall 2022 term and z students for the Spring 2023 term; this compares to zz students who attended the program online for the same two terms in the previous year.
- As of September 30, 2023, for Davis College, x students were enrolled in the Winter Quarter (November 2023 - January 2023) and y students in the Spring Quarter (February 2023 - May 2023). The Company gained control over Davis College on December 1, 2022 via the conversion of the acquired holding company's loan into shares of Davis College common stock.

To date, the Company's internationalization efforts have resulted in a 26% increase in the enrollment of international students for the first three of its four annual quarters of the 2022 – 2023 academic year (Fall, Winter and Spring) as compared the same quarters in the 2021 – 2022 academic year, and the Company expects a significantly higher increase in the enrollment of international students for fiscal 2024. As an illustration, as previously announced, Davis College signed an agreement whereby students from Chongqing Technology and Business Institute ("CTBI") will enroll in a joint Davis College and CTBI program. Per the agreement, a cohort of 46 students will enter the joint program at Davis College each year for three years beginning in September 2023, culminating in 96 CTBI students enrolling in the joint program at Davis College in September of 2025.

We believe that our current operations provide a diversified revenue stream that balances both our owned and operated colleges and our extensive recruiting relationships. We also believe that our educational niche provides practical educational programming that meaningfully connects to students who may not ordinarily pursue higher education but who see our programs as an effective way to reach their career goals. We believe that this positive and effective business model is a successful one for providing a solid return on investment for both our students as well as our shareholders.

Our strategic plan is to achieve sustainable growth through a strategy of internationalization. This refers to Davis College and EduGlobal College, our owned and operated colleges, as well as our recruiting relationship with Miami University. To achieve our strategic goals, we are focused on broadening our academic programming and diversifying and growing our student base. We believe that our strategy of internationalization, which also includes working collaborations around the world, brings out the very best in academia and student achievement.

#### **About EpicQuest Education Group International Limited**

EpicQuest Education Group International Limited ("EpicQuest Education" or the "Company") provides comprehensive education solutions for domestic and international students seeking university and college degrees in the US, Canada and the UK. The Company owns and operates EduGlobal College, based in British Columbia, Canada, which focuses on English proficiency educational programming for students pursuing academic degrees. The Company operates and is a 70% owner of Davis University, a career training college located in Toledo, Ohio. In addition, the Company has a recruiting relationship with the Miami University Regional campuses, where it maintains residential facilities, a full-service cafeteria, recreational facilities, shuttle buses and an office for the regional campuses that provides study abroad and post-study services for its students; these facilities are not owned, maintained, operated or are a part of Miami University. The Company is also a recruiting agent for the University of the West of Scotland (through The Education Group (London) Ltd) and Coventry University, both of which are located in the UK. For more information, please visit [www.epicquesteducation.com/](http://www.epicquesteducation.com/).

## Safe Harbor Statement

Certain of the statements made in this press release are “forward-looking statements” within the meaning and protections of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements include statements with respect to our beliefs, plans, objectives, goals, expectations, anticipations, assumptions, estimates, intentions, and future performance, and involve known and unknown risks, uncertainties and other factors, which may be beyond our control, and which may cause the actual results, performance, capital, ownership or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. All statements other than statements of historical fact are statements that could be forward-looking statements. You can identify these forward-looking statements through our use of words such as “may,” “will,” “anticipate,” “assume,” “should,” “indicate,” “would,” “believe,” “contemplate,” “expect,” “estimate,” “continue,” “plan,” “point to,” “project,” “could,” “intend,” “target” and other similar words and expressions of the future.

All written or oral forward-looking statements attributable to us are expressly qualified in their entirety by this cautionary notice, including, without limitation, those risks and uncertainties described in our most recent Form 20-F and otherwise in our SEC reports and filings. Such reports are available upon request from the Company, or from the Securities and Exchange Commission, including through the SEC’s Internet website at <http://www.sec.gov>. We have no obligation and do not undertake to update, revise or correct any of the forward-looking statements after the date hereof, or after the respective dates on which any such statements otherwise are made.

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## FINANCIAL TABLES

### 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)

	September 30, 2023	September 30, 2022
	US\$	US\$
<b>Assets</b>		
Current Assets		
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>
Non-current assets		
Property and equipment, net	2,041,242	2,205,084
Long term investment	-	5,086,413
Deferred income tax assets	-	411,934
Intangible assets	4,104,013	398,794
Right-of-use assets	1,117,554	976,404
Goodwill	3,156,150	854,887
<b>Total assets</b>	<b>19,130,315</b>	<b>24,002,726</b>

#### LIABILITIES AND SHAREHOLDERS' EQUITY

##### Liabilities:

##### Current liabilities

Accounts payable and other liabilities	2,121,051	2,120,660
Student deposits	-	46,040
Income tax payable	1,941	-
Due to related party	140,000	140,000
Lease liabilities – current	559,375	461,161
Deferred revenue	4,031,145	3,286,350
<b>Total current liabilities</b>	<b>6,853,511</b>	<b>6,054,211</b>

##### Non-current liabilities

Lease liabilities – non current	571,131	561,897
Deferred income tax liabilities	900,913	107,674
<b>Total liabilities</b>	<b>8,325,555</b>	<b>6,723,782</b>

##### Commitments and contingencies

##### Shareholders' equity

Common shares, US\$0.0015873 par value, 31,500,000 shares authorized, 11,998,173 and 11,350,704 shares issued and outstanding as of September 30, 2023 and 2022, respectively	19,045	18,017
Additional paid-in capital	18,232,263	17,526,546
Subscription receivable	-	-
Deficit	(9,150,873)	(2,416,788)
Accumulated other comprehensive loss	(36,284)	(28,939)
<b>Total shareholders' equity</b>	<b>9,064,151</b>	<b>15,098,836</b>
Non-controlling interests	1,740,609	2,180,108
<b>Total liabilities and shareholders' equity</b>	<b>19,130,315</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, 2023 US\$	September 30, 2022 US\$	September 30, 2021 US\$
Revenues	5,738,852	6,330,428	5,341,850
Costs of services	1,502,255	2,021,058	1,934,237
<b>Gross profit</b>	<b>4,236,597</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	10,262,962	10,521,551	3,148,256
<b>Total operating costs and expenses</b>	<b>11,281,856</b>	<b>11,474,439</b>	<b>4,881,014</b>
<b>Loss from operations</b>	<b>(7,045,259)</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>(6,806,028)</b>	<b>(6,319,471)</b>	<b>(1,391,481)</b>
Current income tax expense	11,658	16,459	13,889
Deferred income tax expense (recovery)	376,715	(99,814)	(321,057)
<b>Income taxes expense (recovery)</b>	<b>388,373</b>	<b>(83,355)</b>	<b>(307,168)</b>
<b>Net loss</b>	<b>(7,194,401)</b>	<b>(6,236,116)</b>	<b>(1,084,313)</b>
Net loss attributable to non-controlling interest	(460,316)	(164,887)	-
<b>Net loss attributable to common stockholders</b>	<b>(6,734,085)</b>	<b>(6,071,229)</b>	<b>(1,084,313)</b>
Unrealized foreign currency translation adjustment	(7,345)	(28,939)	-
<b>Comprehensive loss</b>	<b>(7,201,746)</b>	<b>(6,265,055)</b>	<b>(1,084,313)</b>
<b>Basic &amp; diluted net loss per share</b>	<b>\$ (0.58)</b>	<b>\$ (0.55)</b>	<b>(0.12)</b>
<b>Weighted average number of ordinary shares-basic and diluted</b>	<b>11,655,642</b>	<b>11,010,240</b>	<b>9,160,447</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)

	September 30, 2023	September 30, 2022	September 30, 2021
	US\$	US\$	US\$
<b>Cash Flows from Operating Activities:</b>			
Net loss	(7,194,401)	(6,236,116)	(1,084,313)
Adjustments for items not affecting cash:			
Depreciation and amortization	404,286	252,097	126,234
Share-based compensation	2,165,073	4,813,049	-
Non-cash lease expenses	3,546	(25,643)	94,698
Deferred income tax expense	376,715	(99,814)	(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	(48,848)	-	-
Inventory	(21,170)	-	-
Long-term prepaid expenses	-	-	159,382
Accounts payable & accrued liabilities	(212,817)	(1,320,563)	1,117,184
Deferred revenue	207,121	(1,283,314)	961,426
Income tax receivable	254,410	2,293	(480,866)
Student deposits	(46,040)	(635,778)	(313,122)
Net cash provided from (used in) operating activities	<u>(5,218,311)</u>	<u>(4,613,697)</u>	<u>322,190</u>
<b>Cash Flows from Investing Activities:</b>			
Purchase of property and equipment	(7,461)	(54,410)	(618,529)
Notes receivable	-	(305,000)	100,000
Due from related parties	-	(270,000)	-
Net cash acquired from (used for) business acquisitions	562,791	(1,945,931)	-
Proceeds from sale of fixed assets	-	1,920,861	4,000
Net cash provided from (used in) investing activities	<u>555,330</u>	<u>(651,480)</u>	<u>(514,529)</u>
<b>Cash Flows from Financing Activities:</b>			
Repayment of lease liabilities	(29,666)	-	-
Share buyback	(1,250,007)	-	-
Acquisition of additional interest in subsidiary	(187,505)	-	-
Share issuances, net of issuance costs	-	200,000	9,321,523
Net cash provided from (used in) financing activities	<u>(1,467,178)</u>	<u>200,000</u>	<u>9,321,523</u>
Effect of exchange rate changes on cash and cash equivalents	(7,349)	(28,938)	-
Net increase/(decrease) in cash, cash equivalents	<u>(6,137,508)</u>	<u>(5,094,115)</u>	<u>9,129,184</u>
Cash and cash equivalents and restricted cash, beginning of year	<u>11,443,059</u>	<u>16,537,174</u>	<u>7,407,990</u>
Cash and cash equivalents and restricted cash, end of year	5,305,551	11,443,059	16,537,174
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:</b>			
Interest paid			
Income taxes paid	4,224	14,166	490,250
Non-cash investing activities – acquisition of operating lease right-of-used assets	577,821	574,483	-



Non-cash investing activities – assumption of operating lease obligation	577,821	574,483	-
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*The accompanying notes to Form 20-F as filed with the SEC form an integral part of these consolidated financial statements.*

**Source: EpicQuest Education Group International Limited**

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