



EpicQuest Education Announces Fiscal Year 2024 Financial Results and an Operations Update

Revenue Increased by a Robust 43% as International Student Enrollment Continues to Climb

MIDDLETOWN, Ohio, January 31, 2025 /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, 2024 and an operations update.

“We are pleased to announce a 43% increase in revenue for our 2024 fiscal year as compared to fiscal 2023. This increase was primarily due to the success of our innovative foundational programs that we offer in elite universities abroad where international students study in their home countries as they prepare for study abroad. An important component of our strategy of internationalization is the exporting of our educational programming that provides a unique revenue stream for the Company while also creating a potential pool of future students to attend our owned and operated Davis University,” commented EpicQuest Education CEO Jianbo Zhang.

“During the past year, Davis University expanded its campus to downtown Toledo in order to accommodate an expected growth in enrollment metrics attributable to our internationalization strategy. Our recruiting for EduGlobal College, located in Vancouver, Canada, has been enhanced by its university transfer program and our cooperative diploma program. The Company also recruits for the English Language Center of Miami University Regionals which continues to be a popular option for international students since it offers a pathway to achieving both bachelors’ and advanced university degrees.”

“We specialize in providing individualized academic journeys to both our domestic and international students that include Bachelor of Science program and planned Master’s program that help our students to secure post-graduate employment. We are also in the process of developing an AI-powered tutoring and learning platform for adaptive learning and real-time feedback to improve student engagement and achievement. We believe that our innovative business model will continue to result in strong growth and that it offers a solid return on investment for both our students and our shareholders,” concluded CEO Jianbo Zhang.

Fiscal Year 2024 Financial Results Ended September 30, 2024

Revenues were \$8.15 million for the fiscal year ended September 30, 2024 compared to \$5.71 million for the fiscal year ended September 30, 2023, representing an increase of \$2.44 million, or 42.7%. The increase in revenue was mainly due to an increase in students that enrolled in the Company’s international foundational and collaborative programs that are offered by Davis University and EduGlobal College.

Gross profit was \$5.31 million for the fiscal year ended September 30, 2024 compared to \$4.21 million for the fiscal year ended September 30, 2023, representing an increase of \$1.10 million, or 26.1%. The increase was primarily due to the increase in our international student enrollment which increased substantially year-over-year. Our gross margin decreased to 65.2% for fiscal 2024 from 73.7% for fiscal 2023 attributable to the increase in cost of services. The increase in cost of services was primarily due to the increase in salaries and higher costs associated with new professional training programs in fiscal 2024 than the professional training programs in fiscal 2023.

Operating Expenses were \$12.7 million for the fiscal year ended September 30, 2024 compared to \$11.2 million for the fiscal year ended September 30, 2023, representing an increase of \$1.50 million, or 13.4%. The increase was due to a 9.8% increase in general and administrative expenses to \$11.2 million from \$10.2 million as compared to the prior year period and a 51.0% increase in selling expenses to \$1.54 million from \$1.02 million as compared to the prior year period. General and administrative expenses in both periods include non-cash expenses attributable to share-

based compensation granted to directors, officers and employees for retention purposes, as well as professional fees that were primarily related to the Company's expansion efforts. Selling expenses include marketing, advertising, commissions and travel expenses incurred due to an increase in recruiting activities.

Operating loss was \$7.43 million for the fiscal year ended September 30, 2024 compared to an operating loss of \$7.02 million for the fiscal year ended September 30, 2023. This was due to the higher costs of services as well as higher operating costs and expenses in fiscal 2024 as compared to fiscal 2023.

Income tax recovery was \$0.34 million for the fiscal year ended September 30, 2024 as compared to an income tax expense of \$0.29 million for the fiscal year ended September 30, 2023.

Net loss was \$6.57 million for the fiscal year ended September 30, 2024 compared to a net loss of \$7.07 million for the twelve months ended September 30, 2023, which was due to factors as discussed above.

Net Loss Per Basic and Diluted Share for the fiscal year ended September 30, 2024 was \$0.47 compared to a net loss of \$0.57 per basic and diluted share for the twelve months ended September 30, 2023. The weighted average number of shares used in the computation of basic and diluted earnings per share for the first half of 2024 was 12,637,968 shares compared to 11,655,642 shares for basic and diluted earnings per share in the prior year period.

Financial Condition

As of September 30, 2024, the Company had \$1.15 million in cash and cash equivalents, a decrease of \$3.82 million or 76.9% as compared to \$4.97 million as of September 30, 2023. As of September 30, 2024, working capital was a negative \$5.47 million (current assets minus current liabilities) and the current ratio (current assets divided by current liabilities) was 0.49x, as compared to working capital of \$1.83 million and a current ratio of 1.27x as of September 30, 2023. Stockholders' equity as of September 30, 2024 was \$5.17 million, a decrease of \$3.97 million or 43.4% as compared to \$9.14 million as of September 30, 2023. In a subsequent event, on January 10, 2025, the Company sold two of its buildings located in Middletown, Ohio, with a total carrying value of \$0.84 million for a sales price of \$1.7 million.

Liquidity and Capital Resources

Net cash used in operating activities for the twelve months ended September 30, 2024 was \$9.48 million as compared to net cash used in operating activities of \$5.25 million for the twelve months ended September 30, 2023. 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 from investing activities was \$0.72 million for the twelve months ended September 30, 2024 as compared to net cash used in investing activities of \$0.88 million for the twelve months ended September 30, 2023. The net cash provided from investing activities for the twelve months ended September 30, 2024 was primarily due to proceeds of \$0.76 million generated from the sale of property and equipment adjacent to the campuses of Miami University Regionals.

Net cash provided from financing activities was \$4.95 million for the twelve months ended September 30, 2024 as compared to \$nil provided from financing activities for the twelve months ended September 30, 2023. For the twelve months ended September 30, 2024, \$0.8 million was raised through equity financing, and \$0.41 million was borrowed from a third party.

Operations Update

Our operations provide a diversified revenue stream that includes tuition and student service fees from our owned and operated colleges, Davis University and EduGlobal College, fees from our foundational programs located abroad, and revenue from our recruiting relationships with other prominent universities.

For our domestic programs, we provide 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 also provide a Bachelor of Science in Business program and plan to offer a Masters degree program in the near future. We also provide academic pathways through articulation agreements with universities to provide additional options for our students. We believe we have a positive and effective business model where students can individualize their academic journeys, and which provides students with a solid return on their educational investments. An update as to our international foundational and collaborative programs are as follows:

Davis University's foundational programs have 220 students enrolled for the 2024-2025 academic year as compared to 102 students for the 2023-24 academic year. We believe that Davis' two-year foundational programs will secure sustainable revenue because the retention rate of students from the first to the second year is usually close to 100%. In addition to this representing a unique revenue stream for the Company, the foundational programs also create a pool of students to attend our owned and operated schools.

Davis' foundational program students are enrolled in elite universities. The foundational programs are currently placed on the main campuses of Peking University, Shanghai Jiao Tong University, and the Beijing Institute of Technology, preeminent universities in China. The Company typically places its own instructors in these programs and collaborates on designing the academic programming for students.

Davis University's recent agreement could lead to a substantial increase in international student enrollment. Its agreement with The Center of Advanced Studies, based in Tokyo, Japan, establishes a pathway for international students from five Southeast Asian and South American colleges and universities to complete associate and bachelor's degrees in business at Davis University through the transfer of credits, which could start as soon as the Spring 2025 semester. It will also provide Davis with the opportunity to further expand its foundational programs which could create a sizeable international student recruiting pool.

EduGlobal College recruiting has been enhanced by its cooperative diploma programs. The co-op programs, which began for the Fall semester in September 2024, entail students alternating between attending academic semesters with working at paid, full-time jobs. We believe that this will enhance our domestic recruiting efforts since the co-op programs provide students with a great hybrid approach which helps students secure job offers upon graduation.

Miami University Regional Campuses international recruiting is expected to rise. The English Language Program at Miami University Regionals offers international students the opportunity to enroll in an elite US university with world-class facilities and an outstanding academic faculty. We have a recruitment relationship with the Miami University Regionals dating back to 2013 where we offer 'one stop' student housing, dining, transportation and supervision services among other services. The English Language Program continues to be a popular option for international students as it offers a pathway for both a bachelor's and advanced university degrees. As of September 30, 2024, 57 students were enrolled in the program and as of January 20, 2025, 11 students have been confirmed to join the program. As China has taken steps to relax travel restrictions, we believe the number of students admitted to our program at the Miami University Regionals will increase to the levels of previous years.

EpicQuest Education's Strategy of Internationalization

Our strategic plan is to achieve sustainable growth through our strategy of internationalization which is a key element of our strategic growth plan. EpicQuest Education's owned and operated colleges, Davis University and EduGlobal College, have become increasingly focused on international recruiting and enrollment as they provide enhanced globalized learning to their students as well as pathways to achieve university degrees. The Company's foundational programs essentially exports our academic programming at an affordable cost for students since they study in their home countries and earn course credits prior to their attendance at our two institutions of higher learning. In addition, a vital component of EpicQuest Education's strategic growth plan is to become increasingly involved with international collaborations in order to leverage our distinct academic programming and unique culture of learning. The Company's mission is to achieve international expansion and establish EpicQuest Education as a renowned international service provider of higher learning.

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 College, 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. EpicQuest Education has also established a wholly owned subsidiary, Gilmore Inv LLC, in Ohio, that will offer international educational programs related to kinesiology and recreation education. The Company also established a company in Ohio, SouthGilmore LLC that has been formed to organize sports-related entertainment projects, which is 40% owned by Gilmore. For more information, please visit 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, without limitation, the ability of the Company to achieve the enrollment goals outlined and the ability of the Company to achieve meaningful future revenue increases. 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.

FINANCIAL TABLES FOLLOW

EPICQUEST EDUCATION GROUP INTERNATIONAL LTD
CONSOLIDATED BALANCE SHEETS
AS OF SEPTEMBER 30, 2024 and SEPTEMBER 30, 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	<u>2,840,112</u>	<u>1,502,255</u>	<u>2,021,058</u>
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	<u>11,201,445</u>	<u>10,210,960</u>	<u>10,521,551</u>
Total operating costs and expenses	<u>12,738,451</u>	<u>11,229,854</u>	<u>11,474,439</u>
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	<u>(518,007)</u>	<u>(239,231)</u>	<u>(845,598)</u>
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)	<u>(354,012)</u>	<u>277,874</u>	<u>(207,488)</u>
Income taxes expense (recovery)	<u>(335,826)</u>	<u>289,464</u>	<u>(191,029)</u>
	-	-	-
Net loss	<u>(6,571,184)</u>	<u>(7,069,862)</u>	<u>(6,128,442)</u>
Net loss attributable to non-controlling interest	<u>(581,061)</u>	<u>(410,421)</u>	<u>(164,887)</u>
Net loss attributable to common stockholders	<u>(5,990,123)</u>	<u>(6,659,441)</u>	<u>(5,963,555)</u>
Unrealized foreign currency translation adjustment	481	(7,345)	(28,939)
Comprehensive loss	<u>(6,570,703)</u>	<u>(7,077,207)</u>	<u>(6,157,381)</u>
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 CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2024, 2023 AND 2022
(US\$, except share data and per share data, or otherwise noted)

	<u>September 30, 2024</u>	<u>September 30, 2023</u>	<u>September 30, 2022</u>
	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 financial statements.

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