As filed with the Securities and Exchange Commission on August 16, 2024

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-1
REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933

LEGACY EDUCATION INC.
(Exact Name of Registrant as Specified in its Charter)

Nevada	**8200**	**84-5167957**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

701 W Avenue K, Suite 123
Lancaster, CA 93534
(661) 940-9300
(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

LeeAnn Rohmann
Chief Executive Officer
Legacy Education Inc.
701 W Avenue K, Suite 123
Lancaster, CA 93534
(661) 940-9300
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Richard A. Friedman, Esq.
Nazia J. Khan, Esq.
Emily A. Mastoloni
Sheppard, Mullin, Richter & Hampton LLP
30 Rockefeller Plaza
New York, NY 10112-0015
Tel.: (212) 653-8700

Jonathan R. Zimmerman
Jeffrey A. Sherman
Faegre Drinker Biddle & Reath LLP
2200 Wells Fargo Center
90 S. Seventh Street
Minneapolis, MN 55402
Tel.: (612) 766-7000

Approximate date of commencement of proposed sale to the public: As soon as practicable this registration statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box: ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earliest effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earliest effective registration statement for the same offering. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☒	Smaller reporting company ☒
	Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided to Section 7(a)(2)(B) of the Securities Act. ☒

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

PRELIMINARY PROSPECTUS **SUBJECT TO COMPLETION** **DATED AUGUST 16, 2024**

Shares
Common Stock

This is the initial public offering of shares of Legacy Education Inc. common stock. Prior to this offering, there has been no public market for our common stock. We anticipate that the initial public offering price will be between $ and $ per share.

We have applied to list our common stock on the NYSE American under the symbol "LGCY." If our common stock is not approved for listing on NYSE American, we will not consummate this offering. No assurance can be given that our application will be approved. Upon completion of this offering, our executive officers, directors, and stockholders holding more than 5% of our outstanding common stock and their affiliates will, in the aggregate, beneficially own approximately % of our outstanding common stock (or % if the underwriters' over-allotment option is exercised in full).

We are an "emerging growth company" as the term is used in the Jumpstart Our Business Startups Act of 2012 and, as such, have elected to comply with certain reduced public company reporting requirements for this prospectus and future filings.

Investing in our common stock is highly speculative and involves a high degree of risk. See "*Risk Factors*" beginning on page 10 of this prospectus for a discussion of the information that you should consider in connection with an investment in our common stock.

Neither the Securities and Exchange Commission nor any other state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

	Per Share	Total
Initial public offering price	$	$
Underwriting discounts and commissions[(1)]	$	$
Proceeds to us, before expenses	$	$

(1) The registration statement, of which this prospectus is a part, also registers for sale warrants to purchase shares of common stock to be issued to the representative of the underwriters. We have agreed to issue the warrants to the representative of the underwriters as a portion of the underwriting compensation payable to the underwriters in connection with this offering. See "Underwriting" beginning on page 110 of this prospectus for additional information regarding total underwriting compensation.

We have granted the underwriters a 30-day option to purchase up to an additional shares of common stock at the initial public offering price per share, less underwriting discounts and commissions to cover allotments, if any.

The underwriters expect to deliver our shares against payment on or about , 2024.

Sole Bookrunner

Northland Capital Markets

The date of this prospectus is , 2024.

TABLE OF CONTENTS

ABOUT THIS PROSPECTUS

In this prospectus, unless the context suggests otherwise, references to "Legacy Education Inc.," "Legacy," the "Company," "we," "us," and "our" refer to Legacy Education Inc. and its predecessor, Legacy Education, L.L.C.

Neither we nor the underwriters have authorized anyone to provide any information or to make any representations other than those contained in this prospectus or in any free writing prospectus prepared by or on behalf of us or to which we have referred you. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give to you.

You should rely only on the information contained in this prospectus. No dealer, salesperson or other person is authorized to give information that is not contained in this prospectus. This prospectus is not an offer to sell nor is it seeking an offer to buy these securities in any jurisdiction where the offer or sale is not permitted. The information in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of these securities.

The information in this prospectus is accurate only as of the date of this prospectus, regardless of the time of the time of delivery of this prospectus or any sale of shares of our common stock.

For investors outside the United States ("U.S."): We and the underwriters have not done anything that would permit this offering or the possession or distribution of this prospectus in any jurisdiction where action for those purposes is required, other than in the U.S. Persons outside the U.S. who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of the securities and the distribution of this prospectus outside of the U.S.

All trademarks, trade names and service marks appearing in this prospectus are the property of their respective owners. Solely for convenience, the trademarks and trade names in this prospectus are referred to without the ® and ™ symbols, but such references should not be construed as any indicator that their respective owners will not assert, to the fullest extent under applicable law, their rights thereto.

PROSPECTUS SUMMARY

This summary highlights certain information appearing elsewhere in this prospectus. This summary does not contain all of the information you should consider before investing in our shares of common stock. You should read this entire prospectus carefully, especially the "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections of this prospectus before making an investment decision.

Overview

The Company owns and operates the following career institutions that focus on real-life training by utilizing educational practices in different job markets: High Desert Medical College ("HDMC"), Central Coast College ("CCC"), and Integrity College of Health ("Integrity").

HDMC has three campuses located in Lancaster, California, Bakersfield, California and Temecula, California. HDMC offers the following certificate or degree programs: ultrasound technician ("UT"), vocational nursing ("VN"), VN Associate of Applied Science, Associate Degree of Nursing, nursing assistant, Magnetic Resonance Imaging ("MRI") Associate of Applied Science, cardiac sonography, pharmacy technician, dental assisting, clinical medical assisting and medical administrative assisting programs (including medical billing and coding programs), veterinary assistant, UT Associate of Applied Science degree, phlebotomy technician and nursing assistant avocational courses, and a number of continuing education programs. HDMC also plans to offer an emergency medical technician (EMT) program beginning in October 2024 and is in the process of obtaining approvals for the program (for which HDMC is not planning to apply for ED approval to make Title IV Program funds available for students who enroll in the program). We acquired HDMC in July 2010. HDMC is institutionally accredited by the Accrediting Council for Continuing Education and Training ("ACCET"). Additionally, the licensed VN program at HDMC is approved by the State of California Board of Vocational Nursing and Psychiatric Technicians ("BVNPT"). The California Board of Registered Nursing, the California Department of Public Health, and the Dental Board of California approve one or more of HDMC's programs.

CCC has one campus located in Salinas, California. CCC offers the following certificate or degree programs: business administrative specialist, computer specialist: accounting, medical administrative assistant, medical assisting, nursing assistant, UT, UT Associate of Applied Science, veterinary assistant, veterinary technology Associate of Applied Science, and VN. CCC also offers an avocational phlebotomy technician program. We acquired CCC in January 2019. CCC is institutionally accredited by ACCET. Additionally, the veterinary technology program at CCC is an Associate of Applied Science degree offering and has been granted initial accreditation by the Council on Veterinary Technical Education and Activities of the American Veterinary Medical Association ("AVMA CVTEA"). These agencies approve either one or more of CCC's programs from BVNPT and the California Department of Public Health. CCC also has obtained approval from ACCET to offer the following programs and plans to begin doing so in October 2024, pending additional approvals: surgical technology (Associate of Applied Science), dental assisting, and sterile processing technician. CCC is also in the process of applying for approvals for a pharmacy technician program and an Associate Degree in Nursing program that it intends to provide in the future.

Integrity has one campus located in Pasadena, California. Integrity offers VN, VN Associate of Applied Science, Registered Nurse to Bachelor of Science in Nursing ("RN to BSN"), medical assisting, medical billing and coding, veterinary assistant, and Diagnostic Medical Sonography programs. Integrity also plans to offer an emergency medical technician (EMT) program beginning in October 2024 and is in the process of obtaining approvals for the program (for which Integrity is not planning for ED approval to make Title IV Program funds available for students who enroll in the program). The RN to BSN program holds pre-accreditation candidacy status from the Commission for Nursing Education Accreditation. On December 31, 2019, we entered into a Membership Interest Purchase Agreement with the sole member of Integrity pursuant to which we purchased from the sole member of Integrity on that date 24.5% of her interest and obtained an exclusive option to acquire her remaining membership interest upon payment of $100, which was exercised on September 15, 2020. Integrity is institutionally accredited by the Accrediting Bureau of Health Education Schools ("ABHES"). Additionally, the licensed VN program at Integrity is approved by the BVNPT.

The institutions offer programs in career paths such as healthcare, veterinary, medical information technology, and business management The Company's financial statements include accounts of Legacy Education, L.L.C. d/b/a High Desert Medical College and its wholly owned subsidiary, Legacy Education Monterey LLC ("Monterey") d/b/a Central Coast College, and its wholly owned subsidiary, Advanced Health Services, LLC d/b/a Integrity College of Health.

Our Institutions

We are a provider of post-secondary education services through our accredited academic institutions: HDMC, CCC, and Integrity. HDMC was established in California in 2002 and has three campuses in California: Lancaster, Bakersfield, and Temecula. CCC was established in 1983 and has one campus in Salinas, California. Integrity was established in 2007 and has one campus in Pasadena, California.

Our Market Opportunity

We believe that the community college system in California, where we currently operate, is not meeting current educational and workforce needs. The California community college system is currently plagued by poor completion rates, uncertain career pathways and corresponding poor job placement rates. Students wanting in-demand skills are too often forced to choose between expensive four-year programs with course requirements unrelated to their interests and community colleges that lack clear mission and ability to deliver job placement.

We combat these industry trends with our focused, high-quality programs on strategically located campuses. Our campuses are located near hospitals and clinics to allow easy access for externships and full-time employment opportunities.

Our target demographic is early to mid-20-year-olds with a desire to better their economic situation by choosing a program with strong job opportunities. We market to students located within an 100 mile radius of each campus. Our current campus geographic footprint is concentrated within Southern to Central California, home to approximately 24 million people, including an aging population who will likely increasingly depend on the skills of healthcare professionals. According to the Bureau of Labor Statistics, employment in the healthcare industry is projected to grow 16% from 2020 to 2030 resulting in over 2.6 million new jobs nationwide.

Our Competitive Strengths

Curriculum and Authentic Assessment. Across our portfolio, we continue to refine and implement best practices for teaching and learning models and focus on learner success to improve completion rates and align the curriculum to employers' needs to drive career success. Our goal is to further strengthen our position as a recognized leader in high quality learning.

Graduate Success. We look for opportunities to improve our student's educational experience and increase the likelihood of students successfully completing their programs. We maintain a comprehensive focus on improving early cohort persistence, a personalized on-boarding experience for new learners, simplified administrative interactions, and continuous improvements in the quality and frequency of interaction between our learners and our faculty.

Relationship-Based Marketing. We focus on building our brands and establishing our differentiation as a provider of high quality and professionally aligned educational offerings, as an innovative and leading provider of job-ready skills. We continue to expand on this differentiation through a variety of initiatives, including creating brand recognition, optimizing marketing efforts, interacting with prospective students earlier in the decision process and expanding strategic employer relationships. Our marketing strategy is designed to attain greater strategic control over our new enrollment growth and strengthen engagement with prospective as well and current students and graduates, who can act as advocates for our institutions.

Innovation and Diversification. We seek to expand the addressable market by investing in innovation, student success, academic infrastructure, and new business models. We also seek to drive growth through a multifaceted strategy of enhancing existing program offerings, developing new and innovative programs, and branching and acquisitions.

Our Growth Strategy

Our strategy is to continue to invest in our key strengths:

- Invest in new and existing programs
- Launch new program offerings, including online offerings
- Launch new branch campuses in California and beyond
- Acquire new institutions (new locations, new programs) to increase national footprint
- Focus on student success (graduation rates and student retention while maintaining high standards of academic quality delivered at an affordable value to students)
- Expand and optimize the relationship-based marketing efforts

Pre-IPO Reorganization Transaction

Legacy Education, L.L.C. was formed on October 19, 2009 in the state of California as a limited liability company. Legacy Education Inc. was formed on March 18, 2020. Legacy Education Inc. then formed Legacy Education Merger Sub, LLC, a California limited liability company and wholly owned subsidiary of Legacy Education Inc. ("Merger Sub"). Pursuant to an Agreement and Plan of Merger and Reorganization, dated September 1, 2021, effective as of September 3, 2021 (the "Effective Date"), Merger Sub merged with and into Legacy Education, L.L.C., with Legacy Education, L.L.C. surviving the merger and becoming a wholly owned subsidiary of Legacy Education Inc. (the "Reorganization Merger"). On the Effective Date, in exchange for each Class A Unit owned in Legacy Education, L.L.C., the members of Legacy Education, L.L.C. received one share of common stock in Legacy Education Inc. The members immediately prior to the Reorganization Merger became the 100% owners of Legacy Education Inc. immediately following the Reorganization Merger. The foregoing transaction is hereinafter referred to as the "Reorganization."

Risk Factors Summary

An investment in our common shares involves a high degree of risk. You should carefully consider the risks summarized below. The risks are discussed more fully in the "Risk Factors" section of this prospectus immediately following this prospectus summary. These risks include, but are not limited to, the following:

- If our institutions fail to comply with the extensive regulatory requirements applicable to our business, we could incur financial penalties, restrictions on our operations, loss of federal and state financial aid funding for our students, loss of accreditation, or loss of our authorization to operate our institutions.
- Any failure to comply with state laws and regulatory requirements, or new state legislative or regulatory initiatives affecting our institutions, could have a material adverse effect on our total student enrollment, results of operations, financial condition, and cash flows.
- If one or more of our institutions fails to maintain institutional accreditation, or if certain of our programs cannot obtain or maintain programmatic accreditation, our student enrollments would diminish, and our business would suffer.
- Congress may revise the laws governing the Title IV Programs or reduce funding for those programs which could reduce our enrollment and revenue and increase costs of operations.

- Regulations promulgated by ED or other agencies could materially and adversely affect our operations, business, results of operations, financial condition and cash flows.
- ED's gainful employment regulation may limit the programs we can offer students and increase our cost of operations.
- ED's "borrower defense to repayment" regulations may subject us to significant repayment liability to ED for discharged federal student loans, posting of substantial letters of credit and other requirements that could have a material adverse effect on us.
- A failure to maintain compliance with ED's "financial responsibility" regulations would have negative impacts on our operations.
- A failure to maintain compliance with ED's "administrative capability" regulations would have negative impacts on our operations.
- Our institutions could be subject to liabilities and sanctions if they violate statutory provisions of the Higher Education Act of 1965, as amended, and related ED regulations and guidance limiting compensation to individuals and entities involved in certain recruiting, admissions or financial aid activities.
- Our institutions could lose their eligibility to participate in Title IV Programs if the percentage of their revenues derived from applicable federal educational assistance programs is too high.
- Our institutions could lose their eligibility to participate in Title IV Programs or have other limitations placed upon them if their federal student loan cohort default rates are greater than the standards set forth in the HEA and implemented by ED.
- If ED denies, or significantly conditions, recertification of any of our institutions to participate in Title IV Programs, that institution could not conduct its business as it is currently conducted.
- If we acquire an institution, the acquisition generally constitutes a change in ownership and control that requires the institution to obtain approvals from ED and applicable state and accrediting agencies in order to remain eligible to participate in the Title IV Programs and continue to operate as an accredited institution in the states where the institution operates.
- If we or one of our institutions undergoes a change in ownership or control, we may be required to obtain approval from ED and other regulatory agencies that oversee our institutions and may be subject to further conditions or restrictions as a result of the change.
- Our failure to comply with laws and regulations prohibiting misrepresentations regarding our institutions could result in sanctions, liabilities or litigation that could have an adverse effect on our business and results of operations.
- If our institutions fail to comply with regulations regarding accurate and timely refunds and returns of Title IV Program aid in connection with students who withdraw from their programs, we could be subject to liabilities and sanctions.
- If we open new campuses or add or change new educational programs, we may be required to obtain approvals from ED and our state and accrediting agencies.
- If our students' access to financial aid from state sources, from federal sources other than the Title IV Programs, or from alternative loan programs is lost or reduced, it could impact our results of operations.
- Government and regulatory agencies and third parties may conduct compliance reviews and audits or bring actions against us that could result in monetary liabilities, injunctions, loss of eligibility for the Title IV Programs or other adverse outcomes.
- Our financial performance depends on the level of student enrollment in our institutions.
- We compete with a variety of educational institutions and if we are unable to compete effectively, our total student enrollment and revenue could be adversely impacted.
- Our business is subject to fluctuations caused by seasonality or other factors beyond our control, which may cause our operating results to fluctuate from quarter to quarter.
- We rely on proprietary rights and intellectual property in conducting our business, which may not be adequately protected under current laws, and we may encounter disputes from time to time relating to our use of intellectual property of third parties.
- An active trading market for our common stock may not develop, and you may not be able to sell your common stock at or above the initial public offering price.
- Our stock price may be volatile, and you could lose all or part of your investment.
- We do not intend to pay cash dividends in the future.

Recent Developments

Preliminary Estimated Fiscal Year 2024 Results

A brief summary of certain of our preliminary unaudited financial results as of June 30, 2024 and for the year ended June 30, 2024 is set forth below. This summary is not meant to be a comprehensive statement of our financial results for these periods. The following financial data as of June 30, 2024 and for the year ended June 30, 2024 is preliminary and based upon our estimates, and actual results may differ from these estimates following the completion of our financial closing procedures and related adjustments.

As of June 30, 2024, we enrolled 2,187 students. Revenue for the year ended June 30, 2024, is expected to range from approximately $45.7 million to $46.5 million, as compared to $35.5 million for the year ended June 30, 2023. Operating income for the year ended June 30, 2024, is expected to range from approximately $7.3 million to $8.2 million, as compared to $3.6 million for the year ended June 30, 2023.

The preliminary financial data included in this document has been prepared by, and is the responsibility of, management. L J Soldinger Associates, LLC has not audited, reviewed, compiled, or applied agreed-upon procedures with respect to the preliminary financial data. Accordingly, L J Soldinger Associates, LLC does not express an opinion or any other form of assurance with respect thereto.

The preliminary estimated and actual results provided below do not represent a comprehensive statement of our financial results and should not be viewed as a substitute for unaudited financial statements prepared in accordance with GAAP. In addition, the preliminary estimates for the year ended June 30, 2024, are not necessarily indicative of the results to be achieved in any future period.

You should read this data together with our consolidated financial statements and related notes included in the consolidated financial statements as of June 30, 2023, and 2022 and for each of the two years in the periods then ended.

Corporate Information

Our principal executive offices are located at 701 W Avenue K, Suite 123, Lancaster, CA 93534 and our telephone number is (661) 940-9300. Our website address is *www.legacyed.com.* The information contained on our website is not incorporated by reference into this prospectus, and you should not consider any information contained on, or that can be accessed through, our website as part of this prospectus or in deciding whether to purchase our common shares.

Implications of Being an Emerging Growth Company

As a company with less than $1.235 billion in revenues during our last fiscal year, we qualify as an emerging growth company as defined in the Jumpstart Our Business Startups Act ("JOBS Act") enacted in 2012. As an emerging growth company, we expect to take advantage of reduced reporting requirements that are otherwise applicable to public companies. These provisions include, but are not limited to:

- being permitted to present only two years of audited financial statements, in addition to any required unaudited interim financial statements, with correspondingly reduced "Management's Discussion and Analysis of Financial Condition and Results of Operations" disclosure in this prospectus;
- not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, as amended ("Sarbanes-Oxley Act");
- reduced disclosure obligations regarding executive compensation in our periodic reports, proxy statements and registration statements; and
- exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved.

We may use these provisions until the last day of our fiscal year following the fifth anniversary of the completion of our initial public offering. However, if certain events occur prior to the end of such five-year period, including if we become a "large accelerated filer," our annual gross revenues exceed $1.235 billion or we issue more than $1.0 billion of non-convertible debt in any three-year period, we will cease to be an emerging growth company prior to the end of such five-year period.

The JOBS Act provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. As an emerging growth company, we intend to take advantage of an extended transition period for complying with new or revised accounting standards as permitted by The JOBS Act.

To the extent that we continue to qualify as a "smaller reporting company," as such term is defined in Rule 12b-2 under the Exchange Act after we cease to qualify as an emerging growth company, certain of the exemptions available to us as an emerging growth company may continue to be available to us as a smaller reporting company, including: (i) not being required to comply with the auditor attestation requirements of Section 404(b) of the Sarbanes Oxley Act; (ii) scaled executive compensation disclosures; and (iii) the requirement to provide only two years of audited financial statements, instead of three years.

The Offering

Issuer:	Legacy Education Inc.
Common stock offered by us	shares of common stock, $0.001 par value per share.
Common stock outstanding before this offering	shares.
Over-allotment option	The underwriters have an option for a period of 30 days to acquire up to an additional shares of common stock from us at the initial public offering price, less the underwriting discount, solely for the purpose of covering over-allotments, if any.

Shares of common stock to be outstanding after this offering [1]	shares (or shares if the underwriters exercise the option to purchase additional shares in full).
Use of proceeds	We estimate that we will receive net proceeds of approximately $ million from our sale of common stock in this offering, or approximately $ million if the underwriters exercise their over-allotment option in full, assuming an initial public offering price of $ per share (the midpoint of the price range set forth on the cover page of this prospectus). We intend to use the net proceeds from this offering for investments at our facilities, the development of new programs and for working capital and general corporate purposes. We may use a portion of the proceeds to us for acquisitions of complementary businesses, technologies, or other assets; however, we have no commitments to use the proceeds from this offering for any such acquisitions or investments at this time. See "Use of Proceeds" for a more complete description of the intended use of proceeds from this offering.
Risk factors	You should read the "Risk Factors" section starting on page 10, in addition to other information in this prospectus for a discussion of factors you should carefully consider before deciding to invest in shares of our common stock.
Proposed NYSE American symbol	"LGCY"

(1) The number of shares of common stock to be outstanding after this offering is based on 18,582,298 shares of common stock issued and outstanding as of August 1, 2024, and excludes the following:

- 1,939,312 shares of common stock reserved for future issuance under our 2021 Equity Incentive Plan; and
- 3,647,988 shares of common stock underlying outstanding stock options at a weighted average exercise price of $1.63 per share.

Except as otherwise indicated herein, all information in this prospectus assumes the following:

- a -for-1 reverse stock split of our comment stock effected on , 2024 pursuant to which (i) every shares of outstanding common stock was decreased to one share of common stock, (ii) the number of shares of common stock for which each outstanding option to purchase common stock is exercisable was proportionally decreased on a 1-for basis and (iii) the exercise price of each outstanding option to purchase common stock was proportionally increased on a 1-for- basis (the "Reverse Stock Split"). No fractional shares will be issued as a result of the Reverse Stock Split. Any fractional shares resulting from the Reverse Stock Split shall be paid in cash; and
- no exercise of the underwriters' option to purchase up to an additional shares of common stock to cover allotments, if any.

Summary Financial Data

The following tables summarize our consolidated financial data. We have derived the summary consolidated statement of operations data for the year ended June 30, 2023 and 2022 as well as our balance sheet data as of June 30, 2023 from our audited consolidated financial statements included elsewhere in this prospectus. We have derived the summary consolidated statement of operations data for the nine months ended March 31, 2024 and 2023 and our balance sheet data as of March 31, 2024 from our unaudited interim consolidated financial statements included elsewhere in this prospectus. The unaudited interim consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements and reflect, in the opinion of management, all adjustments of a normal, recurring nature that are necessary for a fair presentation of the unaudited interim consolidated financial statements. Our historical results are not necessarily indicative of the results that may be expected in the future, and the results in the nine months ended March 31, 2024 are not necessarily indicative of results to be expected for the full year or any other periodThe following summary financial data should be read in conjunction with the section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our audited consolidated financial statements and related notes included elsewhere in this prospectus.

Consolidated Statement of Operations Data:

	Years Ended June 30,		Nine Months Ended March 31, (unaudited)	
	2023	2022	2024	2023
Revenue	$ 35,455,948	$ 30,704,058	$ 33,247,896	25,946,084
Operating Income	$ 3,621,637	$ 3,224,364	$ 5,384,298	2,537,248
Net Income	$ 2,666,739	$ 2,337,286	$ 4,153,508	1,871,976
Basic net income (loss) per share	$ 0.14	$ 0.13	$ 0.22	$ 0.10
Diluted net income (loss) per share	$ 0.14	$ 0.12	$ 0.21	$ 0.10
Basic weighted average shares outstanding	18,433,897	18,438,435	18,582,298	18,408,965
Diluted weighted average shares outstanding	19,233,897	19,444,268	19,382,298	19,414,798

Consolidated Balance Sheet Data:

	As of March 31, 2024 (Unaudited)	
	Actual	As Adjusted[1]
Cash and cash equivalents	$ 11,411,483	
Working capital	$ 12,316,190	
Total assets	$ 31,886,025	

Total current liabilities	$	9,609,849
Total stockholders' equity	$	19,578,792

(1) As adjusted balance sheet data reflects our sale of shares of common stock in this offering at an assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, after deducting underwriting discounts and commissions and estimated offering expenses payable by us. As adjusted balance sheet data is illustrative only and will change based on the actual initial public offering price and other terms of this offering determined at pricing. Each $1.00 increase or decrease in the assumed initial public offering price of $ per share, the midpoint of the price range set forth on the cover page of this prospectus, would increase or decrease as adjusted cash, total assets and total stockholders' equity by approximately $ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us. We may also increase or decrease the number of shares we are offering. A 1,000,000 share increase or decrease in the number of shares offered by us would increase or decrease as adjusted cash, total assets and total stockholders' equity by approximately $ million, assuming that the assumed initial price to public remains the same, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us. These unaudited adjustments are based upon available information and certain assumptions we believe are reasonable under the circumstances.

RISK FACTORS

Any investment in our shares of common stock involves a high degree of risk. Investors should carefully consider the risks described below and all of the information contained in this prospectus before deciding whether to purchase our common shares. Our business, financial condition or results of operations could be materially adversely affected by these risks if any of them actually occur. This prospectus also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks we face as described below and elsewhere in this prospectus. See "Cautionary Statement Regarding Forward-Looking Statements."

Risks Related to the Highly Regulated Field in Which We Operate

If our institutions fail to comply with the extensive educational regulatory requirements applicable to our business, we could incur financial penalties, restrictions on our operations, loss of federal and state financial aid funding for our students, loss of accreditation, or loss of our authorization to operate our institutions or our educational programs.

As a provider of postsecondary education, we are subject to extensive regulation by federal, state, and accrediting agencies. The applicable educational regulatory requirements cover virtually all phases of the operations of our institutions, including, but not limited to, educational program offerings, facilities, instructional and administrative staff, administrative procedures, marketing and recruiting, financial operations, data security and privacy, adequacy and substantiation of graduation and job placement rates and other student outcomes, distribution of information to current and prospective students, professional licensure requirements, payment of refunds to students who withdraw, the receipt of federal and state financial aid by our students (including institutional, programmatic, and student eligibility requirements), private and institutional loan programs, distance education, third party servicers, written arrangements with other institutions or organizations to provide some or all of an educational program, student complaints, student services, student admissions, transfer of academic credits, acquisitions or openings of new institutions, additions of new campuses and educational programs, closure or relocation of existing locations, and changes in corporate structure and ownership.

Each of our institutions (HDMC, CCC, and Integrity) participates in the federal student aid programs authorized by Title IV of the Higher Education Act of 1965 ("HEA"), as amended ("Title IV Programs"), as well as other federal and state financial aid programs and are subject to extensive regulation by the U.S. Department of Education ("ED"), other federal and state educational agencies and accreditors. CCC and HDMC are approved to offer, and must comply with applicable requirements related to, veterans education assistance administered by the Department of Veterans Affairs ("VA"), Cal Grants administered by the California Student Aid Commission, and funds administered under the Workforce Innovation and Opportunity Act. We derive a substantial portion of our revenue and cash flows from the Title IV Programs and a significant portion of our students rely on financial aid received under the Title IV Programs in order to attend our institutions. To qualify as an eligible institution to participate in the Title IV Programs, an institution must among other things receive and maintain authorization by the appropriate state education agencies, be accredited by an accreditor recognized by ED, and be certified by ED as an eligible institution.

The laws, regulations, standards and policies of our regulators change periodically and are subject to new and changing interpretation by our regulators. Changes in, or new interpretations of, applicable laws, regulations, standards, or policies, or our failure to comply with those laws, regulations, standards, or policies could have a material adverse effect on our receipt of funds under the Title IV Programs and other federal and state financial aid programs, the accreditation of our institutions and programs, the authorization of our institutions to operate in various states, our permissible activities or our costs of doing business. We cannot predict with certainty how all of the requirements applied by our regulators will be interpreted or whether our institutions will be able to comply with these requirements in the future. Given the complex nature of these requirements and the fact that they are subject to interpretation, it is possible that we may inadvertently violate these laws, regulations, standards, or policies.

If we are found to have violated any applicable laws, regulations, standards or policies, we may be subject to the following sanctions, among others, imposed by any one or more regulatory agencies or other government bodies who regulate us and our schools:

- imposition of monetary fines or penalties, including imposition of a requirement to submit a substantial letter of credit or other form of financial protection;
- repayment of funds received under the Title IV Programs or other federal or state financial aid programs the amounts of which could be material;
- restrictions on, or termination, revocation, or nonrenewal of, the eligibility of one or more of our institutions or one or more of their locations or programs to participate in the Title IV Programs or other federal or state financial aid programs;
- limits on, or termination, revocation, or nonrenewal of, our authorizations to operate our institutions in one or more states or ability to grant degrees, diplomas and certificates;
- restrictions on, or termination, revocation or nonrenewal of, our institutions' approvals and/or accreditations or the approval and/or accreditation of one or more of our locations or programs;
- limitations on our operations including, but not limited to, our ability to open new institutions or locations (i.e., campuses), offer new programs, change the length of our existing programs, or increase enrollment levels or amounts of funding received from Title IV or other financial assistance programs;
- costly investigations, litigation or other adversarial proceedings; and
- civil or criminal penalties being levied against us or our institutions.

In addition, findings or allegations of noncompliance may subject us to *qui tam* lawsuits under the Federal False Claims Act, under which private plaintiffs seek to enforce remedies on behalf of the U.S. and, if successful, are entitled to recover their costs and to receive a portion of any amounts recovered by the U.S. in the lawsuit. The U.S. can also bring a Federal False Claims Act claim on its own behalf, and in either instance, a party found to have violated the Federal False Claims Act can be subject to treble damages. We may be subject to similar lawsuits brought under state false claims acts. We may also be subject to other types of lawsuits or claims by third parties. The costs of these proceedings may be significant, and we may not have sufficient resources to fund any material adverse outcomes.

Any penalties, repayment obligations, injunctions, restrictions, terminations, revocations, nonrenewal, lawsuits or other sanctions or conditions could have a material adverse effect on our business, financial condition, results of operations and cash flows. If any of our institutions lose or experience limitations on their Title IV Program eligibility, we would experience a dramatic decline in revenue, and we would be unable to continue our business as it currently is conducted.

Any failure to comply with state laws and regulatory requirements, including educational regulations, or new state legislative or regulatory initiatives affecting our institutions, could have a material adverse effect on our total student enrollment, results of operations, financial condition and cash flows.

Our institutions are subject to the educational laws and regulations of the State of California where our physical campuses are located. We also may be subject to the educational laws of other states if we acquire a new institution in the state or if one of our institutions adds a new campus in the state or otherwise conducts other operations in the state covered by applicable state educational law including, but not limited to, student recruitment, advertising or certain types of distance education. State educational laws establish standards and requirements for, among other things, student instruction, faculty qualifications, campuses and facilities, educational programs, financial stability, administrative staff, marketing and recruiting, distribution of information to current and prospective students, payment of refunds to students who withdraw, private and institutional loans, distance education, student services, student complaints, student admissions, transfer of academic credits, substantive changes, acquisitions, and policies and minimum graduation and job placement outcomes for institutions and/or their individual educational programs. Our institutions are authorized to operate by the California Bureau for Private Postsecondary Education ("BPPE"). We also may be required to obtain approvals and comply with requirements of state agencies that regulate certain occupational educational programs such as, for example, VN and phlebotomy. The California Board of Registered Nurses approves the Associate degree of Nursing program at HDMC. The VN programs at HDMC and Integrity are approved by BVNPT. The phlebotomy programs at HDMC and CCC are approved by California Department of Public Health. In addition, we are subject to state consumer protection laws.

Attorneys general in many states have become more active in enforcing consumer protection laws, including, for example, laws related to marketing, advertising and recruiting practices and the financing of education at for-profit educational institutions. Further, some state attorneys general have partnered with the Consumer Financial Protection Bureau ("CFPB"), the Federal Trade Commission ("FTC"), and other federal and state agencies to review industry practices and collaborate on enforcement actions against educational institutions. These actions increase the likelihood of scrutiny of marketing, advertising, recruiting, financing, and other practices of educational institutions and may result in unforeseen consequences, increasing risk and making our operating environment more challenging.

Adverse media coverage regarding the allegations of state consumer protection law violations by us or other for-profit education companies could damage our reputation, result in decreased enrollments, revenues and profitability, and have a negative impact on our stock price. Such coverage could also result in continued scrutiny and regulation by ED, Congress, accreditors, state legislatures, state attorneys general or other governmental authorities of us and other for-profit educational institutions.

State education laws and regulations may limit our campuses' ability to operate or to award degrees, diplomas, or certificates or offer new programs. Moreover, under the HEA, authorization by state education agencies is necessary to maintain eligibility to participate in the Title IV Programs. ED regulations also require institutions offering postsecondary education through distance education to students located in a state in which the institution is not physically located (as determined by the institution at the time of a student's initial enrollment and, if applicable, upon formal receipt of information from the student that their location has changed to another state) to meet state educational requirements in that state or participate in a state authorization reciprocity agreement in order to disburse Title IV funds to such students. We have obtained approval to offer portions of our programs via distance education from ACCET for HDMC and CCC, ABHES for Integrity, and from the BPPE for HDMC, CCC, and Integrity. The State of California does not, however, presently participate in any state authorization reciprocity agreement whereby our institutions may offer programs via distance education to students located in other states without our obtaining applicable authorizations from those other states. Our institutions presently do not have any state postsecondary authorizations outside of California.

In addition, an institution must make disclosures readily available to enrolled and prospective students regarding whether programs leading to professional licensure or certification meet state educational requirements, and provide a direct disclosure to students in writing if the program leading to professional licensure or certification does not meet state educational requirements in the state in which the student is located (which is only California for our current students). Under ED's rules effective July 1, 2024, an institution must certify that its programs satisfy the applicable educational requirements for professional licensure or certification needed to practice or find employment in an occupation for which the program prepares a student in the state in which the school or where a student is located or intends to seek employment (which, although our current students are located in California, could be a state other than California and could require us to refrain from enrolling students in a state if our program does not satisfy the applicable educational requirements in the state). ED also commenced a negotiated rulemaking process to develop new regulations on topics that include state authorization and convened a negotiated rulemaking committee to consider proposals from January through March 2024. On July 17, 2024, ED announced that proposed rules related to cash management, state authorization and accreditation will be published by next year. We cannot predict the ultimate timing or content of any new regulations that might emerge from this process. See Risk Factors at "*Additional ED or other rulemaking could materially and adversely affect our operations, business, results of operations, financial condition and cash flows."*

State legislatures often consider legislation affecting regulation of postsecondary educational institutions. Our institutions are located in California which has expansive laws and regulations impacting for-profit schools like our institutions. Enactment of this legislation and ensuing regulations, or changes in interpretation of existing regulations, may impose substantial costs on our institutions and require them to modify their operations in order to comply with the new regulations.

If we are unable to comply with applicable past, current or future state education, consumer protection, licensing, authorization or other requirements, or determine that we are unable to cost effectively comply with new or revised requirements, we could be subject to loss of state authorization and to monetary fines or penalties or limitations on the manner in which we conduct our business, or we could lose enrollments, eligibility to participate in the Title IV Programs and revenues, in any affected states, which could materially affect our results of operations and our growth opportunities.

If one or more of our institutions fails to maintain institutional accreditation, or if certain of our programs cannot obtain or maintain programmatic accreditation, our student enrollments would diminish and our business would suffer.

Institutional Accreditation. In the U.S., accrediting agencies are non-governmental entities that periodically review the academic quality of an institution's instructional programs and its administrative and financial operations to ensure the institution has the resources to perform its educational mission. Accrediting agencies impose standards that extend to most aspects of an institution's operations and educational programs including, but not limited to, requirements to maintain threshold graduation and job placement rates for its educational programs. ED requires an institution to be accredited by an ED-recognized accrediting agency in order for the institution to participate in the Title IV Programs. HDMC and CCC are currently accredited by ACCET through April 2029 and April 2025, respectively. Integrity is accredited by ABHES through February 2026. ACCET and ABHES are ED-recognized accrediting agencies. The failure to comply with accreditation standards could subject an institution to additional oversight and reporting requirements, accreditation proceedings such as a show-cause directive, an action to defer or deny action related to an institution's application for a new grant of

accreditation, or an action to suspend or revoke an institution's accreditation or a program's approval. If our institutions or programs are subject to negative accreditation actions or are placed on probationary accreditation status, we may experience adverse publicity, impaired ability to attract and retain students, and substantial expense to obtain unqualified accreditation status. The inability to obtain reaccreditation following periodic reviews or any final loss of institutional accreditation after exhaustion of the administrative agency processes would result in a loss of Title IV Program funds and state authorization for the affected institution. Such events and any related claims brought against us could have a material adverse impact on our business, reputation, financial condition, results of operations and cash flows.

Programmatic Accreditation. Many states and professional associations require professional programs to be accredited. While programmatic accreditation is not a sufficient basis to qualify for institutional Title IV Program certification, programmatic accreditation may improve employment opportunities for program graduates in their chosen field. Moreover, ED requires an institution to hold programmatic accreditation for an educational program if required by a state or federal agency (including as a condition of employment in the occupation for which the institutional program prepares the students). The veterinary technology program at CCC is accredited by the American Veterinary Medical Association. Integrity's Registered Nurse to Bachelor of Science in Nursing holds pre-accreditation candidacy status from the Commission for Nursing Education Accreditation. Those of our programs that do not have such programmatic accreditation, where available, or fail to maintain such accreditation, may experience adverse publicity, loss of access to Title IV funds, declining enrollments, litigation or other claims from students or suffer other adverse impacts, which could result in it being impractical for us to continue offering such programs.

ED Recognition of Accrediting Agencies. Our participation in Title IV Programs is dependent on ED continuing to recognize the accrediting agencies that accredit our colleges and universities. Each of our institutions currently are accredited by an ED-recognized accrediting agency. The standards and practices of these agencies have become a focus of attention by state attorneys general, members of Congress, ED's Office of Inspector General and ED over recent years, and are the subject of upcoming rulemaking. ED held negotiated rulemaking sessions between January and March 2024, and the negotiators did not reach consensus on proposed language. On July 17, 2024, ED announced that proposed rules related to cash management, state authorization and accreditation will be published by next year. ED has indicated during negotiated rulemaking its intent to require accreditors to take action against institutions more promptly when accreditors identify noncompliance and to modify accreditor review of substantive changes and limit the time an institution can remain in noncompliance with accrediting agency standards, which could increase the amount of enforcement activities by accrediting agencies against institutions like ours. ED also proposed expanding requirements related to accrediting agencies' conflict of interest policies and student achievement standards, for example.

This focus may make the accreditation review process longer and potentially more challenging for our institutions when they undergo their normal accreditation review processes. It may also make the process by which ED evaluates and recognizes accreditors as appropriate Title IV Program gatekeepers longer and more challenging for our accreditors. ED recognized accreditors are facing increased political pressure as part of this recognition process to apply heightened levels of scrutiny or review and/or apply new requirements or standards to for-profit institutions. These pressures may result in future modifications to accreditation criteria, practices or other policies and procedures, with which our institutions may not be able to comply. If ED withdraws recognition from ACCET and/or ABHES, ED may continue our schools' eligibility for a period of up to 18 months from the date of the withdrawal of recognition, and our schools could apply for accreditation from other ED-recognized accrediting agencies. ED could impose provisional certification and other conditions and restrictions on our schools during this period. If ACCET and/or ABHES lose recognition from ED and our schools are unable to obtain accreditation from a different ED-recognized accrediting agency in the required time period, our schools could lose eligibility to participate in Title IV Programs.

Congress may revise the laws governing the Title IV Programs or reduce funding for those programs which could reduce our enrollment and revenue and increase costs of operations.

The U.S. Congress must periodically reauthorize the HEA and other laws governing the Title IV Programs and annually determine the funding level for each Title IV Program, and may pass new laws or revise existing laws at any time. Political and budgetary concerns significantly affect the Title IV Programs. We cannot predict when or whether Congress will consider or vote on legislation to reauthorize the HEA or to create new laws or revise existing laws. Furthermore, we cannot predict with any certainty the outcome of the HEA reauthorization process nor the extent to which any legislation that Congress could adopt at any time could materially affect our business, financial condition and results of operations. However, recent elections have increased the number and influence of legislators and regulators who have been critical of the for-profit postsecondary education sector that includes our institutions, which has led and could continue to lead to significant legislative changes in connection with amendments to the HEA, annual appropriations, or other changes to laws, that have been and may continue to be adverse to our institutions and other for-profit institutions. Moreover, current requirements for student or school participation in Title IV Programs may change or one or more of the present Title IV Programs could be replaced by other programs with materially different student or school eligibility requirements. For example, the American Rescue Plan Act of 2021 ("ARPA") was signed into law in March 2021 and included, among other things, a provision that amended the 90/10 Rule (as defined herein) in the HEA. See "Risk Factors - *Our institutions could lose their eligibility to participate in federal student financial aid programs if the percentage of their revenues derived from applicable federal student aid programs is too high."* If we cannot comply with the provisions of the HEA, as they may be enforced or amended, or if the cost of such compliance is excessive, or if funding is materially reduced, our revenues or profit margin could be materially adversely affected.

Additional ED or other rulemaking could materially and adversely affect our operations, business, results of operations, financial condition and cash flows.

ED has promulgated a substantial number of new regulations in recent years that impact our business, including, but not limited to, the "borrower defense to repayment" regulations discussed in the risk factors below, as well as rules regarding compensation for persons engaged in certain aspects of admissions and financial aid, state authorization, clock and credit hours, prohibitions on "substantial misrepresentations," gainful employment, certification procedures, financial responsibility, administrative capability, ability to benefit, closed school loan discharges, the 90/10 Rule, changes in ownership, Title IX, and other topics. These and other regulations have had significant impacts on our business, requiring a large number of reporting and operational changes and resulting in changes to and elimination of certain educational programs.

Future regulatory actions by ED or other agencies that regulate our institutions are likely to occur and to have significant impacts on our business, require us to change our business practices and incur costs of compliance and of developing and implementing changes in operations, as has been the case with past regulatory changes. Recent and upcoming elections may result in changes at ED and other federal agencies that are likely to lead to future regulatory actions that could be aimed at for-profit postsecondary institutions like our institutions. See "Risk Factors - *Our institutions could lose their eligibility to participate in federal student financial aid programs if the percentage of their revenues derived from applicable federal student aid programs is too high."* In October through December 2023, ED conducted negotiated rulemaking to develop new regulations related to student debt relief. In addition, in January through March 2024, ED conducted negotiated rulemaking to prepare proposed regulations on a variety of topics including, but not limited to cash management, state authorization, distance education, return of Title IV, and accreditation. On July 24, 2024, ED published proposed regulations in the Federal Register, related to return of Title IV calculations and distance education. Our institutions are required to perform return of Title IV calculations and the upcoming final version of the regulations may impact our performance of these mandatory calculations. If our institutions begin offering distance education programs, the proposed rules on distance education could impact our reporting requirements and our performance of the return of Title IV calculations. If ED publishes final regulations by November 1, 2024, the regulations typically would have a general effective date of July 1, 2025. On July 17, 2024, ED announced that proposed rules related to cash management, state authorization and accreditation will be published by next year. We cannot predict the ultimate timing, content and effective date of the regulations that will emerge from these processes. ED could consider additional topics for proposed regulations during the rulemaking process or by initiating additional rulemaking processes. On July 17, 2024, ED announced that it will conduct negotiated rulemaking on third-party servicer requirements for institutions and servicers but did not provide a timeline. The negotiated rulemaking process is likely to lead to future ED regulations that could negatively impact schools like ours. ED also has announced its intention to propose regulations that would increase the information security requirements applicable to institutions participating in the Title IV Programs, including with respect to sensitive personal data residing in school information systems, but we cannot predict the ultimate timing, content, and impact of any regulations ED might propose and ultimately adopt.

We cannot predict with certainty the ultimate combined impact of the regulatory changes which have occurred in recent years, nor can we predict the effect of future legislative or regulatory action by federal, state or other agencies regulating our education programs or other aspects of our operations, how any resulting regulations will be interpreted or whether we and our institutions will be able to comply with these requirements in the future. Any such actions by legislative or regulatory bodies that affect our programs and operations could have a material adverse effect on our student population and our institutions, including the need to cease offering a number of programs.

ED's financial value transparency and gainful employment regulations may limit the programs we can offer students and increase our cost of operations.

In May 2021, ED announced its intention to initiate a rulemaking process on several topics, including gainful employment. On May 19, 2023, ED published a notice of proposed rulemaking on financial value transparency and gainful employment, and on October 10, 2023, ED published final regulations which became effective on July 1, 2024. Multiple lawsuits have been filed challenging these regulations, however, we cannot predict the outcome of these cases.

The financial value transparency and gainful employment regulations include standards for annually evaluating postsecondary educational programs based on the calculation of debt-to-earnings rates and an "earnings premium" measure. The rule establishes formulae for calculating these rates using data such as student debt, student earnings data, and median earnings data for working adults with only a high school diploma or GED, which the rule uses to compare to median earnings data of the institution's graduates. Under the regulations, ED will annually calculate and publish the debt-to-earnings rates and median earnings data for our educational programs. If these calculations show that any of our educational programs do not comply with debt-to-earnings or median earnings regulatory thresholds for two of three consecutive years, those educational programs would lose Title IV Program eligibility. ED also requires institutions to provide warnings to current and prospective students about programs in danger of losing of Title IV Program eligibility which could negatively impact our retention of current students and enrollment of new students in these programs. The regulations also require certifications and data reporting to ED and providing required student disclosures related to gainful employment. Some of the data ED will use to calculate the debt-to-earnings rates and earnings premium measures is not yet readily accessible to institutions. Therefore, it is difficult for us to predict how our institutions will perform under the new standards and the extent to which our programs could lose Title IV Program eligibility under the new standards. We also do not have control over some of the factors that could impact the rates and measures for our programs which could make it difficult to mitigate the impact of the regulations on our programs. However, the new regulations could require us to modify or eliminate programs to comply with the new regulations and could result in the loss of Title IV Program eligibility for our programs that fail to comply with the regulations which could have a material adverse effect on our student population and our revenues.

ED's "borrower defense to repayment" regulations may subject us to significant repayment liability to ED for discharged federal student loans, posting of substantial letters of credit and other requirements that could have a material adverse effect on us.

In 1994, pursuant to certain provisions of the Higher Education Act, ED published its first version of the "borrower defense to repayment" ("BDR") regulations which generally allow federal student loan borrowers to assert a defense to repaying their federal loans based on the conduct of the institution they attended. The amount of loans discharged by ED pursuant to an adjudicated BDR claim may be assessed by ED as a Title IV Program liability against the institution. On November 1, 2016, the Department adopted revised BDR regulations that became effective on July 1, 2017. Under the 2017 version of the BDR regulations, borrowers with federal student loans disbursed after July 1, 2017 can assert a defense to repayment and be eligible for relief based on a nondefault, favorable, contested judgement against the institution from a state or federal court; a claim that the institution failed to perform its obligations under a contract with the student or a claim the institution committed a "substantial misrepresentation" on which the borrower reasonably relied to his or her detriment. On September 23, 2019, the Department again revised its BDR regulations effective July 1, 2020, and created a distinct standard and process for BDR applications applicable to federal student loans first disbursed after July 1, 2020. Under the 2019 version of the BDR regulations, a borrower can assert a defense to repayment and be eligible for relief if the borrower establishes that the institution made a misrepresentation of material fact upon which the borrower reasonably relied in deciding to obtain their loan; the misrepresentation related to the borrower's enrollment or continuing enrollment at the institution or the provision of education services for which the loan was made; and the borrower was financially harmed by the misrepresentation.

On November 1, 2022, ED again revised the BDR regulations with an effective date of July 1, 2023. The 2022 version of the BDR regulations included amendments regarding, among other things, (i) acts or omissions by or on behalf of an institution of higher education a borrower may assert as a defense to repayment of certain Title IV Program loans; (ii) procedures for adjudicating borrower defense claims, and (iii) prohibiting the use of mandatory pre-dispute arbitration clauses and class action waivers in enrollment agreements and requiring disclosures of judicial and arbitration filings and awards pertaining to a borrower defense claim.

Among other things, the 2022 version of the BDR regulations also amended the processes for BDR applications received on or after, or that were pending with ED as of, July 1, 2023. The 2022 version of the BDR regulations applies the revised federal BDR standard to all BDR claims received on or after, or pending with the Secretary as of, July 1, 2023, but would not allow for recovery against institutions for discharged amounts first disbursed prior to July 1, 2023 unless the BDR claim would have been approved under the substantive BDR standard applicable to the time period in which the loan was disbursed as set forth in the prior versions of the BDR regulations. The defenses to repayment are based on certain acts or omissions, including misrepresentations, by an institution or a covered party. The regulations establish detailed procedures and standards for the loan discharge processes, including the information required for borrowers to receive a loan discharge, and the authority of ED to seek recovery from the institution of the amount of discharged loans. The 2022 version of the BDR regulations were to take effect on July 1, 2023, in addition to certain closed school loan discharge provisions part of the same rule, but are currently enjoined by the U.S. Court of Appeals for the Fifth Circuit pursuant to litigation captioned *Career Colleges and Schools of Texas v. U.S. Department of Education*, No. 23-50491. The Career Colleges and Schools of Texas ("CCST") filed a complaint challenging the regulations in February 2023. In April 2024, the Fifth Circuit granted a preliminary injunction to block enforcement of the 2022 version of the BDR regulations while the case is pending. Therefore, the 2022 version of the BDR regulations are not in effect, but the previous BDR regulations in effect prior to July 1, 2023, generally remain in effect in the meantime and apply different substantive standards and procedures based on when a BDR claimant's loans were disbursed. We cannot predict the outcome of this case or if and when the revised BDR regulations could take effect.

On June 22, 2022, ED reached a settlement with plaintiffs in the case titled *Sweet v. Cardona*, which was filed by student loan borrowers to challenge ED's adjudication of BDR claims. The settlement resulted in automatic relief of claims pending as of June 22, 2022 that were filed against institutions on a list of about 150 institutions named in the settlement agreement, which did not include any of our institutions. In addition, under the settlement, any borrower who filed a defense to repayment claim between June 22, 2022 and November 15, 2022 are "Post-Class Applicants" whose applications will be adjudicated under the 2016 version of the BDR regulations and will be decided by January 2026. HDMC received and timely responded to seven BDR applications from Post-Class Applicants. CCC and Integrity have not received any BDR applications from Post-Class Applicants. It is possible that we could receive BDR claims in the future. If we or our representatives are found to have engaged in certain acts or omissions under the broad definitions contained in the 2016 version of the BDR regulations, or other BDR regulations that could be in place in the future, we could be subject to substantial repayment obligations and subject to other sanctions.

The enjoined 2022 version of the BDR regulations, and the versions of the BDR regulations that are currently in effect and that could be in effect in the future, could have a material adverse effect on our business, financial condition, results of operations, and cash flows and result in the imposition of significant restrictions on us and our ability to operate, including a requirement that our institutions to submit a letter of credit based on expanded standards of financial responsibility. See "Risk Factors - *A failure to maintain compliance with ED's "financial responsibility" requirements would have negative impacts on our operations*."

The current ED administration has been more active in processing BDR applications and has recently distributed claims to institutions for an opportunity to respond to borrower allegations. ED may, on its own or in response to other constituencies, allocate additional resources to reviewing and adjudicating BDR applications from federal student loan borrowers. We cannot predict how many BDR applications have been filed by our former students, but if we receive such claims from ED, we may incur significant costs in responding to the borrower allegations and, if adjudicated as valid by ED, repaying the federal government for the amount of loans discharged pursuant to such claims.

A failure to maintain compliance with ED's "financial responsibility" requirements would have negative impacts on our operations.

All institutions participating in the Title IV Programs must satisfy specific standards of financial responsibility. ED evaluates institutions for compliance with these standards each year, based on the institution's annual audited financial statements, as well as following a change in ownership resulting in a change of control of the institution. The most significant financial responsibility measurement is the institution's composite score, which is calculated by ED based on three ratios:

- the equity ratio, which measures the institution's capital resources, ability to borrow and financial viability;
- the primary reserve ratio, which measures the institution's ability to support current operations from expendable resources; and
- the net income ratio, which measures the institution's ability to operate at a profit.

ED assigns a strength factor to the results of each of these ratios on a scale from negative 1.0 to positive 3.0, with negative 1.0 reflecting financial weakness and positive 3.0 reflecting financial strength. ED then assigns a weighting percentage to each ratio and adds the weighted scores for the three ratios together to produce a composite score for the institution. The composite score must be at least 1.5 for the institution to be deemed financially responsible without the need for further oversight. If an institution's composite score is below 1.5, but is at least 1.0, it is in a category denominated by ED as "the zone." Under ED regulations, institutions that are in the zone typically may be permitted by ED to continue to participate in the Title IV Programs by choosing one of two alternatives: 1) the "Zone Alternative" under which an institution is required to make disbursements to students under the Heightened Cash Monitoring 1 ("HCM1") payment method (or another payment method that differs from the standard advance payment method) and to notify ED within 10 days after the occurrence of certain oversight and financial events or 2) submit a letter of credit to ED equal to at least 50 percent of the Title IV Program funds received by the institution during its most recent fiscal year. ED permits an institution to participate under the "Zone Alternative" for a period of up to three consecutive fiscal years. Under the HCM1 payment method, the institution is required to make Title IV Program disbursements to eligible students and parents before it requests or receives funds for the amount of those disbursements from ED. Unlike the Heightened Cash Monitoring 2 ("HCM2") and the reimbursement payment methods, the HCM1 payment method typically does not require schools to submit documentation to ED and wait for ED approval before drawing down Title IV Program funds. Schools under HCM1, HCM2 or reimbursement payment methods must also pay any credit balances due to a student before drawing down funds for the amount of those disbursements from ED, even if the student or parent provides written authorization for the schools to hold the credit balance.

If an institution's composite score is below 1.0, the institution is considered by ED to lack financial responsibility. If ED determines that an institution does not satisfy ED's financial responsibility standards, depending on its composite score and other factors, that institution may establish its eligibility to participate in the Title IV Programs on an alternative basis by, among other things:

- posting a letter of credit in an amount equal to at least 50% of the total Title IV Program funds received by the institution during the institution's most recently completed fiscal year; or

- posting a letter of credit in an amount equal to at least 10% of the Title IV Program funds received by the institution during its most recently completed fiscal year accepting provisional certification; complying with additional ED monitoring requirements and agreeing to receive Title IV Program funds under an arrangement other than ED's standard advance funding arrangement.

If, in the future, we are required to satisfy ED's standards of financial responsibility on an alternative basis, including potentially by posting irrevocable letters of credit, we may not have the capacity to post these letters of credit which could result in sanctions including loss of Title IV Program eligibility.

ED annually evaluates the financial responsibility of HDMC, CCC, and Integrity on a consolidated basis. We have calculated our composite score for the 2023 fiscal year to be 3.0, however this score is subject to determination by ED based on its review of our consolidated audited financial statements for the 2023 fiscal year. However, if our composite scores in the future were to decrease, we may become subject to the additional requirements noted above or our Title IV Program eligibility could be affected. We cannot predict how long it will take the ED to make its determination or the outcome of its determination.

On October 31, 2023, ED published final regulations with a general effective date of July 1, 2024 that, among other things, amended the "general" standards of financial responsibility to revise the timeframe for institutions to submit annual audits, require reporting on the status of foreign entity owners, and add events that constitute a failure to demonstrate an institution is able to meet financial obligations. These regulations also modified the list of triggering events that could result in ED determining that the institution lacks financial responsibility and must submit to ED a letter of credit or other form of acceptable financial protection and accept other conditions on the institution's Title IV Program eligibility. The regulations create lists of mandatory triggering events and discretionary triggering events. An institution is not able to meet its financial or administrative obligations if a mandatory triggering event occurs. The mandatory triggering events include:

- an institution with a composite score of less than 1.5 has a recalculated composite score of less than 1.0 as determined by ED as a result of an institutional liability from a monetary award or judgment or settlement resulting from a legal proceeding;
- an institution (or an entity that has submitted financial statements to ED in connection with a change in ownership) is subject to a government enforcement action (sued by a federal or state authority or via a qui tam action) and the action has been pending for 120 days and no motion to dismiss is pending or has been granted;
- the institution's recalculated composite score is less than 1.0 after ED initiates action to recoup funds from institution after BDR claim decided in borrower's favor;
- an institution or entity that submitted an application with ED for a change of ownership has a recalculated composite score is less than 1.0 after a final monetary judgment, award or settlement that was entered against it at any point through the end of the second full fiscal year after the change of ownership;
- a proprietary institution with a composite score of less than 1.5 or that underwent a change of ownership in the current or previous fiscal year has a recalculated composite score of. less than 1.0 as determined by ED as a result of a withdrawal of owner's equity from the institution unless certain exceptions apply;
- at least half of Title IV funds in the institution's most recently completed fiscal year are for "failing" gainful employment programs;
- the institution is required to submit a teach-out plan due to financial concerns;
- the SEC takes certain actions against a publicly listed entity that directly or indirectly owns at least 50% of an institution or such entity fails to comply with certain filing requirements;
- the institution did not receive at least 10 percent of its revenue from sources other than Federal educational assistance as calculated under 90/10 rule during its most recently completed fiscal year;
- the institution's two most recent cohort default rates are 30 percent or greater, unless a pending appeal could reduce one of the rates
- the institution's composite score is less than 1.0 when recalculated to reflect the offset of distribution after a contribution;

- the institution or entity included in financial statements is subject to adverse or impermissible conditions under a financing arrangement as a result of ED action;
- the institution declares financial exigency to government agency or accrediting agency;
- the institution or an owner files for a receivership or is ordered to appoint a receiver.

ED also may determine that an institution lacks financial responsibility if one or more of the following discretionary triggering events occurs and the event is likely to have a significant adverse effect on the financial condition of the institution:

- a show cause or similar order from the institution's accrediting agency or a government authority;
- a notice from the institution's state authorizing or licensing agency of an intent to withdraw or terminate the institution's state authorization or licensure if the institution does not take steps to comply with state requirements;
- the institution (or an owner entity covered by the regulation) is subject to a default, delinquency, or other adverse creditor event, or to a condition not permitted under the regulation, under or related to a loan agreement or other financing arrangement or has a judgement awarding monetary relief entered against it that is subject to appeal or under appeal;
- there is a significant fluctuation in Pell Grant and/or Direct Loans received by an institution during a period of award years;
- high annual drop-out rates from the institution as determined by ED;
- ED requires the institutions to provide additional financial reporting due to a failure to meet financial responsibility standards or indicators of significant change in the financial condition of the institution;
- ED forms a group process to consider pending borrower defense to repayment claims that could be subject to recoupment;
- a program is discontinued that enrolls more than 25% of the institution's total enrolled students who receive Title IV Program funds;
- the institution closes a location that enrolls more than 25% of its total enrolled students who receive Title IV Program funds;
- the institution, or one of its programs, is cited by a State agency for failing to meet requirements;
- the institution, or one of its programs, loses eligibility to participate in another Federal educational assistance program;
- a publicly traded company that directly or indirectly owns at least 50% of the institution discloses in public securities exchange filing that it is under investigation for possible violation of law;
- the institution is cited by another federal agency and risks losing education assistance funds by that agency;
- the institution is required to submit a teach-out plan due to concerns other than those constituting a mandatory triggering event; or
- any other event or condition that ED finds is likely to have significant adverse effect on the financial condition of the institution.

The regulations require an institution to notify ED of the occurrence of a mandatory or discretionary triggering event and, in some cases, provide an opportunity to provide certain information to ED to demonstrate why the event does not establish the institution's lack of financial responsibility or require the submission of a letter of credit and impose other conditions or requirements. If more than one of these financial responsibility triggers occur, ED could impose separate letters of credit to address each triggering event.

The financial responsibility regulations could result in ED recalculating and reducing our composite score, on a retroactive basis, to account for ED estimates of potential losses under one or more of the extensive list of triggering circumstances and also could result in the imposition of conditions and requirements including a requirement to provide one or more letters of credit or other form of financial protection. It is difficult to predict the amount or duration of any letter of credit requirements that ED might impose under the regulation. The requirement to submit letters of credit or to accept other conditions or restrictions could have a material adverse effect on our schools' business and results of operations.

Accreditor and state regulatory requirements also address financial responsibility, and these requirements vary among agencies and also are different from ED requirements. Any developments relating to our satisfaction of ED's financial responsibility requirements may lead to additional focus or review by our accreditors or applicable state agencies regarding their respective financial responsibility requirements.

If our institutions fail to maintain financial responsibility, they could lose their eligibility to participate in the Title IV Programs, have that eligibility adversely conditioned or be subject to similar negative consequences under accreditor and state regulatory requirements, which would have a material adverse effect on our business. In particular, limitations on, or termination of, participation in the Title IV Programs as a result of the failure to demonstrate financial responsibility or administrative capability would limit students' access to Title IV Program funds, which would materially and adversely reduce the enrollments and revenues of our institutions.

A failure to maintain compliance with ED's "administrative capability" requirements would negatively impact our operations.

ED assesses the administrative capability of each institution that participates in the Title IV Programs under a series of separate standards. Failure to satisfy any of the standards may lead ED to find the institution ineligible to participate in the Title IV Programs or to place the institution on provisional certification as a condition of its participation and potentially impose fines or other sanctions. On October 31, 2023, ED published regulations revising and expanding its administrative capability standards. Those revisions took effect on July 1, 2024. The criteria for administrative capability include, among other things, that the institution:

- comply with all applicable federal student financial aid requirements;
- have capable and sufficient personnel to administer the Title IV Programs;
- administer the Title IV Programs with adequate checks and balances in its system of internal controls over financial reporting;

- divide the function of authorizing and disbursing or delivering Title IV Program funds so that no office has the responsibility for both functions;
- establish and maintain records required under the Title IV Programs regulations;
- develop and apply an adequate system to identify and resolve discrepancies in information from sources regarding a student's application for financial aid under the Title IV Programs;
- have acceptable methods of defining and measuring the satisfactory academic progress of its students;
- refer to the Office of the Inspector General any credible information indicating that any applicant, student, employee, third party servicer or other agent of the school has been engaged in any fraud or other illegal conduct involving the Title IV Programs;
- not be, and not have any principal or affiliate who is, debarred or suspended from federal contracting or engaging in activity that is cause for debarment or suspension;
- provide adequate financial aid counseling to its students;
- submit, in a timely manner, all reports and financial statements required by the Title IV Program regulations;
- provide adequate career services and geographically accessible clinical or externship opportunities to it students;
- disburses funds to students in a timely manner that best meets their needs;
- does not have programs that "fail" gainful employment rates and measures and that represent 50 percent or more of its total receipts under the Title IV Programs in the most recent award year;
- does not engage in substantial misrepresentations or aggressive and deceptive recruitment tactics; and
- not otherwise appear to lack administrative capability.

Failure by us to satisfy any of these or other administrative capability criteria could cause our institutions to be subject to sanctions or other actions by ED or to lose eligibility to participate in the Title IV Programs, which would have a significant impact on our business and results of operations.

Our institutions could be subject to liabilities and sanctions if they violate ED regulations and guidance limiting compensation to individuals and entities involved in certain recruiting, admissions or financial aid activities.

An institution participating in the Title IV Programs may not provide any commission, bonus or other incentive payment based directly or indirectly on success in securing enrollments or financial aid to any person or entity engaged in any student recruiting or admission activities or in making decisions regarding the awarding of Title IV Program funds. This statutory prohibition under the HEA, and as implemented by ED, applies to all institutional employees and service providers who are engaged in or responsible for any student recruitment or admission activity or making decisions regarding the award of financial aid. We cannot predict how ED will interpret and enforce the incentive compensation prohibition. The prohibition on incentive compensation has had and will continue to have a significant impact on the productivity of our employees, on the retention of our employees and on our business and results of operations. Failure to comply with the incentive compensation prohibition could result in loss of an institution's certification to participate in the Title IV Programs, limitations on Title IV Program participation or financial penalties. On July 17, 2024, ED announced it will issue guidance related to the incentive compensation rule no sooner than later this year, which could, among other things, modify existing published ED guidance related to the incentive compensation rule.

Our institutions could lose their eligibility to participate in the Title IV programs if the percentage of their revenues derived from applicable federal educational assistance programs is too high.

Under the HEA, a proprietary institution that derives more than 90% of its total revenue from the Title IV Programs or, for fiscal years beginning on or after January 1, 2023, from all federal educational assistance funds) for two consecutive fiscal years becomes immediately ineligible to participate in the Title IV Programs and may not reapply for eligibility until the end of at least two fiscal years ("90/10 Rule"). An institution whose receipts of applicable funds exceeds 90% of revenue for a single fiscal year will be placed on provisional certification, be required to notify ED and its students of the possibility of a loss of Title IV Program eligibility, and may be subject to other enforcement measures, including a requirement to submit a letter of credit. See "Business - Education Regulations - Financial Responsibility Standards." We have calculated the 90/10 Rule percentages for the 2023, 2022 and 2021 fiscal years as follows for HDMC, CCC and Integrity: HDMC 84.53%, 82.17% and 84.24%; CCC 74.48%, 72.34% and 71.18%; and Integrity 88.14%, 85.43%, and 89.47%, respectively. Our 90/10 calculations are subject to review and potential recalculation by ED. In addition, the 90/10 Rule is complex and there is some ambiguity in certain technical aspects of the calculation methodology under the 90/10 Rule. If ED comes out with additional guidance or interpretations that are different than our interpretations, ED could recalculate the 90/10 Rule percentages of our institutions, which could result in one or more of the percentages exceeding 90 percent. All of these calculations are subject to review, differing interpretations, and potential recalculation by ED which makes it more difficult for our institutions to comply with the 90/10 Rule. A loss of eligibility to participate in Title IV Programs for any of our institutions would have a significant impact on the rate at which our students enroll in our programs and on our business and results of operations. Moreover, if an institution violated the 90/10 Rule and became ineligible to participate in Title IV Programs but continued to disburse Title IV Program funds, ED would require the institution to repay all Title IV Program funds received by the institution after the effective date of the loss of eligibility.

The American Rescue Plan Act ("ARPA") amended the 90/10 Rule by treating other federal student financial assistance funds in the same manner as Title IV Program funds in the 90/10 Rule percentage. This amendment requires our institutions to limit the combined amount of Title IV Program funds and other federal student financial assistance funds in a fiscal year to no more than 90% in a fiscal year as calculated under the 90/10 Rule. ED published final regulations on the 90/10 Rule on October 28, 2022. The final regulations became effective July 1, 2023 and applied to fiscal years beginning on or after January 1, 2023 (which will be the fiscal years ending June 30, 2024 for our schools). The new rule modified how institutions counted revenue when calculating compliance with the 90/10 Rule, and added a requirement to notify students of the potential loss of eligibility resulting from not meeting the 90/10 standard, among other changes. ED has published a Notice in the Federal Register listing the types of funds that are considered federal education assistance funds under the new 90/10 Rule. The funds include GI Bill funding and Military Tuition Assistance, among other sources of funds. We expect the change in the 90/10 Rule will increase our 90/10 Rule percentages and make it more difficult to comply with the 90/10 Rule and could require changes to maintain compliance.

Additional ED regulations restrict the ability of institutions to limit the amount of Title IV Program loans that students and parents may borrow which can impact our

ability to control compliance with the 90/10 Rule at our institutions. In addition, there is a lack of clarity regarding some of the technical aspects of the calculation methodology under the 90/10 Rule, which may lead to regulatory action or investigations by ED. Changes in, or new interpretations of, the calculation methodology or other industry practices under the 90/10 Rule could further significantly impact our compliance with the 90/10 Rule, and responding to any review or investigation by ED involving us could require a significant amount of resources. Efforts to reduce the 90/10 Rule percentage for our institutions have and may in the future involve taking measures that involve interpretations of the 90/10 Rule that are without clear precedent, reduce our revenue or increase our operating expenses (or all of the foregoing, in each case perhaps significantly). Because of the changes to the 90/10 Rule made by ARPA and ED, we may be required to make structural changes to our business to remain in compliance, which changes may materially alter the manner in which we conduct our business and materially and adversely impact our business, financial condition, results of operations and cash flows. Furthermore, these required changes could be unsuccessful and could make more difficult our ability to comply with other important regulatory requirements, such as the cohort default rate regulations.

However, we cannot predict the need or timing of any such changes, whether these changes would be successful in maintaining compliance with the 90/10 Rule or whether such changes will have other adverse effects on our business.

Our institutions could lose their eligibility to participate in the Title IV Programs or have other limitations placed upon them if their federal student loan cohort default rates are greater than the standards set by ED.

The HEA limits participation in the Title IV Programs by institutions whose percentage of former students who defaulted on the repayment of certain federally guaranteed or funded student loans (the "cohort default rate") exceeds prescribed thresholds. ED calculates these rates based on the number of students who have defaulted, not the dollar amount of such defaults. The cohort default rate is calculated on a federal fiscal year basis and measures the percentage of students who enter repayment of a loan during the federal fiscal year and default on the loan on or before the end of the federal fiscal year or the subsequent two federal fiscal years.

Under the HEA, an institution whose cohort default rate is 30% or greater for three consecutive federal fiscal years loses eligibility to participate in certain Title IV Programs for the remainder of the federal fiscal year in which ED determines that such institution has lost its eligibility and for the two subsequent federal fiscal years. An institution whose cohort default rate for any single federal fiscal year exceeds 40% loses its eligibility to participate in certain Title IV Programs for the remainder of the federal fiscal year in which ED determines that such institution has lost its eligibility and for the two subsequent federal fiscal years. If an institution's three-year cohort default rate equals or exceeds 30% in two of the three most recent federal fiscal years for which ED has issued cohort default rates, the institution may be placed on provisional certification status and could be required to submit a letter of credit to ED. See "Risk Factors - *A failure to maintain compliance with ED's "financial responsibility" requirements would have negative impacts on our operations*."

In October 2023, ED released the final cohort default rates for the 2020 federal fiscal year. These are the most recent final rates published by ED. The rates for our existing institutions for the 2020, 2019, and 2018 federal fiscal years respectively are as follows: HDMC 0.0%, 1.1%, and 3.4%; CCC 0.0%, 1.4%, and 2.5%; and Integrity 0.0%, 2.5%, and 4.0%. Consequently, none of our institutions had a cohort default rate equal to or greater than 30% for the 2020, 2019, or 2018 federal fiscal years. During the COVID-19 pandemic, ED temporarily suspended federal student loan repayment obligations. This suspension, which lasted over three years, contributed to a reduction in our cohort default rates. Our cohort default rates could be substantially higher for the periods after the suspension expired if borrowers do not timely repay their federal student loans.

If any of our institutions were to lose eligibility to participate in the Title IV Programs due to student loan default rates being higher than ED's thresholds and we could not arrange for adequate alternative student financing sources, we might have to close those institutions, which could have a material adverse effect on our total student enrollment, financial condition, results of operations and cash flows.

If ED denies, or significantly conditions, recertification of any of our institutions to participate in the Title IV Programs, that institution could not conduct its business as it is currently conducted.

Under the provisions of the HEA, an institution must apply to ED for continued certification to participate in the Title IV Programs at least every six years or when it undergoes a change in ownership resulting in a change of control. ED defines an institution to consist of both a main campus and its additional locations, if any. Under this definition, for ED purposes, we operate the following three institutions, collectively consisting of three main campuses and two additional locations: HDMC with locations in Lancaster, Bakersfield, and Temecula; CCC located in Salinas; and Integrity located in Pasadena. Generally, the recertification process includes a review by ED of an institution's educational programs and locations, administrative capability, financial responsibility and other oversight categories. The current expiration date of the program participation agreements for HDMC and CCC is September 30, 2026. Integrity is currently participating in the Title IV Programs under a temporary provisional program participation agreement in connection with its change in ownership and control resulting from our acquisition of the institution. The temporary provisional program participation agreement had an expiration date of November 30, 2020 but continues on a month-to-month basis thereafter based on the institution's submission to ED of certain required documentation and remains in effect until the conclusion of ED's review of Integrity's pending application for approval of its change in ownership and control.

ED typically provides provisional certification to an institution following a change in ownership resulting in a change of control and also may provisionally certify an institution for other reasons, including, but not limited to, noncompliance with certain standards of administrative capability and financial responsibility. Our Integrity institution is currently approved under a temporary provisional program participation agreement which (as described in the subsequent section) permits an institution to continue participating in the Title IV Programs on a month-to-month basis while ED reviews the change in ownership and as long as the institution timely submits certain documentation to ED during the process. An institution that is provisionally certified receives fewer due process rights than those received by other institutions in the event ED takes certain adverse actions against the institution, is required to obtain prior ED approvals of new campuses and educational programs and may be subject to heightened scrutiny by ED. However, provisional certification does not otherwise limit an institution's access to Title IV Program funds.

On October 31, 2023, ED published a final rule revising its Title IV Program certification regulations, with an effective date of July 1, 2024. The rule codifies additional grounds for placing an institution on provisional certification, including a determination by ED that an institution is at risk of closure and ED's consideration of supplementary performance measures that include an institution's withdrawal rate, recruiting expenses, and licensure pass rate. The revised certification regulations also increase the number of requirements contained in an institution's Program Participation Agreement (including, for example, a requirement to comply with all state laws related to closure), require certain ownership entities to sign the Program Participation Agreement, establish new standards for maximum program length (including a prohibition on the length of certain educational programs from exceeding the required minimum number of hours established by applicable state(s) for entry-level training requirements for the occupation for which the programs train students), require certification that an institution's programs meet applicable educational requirements for graduates to obtain required occupational licensure or certification in a state, and restricts the ability of institutions to withhold transcripts. The revised regulations also impose new potential conditions on provisionally certified institutions, including but not limited to the submission of teach-out and/or document retention plans, growth restrictions, acquisition restrictions, additional reporting requirements, limitations on written arrangements, and additional conditions applicable to institutions found to have engaged in substantial misrepresentations or institutions seeking to convert to nonprofit status following a change in ownership. The revised certification regulations are expansive, complex and could be difficult for our institutions to comply with as its applicable requirements are interpreted by ED. If ED finds that any of our institutions do not fully satisfy all required eligibility and certification standards, ED could limit, condition, suspend, terminate, revoke, or decline to renew our institutions' participation in the Title IV Programs or impose liabilities or other sanctions. Continued Title IV Program eligibility is critical to the operation of our business. If our institutions become ineligible to participate in the Title IV Programs, or have that participation significantly conditioned, we may be unable to conduct our business as it is currently conducted which would have a material adverse effect on our business, financial condition, results of operations and cash flows.

If we acquire an institution, the acquisition generally constitutes a change in ownership and control that requires the institution to obtain approvals from ED and applicable state and accrediting agencies in order to remain eligible to participate in the Title IV Programs and continue to operate as an accredited institution in the states where the institution operates.

When a company acquires an institution that is eligible to participate in the Title IV Programs, the acquisition generally will result in the institution undergoing a change of ownership resulting in a change of control as defined by ED and under the rules of other agencies and accreditors. Upon such a change, an institution's eligibility to participate in the Title IV Programs is generally suspended until it has applied for recertification by ED as an eligible school under its new ownership, which requires that the school also re-establish its state authorization and accreditation. ED may temporarily and provisionally certify an institution seeking approval of a change of control under certain circumstances while ED reviews the institution's application. The temporary provisional certification typically remains in effect on a month-to-month basis during ED's review of the application as long as the school timely submits certain documentation during the course of ED's review.

The time required for ED to act on such an application may vary substantially. ED recertification of an institution following a change of control will be on a provisional basis if ED approves the institution's application and could contain restrictions or conditions depending on the outcome of its review of the institution including its administrative capability and financial stability. Under ED regulations that took effect July 1, 2023, the institutions must submit certain information and documentation at least 90 days in advance of the change in ownership including, for example, notice to current and prospective students of the planned change in ownership. The approval processes for state and accrediting agencies vary in scope and timing with some agencies requiring approval prior to the acquisition and others not conducting their review until after the acquisition has taken place. Thus, any plans to expand our business through acquisition of additional schools and have them certified by ED to participate in the Title IV Programs will be subject to the timing and outcome of the application, review and approval processes and requirements of ED and the relevant state education agencies and accreditors and could be impacted by any conditions or restrictions imposed by ED or other agencies on the institution under our ownership.

On December 31, 2019, we entered into a Membership Interest Purchase Agreement with the sole member of Integrity. We purchased from the sole member of Integrity on that date 24.5% of her interest and obtained an exclusive option to acquire her remaining membership interest upon payment of $100, which was exercised on September 15, 2020. For purposes of our financial statements, our acquisition of Integrity is deemed to have been effective as of December 31, 2019. We believe that a change in ownership and control of Integrity did not occur until September 15, 2020 under the change in ownership and control standards of ED and the other educational agencies that regulate Integrity, but these standards are subject to interpretation by the respective agencies. The review by ED of the change in ownership and control of Integrity in connection with our acquisition of Integrity remains ongoing. Integrity currently holds a temporary provisional program participation agreement with ED in connection with our acquisition of the institution, which has continued its Title IV Program participation on a month-to-month basis pending ED's approval of the change in ownership and control. If ED concludes that a change in ownership or control of Integrity occurred prior to September 15, 2020, we could be subject to liabilities or other sanctions by ED, which could have a material adverse effect on our business, financial condition, results of operations, and cash flows.

If we or one of our institutions undergoes a change in ownership or control, we may be required to obtain approval from ED and other regulatory agencies that oversee our institutions and may be subject to further conditions or restrictions as a result of the change.

In addition to school acquisitions, other types of transactions can also cause a change of control. ED, most of our state education agencies, our accreditors, and other regulators have standards pertaining to the change of control of schools, but these standards are not uniform. ED regulations describe some transactions that constitute a change of control, including the transfer of a controlling interest in the voting stock of an institution or the institution's parent corporation including our company. A significant purchase or disposition of our common stock could be determined by ED to be a change of control under this standard. On October 28, 2022, ED published a final rule revising its change in ownership regulations, which became effective July 1, 2023. The new requirements, such as requiring notice to ED and current and prospective students at least 90 days prior to a change in ownership, could make it more difficult to execute a change in ownership or an acquisition, which could make it less desirable to acquire an ownership interest in our Company, or which could result in conditions or restrictions as a result of a transaction involving us or an acquired institution. In addition, ED's revisions to its financial responsibility standards published on October 31, 2023 and effective July 1, 2024 impose additional financial tests, and potentially additional letter of credit requirements, related to changes in ownership.

On July 30, 2024, ED provided written confirmation that the offering as described would not constitute a change of control under its regulations. However, subsequent offerings, transactions or other events could be deemed to be a change of control in the future.

ED requires institutions to periodically report changes in ownership even when a change does not result in a change in control or require ED approval. While ED's regulations require reporting of owners holding at least a five percent ownership interest (as well as changes representing at least five percent but under 25 percent on a quarterly basis or sooner if the institution plans to undergo a change in ownership), the recently implemented overhaul of ED's electronic application system through which institutions report ownership request a disclosure of all owners regardless of their ownership percentage. The new electronic application also requests granular detail about reported owners. We may not have access to contemporaneous ownership information given the day-to-day fluctuations of trading on the public market. Access to information regarding Non-Objecting Beneficial Owners is expensive and this information is typically not current by the time obtained. Moreover, we cannot predict whether investors will timely report investments such that we could access accurate beneficial ownership information and even if investors do comply with reporting requirement, certain passive investors would not typically be reported until 45 days following our fiscal year end. We are as yet uncertain regarding our ability to timely obtain ownership information and timely report this information to ED. Failure to timely report ownership changes could result in adverse action by ED, or conditions or restrictions imposed by ED on one or more of our institutions.

Our institutions may encounter difficulty timely identifying and reporting to ED on the electronic application for each of our institutions of our approximately 400 owners following the initial public offering. Integrity may also encounter additional difficulty reporting ownership given ED has not yet approved the prior change in control of Integrity and, as a result, we could encounter difficult obtaining access to the electronic application. ED has informed us that it will only require us to report owners with a five percent or greater ownership interest in the Company although this guidance could change in the future and we could encounter difficulty identifying and timely reporting owners under current or future ED guidance. Our institutions will also be required to timely report any additional changes to ownership percentages and given the frequency such changes can occur for a publicly traded company, we may have difficulty timely complying with ED's reporting requirements. These difficulties could result in adverse action by ED, or conditions or restrictions imposed by ED on one or more of our institutions.

Most of our state education agencies, our accreditors, and other regulators include the sale of a controlling interest of common stock in the definition of a change of control although some agencies could determine that the sale or disposition of a smaller interest would result in a change of control. A change of control under the definition of one of these agencies would require the affected school to reaffirm its state authorization, accreditation, or other approval. Some agencies would require approval prior to a sale or disposition that would result in a change of control in order to maintain authorization or accreditation. The requirements to obtain such reaffirmation from the states and our accreditors vary widely.

If we decide to issue preferred stock or additional common stock in the future, this issuance could result in a change in ownership or control requiring regulatory approval. ED considers both control rights and beneficial ownership interest among other factors when evaluating whether a change in ownership resulting in a change in control has occurred. Similarly, changes to our board of directors or the right to appoint directors could result in a change in ownership or control requiring regulatory approval.

We also are in the process of verifying with education regulators (other than ED) and accreditors whether they will treat the offering as a change in ownership or control requiring agency approval. If agencies require us to obtain approvals in connection with the offering, we will be required to undergo an application process for approvals from the applicable agencies and could be subject to conditions or restrictions depending on the outcome of the approval process. We would be required to make or obtain notices and/or approvals prior to the offering from those agencies that require notice and/or approval to be made or obtained prior to the occurrence of a change in ownership or control. If we move forward with the offering without making or obtaining required pre-closing notices and approvals prior to the offering, we could be subject to sanctions by

the applicable agencies including loss of our approvals from these agencies.

With regard to the agencies that institutionally accredit our institutions or authorize them to operate in the state of California:

- **BPPE**: BPPE regulations require that institutions that are authorized based on their accredited status and which undergo a change in ownership timely submit notice of such change with accompanying documentation to demonstrate that the change was made in accordance with the applicable accreditation standards. If BPPE deems the offering to constitute a change in ownership under its regulations, it could require our institutions to undergo a notification and approval process before the offering takes place, or it may require only a notification and approval process after the offering. On August 8, 2024, BPPE responded to our request for guidance regarding a potential change of ownership process and stated that it would look to the determinations of ABHES and ACCET with respect to the offering. BPPE also requested that we provide either confirmations from ACCET and ABHES that the offering is not a change of control under their respective accreditation standards or, if it is considered to be a change of control, the approvals of that change from ACCET and ABHES, as applicable. As described below, ACHES has provided written confirmation that the offering as described would not constitute a change in legal status, ownership or control under its standards. Once we receive a response from ACCET, we will contact BPPE to obtain confirmation that our institutions need not undergo an approval process with BPPE prior to the offering.
- **ABHES**: ABHES accreditation standards require that institutions undergoing a change in legal status, ownership or control submit an application for approval of the change at least 90 days in advance, and that ABHES must approve the change before it takes place. ABHES accreditation standards also require institutions undergoing a change in legal status, ownership or control to submit an additional application within five days after the change, which would also be subject to ABHES approval. We requested guidance from ABHES regarding whether the offering as described will constitute a change in in legal status, ownership or control for the purposes of its accreditation standards. On August 12, 2024, ABHES provided written confirmation that the offering as described would not constitute a change in legal status, ownership or control under its standards.
- **ACCET**: ACCET accreditation standards require that institutions undergoing a change in ownership or control submit a notice at least ten days prior to such a change, and further submit an application for approval of such a change within ten days following the change.
  We have requested guidance from ACCET regarding whether the offering as described will constitute a change in ownership or control under its accreditation standards and confirmation no pre-offering approval would be required from ACCET, but to date have not received a response to that request. Even if ACCET determines the offering is not a change in ownership or control, it may require the submission of an application following the offering.

Other agencies may also require pre-closing notice, application, or approval (unless those agencies determine the offering is not a change of control requiring approval), including, for example, AVMA CVTEA (which requires submission of a substantive change report at least 60 days prior to the next CVTEA meeting and approval prior to closing), and the California Board of Registered Nursing. Other agencies that regulate our institutions have standards requiring post-closing notice and/or approval or no published standards, such as the VA, and other state boards, but these agencies may determine pre-closing notice and/or approval is required. We are in the process of initiating communications with our other education regulators and accreditors on this subject and have not received responses as to whether they will treat the offering as a change in ownership or control requiring agency approval. If we are required to go through a change of ownership and/or control review process with these agencies, one or more of these agencies could impose additional conditions or restrictions or delay or decline to issue an approval. If an agency does not require us to go through a change of ownership and/or control review process, we may be required to submit notices or other information to the agency which could result in further scrutiny or inquiries by the agency.

A change of control could occur as a result of future transactions in which the Company or our institutions are involved. Some corporate reorganizations and some changes in the board of directors of the Company are examples of such transactions. Once we become a publicly traded corporation, ED regulations provide that a change of control also could occur in one of at least two ways: (a) if a person acquires ownership and control of the corporation so that the corporation is required to file a Current Report on Form 8-K with the Securities and Exchange Commission disclosing the change of control or (b) if the corporation has a shareholder that owns at least 25% of the total outstanding voting stock of the corporation and is the largest shareholder of the corporation, and that shareholder ceases to own at least 25% of such stock or ceases to be the largest shareholder. These standards are subject to interpretation by ED.

Moreover, the potential adverse effects of a change of control could influence future decisions by us and our stockholders regarding the sale, purchase, transfer, issuance or redemption of our stock. In addition, the adverse regulatory effect of a change of control also could discourage bids for shares of our common stock and could have an adverse effect on the market price of our shares.

Our failure to comply with laws and regulations regarding prohibited misrepresentation could result in sanctions, liabilities or litigation that could have an adverse effect on our business and results of operations.

ED's regulations prohibit an institution that participates in the Title IV Programs from engaging in misrepresentations regarding the nature of its educational programs, financial charges, graduate employability or its relationship with ED. A "misrepresentation" includes any false, erroneous, or misleading statement (whether made in writing, visually, orally, or through other means) that is made by an eligible institution, by one of its representatives, or by a third party that provides to the institution educational programs, marketing, advertising, recruiting, or admissions services and that is made to a student, prospective student, any member of the public, an accrediting or state agency, or to ED. If ED determines that one of our institutions has engaged in "substantial misrepresentation," ED may impose sanctions or other conditions upon the institution including, but not limited to, initiating an action to fine the institution or limit, suspend, or terminate its eligibility to participate in the Title IV Programs and may seek to discharge students' loans and impose liabilities upon the institution. ED defines a "substantial misrepresentation" to include any misrepresentation on which the person to whom it was made could reasonably be expected to rely, or has reasonably relied, to that person's detriment. The definition of "substantial misrepresentation" is broad and, therefore, it is possible that a statement made by the institution or one of its service providers or representatives could be construed by ED to constitute a substantial misrepresentation. Other federal agencies, state agencies, and accrediting agencies have similar rules that prohibit certain types of misrepresentations or unfair marketing and advertising practices by us or others on our behalf on a variety of subjects including, without limitation, the accuracy and substantiation of rates of graduation, job placement, and passage of occupational licensure examinations. Noncompliance with these requirements could result in sanctions, liabilities, or third-party litigation that could have an adverse effect on our business and results of operations. ED published a final rule on November 1, 2022, which expanded the scope of prohibited misrepresentations, and which also prohibits certain types of conduct with respect to the recruitment of students. The adoption and implementation of new regulations could lead to findings of noncompliance and result in liabilities and other sanctions that could have an adverse effect on our business and results of operations.

In addition, the FTC has indicated an increased focus on direct or implied misrepresentations. For example, on October 6, 2021, the FTC issued letters including a "Notice of Penalty Offenses Concerning Deceptive or Unfair Conduct in the Education Marketplace" to 70 institutions of higher education, but not any of our institutions. These letters were meant to place the recipients on actual notice of conduct the FTC previously found to violate the Federal Trade Commission Act. This conduct included several categories of direct or implied misrepresentations made by proprietary schools. These letters may reflect an increased interest by the FTC in monitoring schools in the for-profit proprietary school sector, including our schools. If our institutions fail to comply with an FTC statute or rule or are found to have committed misconduct determined to be unfair, deceptive, or otherwise improper, we and our institutions could face civil penalties, injunctions, or other remedies available to the FTC.

If our institutions fail to comply with regulations regarding accurate and timely refunds and returns of Title IV Program funds in connection with students who withdraw from their programs, we could be subject to liabilities and sanctions.

An institution participating in the Title IV Programs must calculate the amount of unearned Title IV Program funds that have been disbursed to students who withdraw from their educational programs before completing them, and must return those unearned funds to ED in a timely manner, which is generally within 45 days from the date the institution determines that the student has withdrawn. The failure to timely return funds can result in liabilities or sanctions.

If an institution is cited in an audit or program review for late returns of Title IV Program funds for 5% or more of the pertinent students within the audit or program review sample, or if an audit identifies a material weakness in the institution's report on internal controls relating to the return of unearned Title IV Program funds, the institution may be required to post a letter of credit in favor of ED in an amount equal to 25% of the total amount of Title IV Program funds that should have been returned for

students who withdrew in the institution's prior fiscal year. Neither HDMC nor CCC has received such a finding in either of the two most recently completed annual Title IV Program compliance audits submitted to ED. On January 30, 2024, due to a failure to timely return unearned Title IV Program funds to ED, Integrity was required to submit an acceptable form of financial protection for 25% of the refunds that were made for the fiscal year ended June 30, 2023 in the amount of $18,828.

In January through March 2024, ED conducted negotiated rulemaking to prepare proposed regulations on several topics including the rules pertaining to returns of Title IV Program funds. On July 24, 2024, ED promulgated proposed amended regulations related to return of Title IV calculations. Our institutions are required to perform return of Title IV calculations and the final version of the amended regulations may impact our performance of these mandatory calculations. We cannot predict the ultimate timing, content and effective date of final amended regulations, or any future rulemaking process by ED that would result, though it is possible such future regulations are more onerous or could negatively impact our institutions.

If our institutions open new campuses or add or change new educational programs, we may be required to obtain approvals from ED and our state and accrediting agencies.

For-profit educational institutions must be authorized by their state education agencies and be fully operational for two years before applying to ED to participate in the Title IV Programs. However, an institution that is certified to participate in the Title IV Programs may establish an additional location and apply to participate in the Title IV Programs at that location without reference to the two-year requirement, if such additional location satisfies all other applicable ED eligibility requirements. Our expansion plans are based, in part, on our ability to open new schools as additional locations of our existing institutions and are dependent upon ED's timely review and approval of new campuses. Effective July 1, 2024, ED has discretion to condition the participation of provisionally certified schools by restricting or limiting the addition of new programs or locations. If ED chose to impose such a condition on one or more of our institutions, that could negatively impact our expansion plans.

A student may use Title IV Program funds only to pay the costs associated with enrollment in an eligible educational program offered by an institution participating in the Title IV Programs. Generally, unless otherwise required by ED or regulation, an institution that is eligible to participate in the Title IV Programs may add a new educational program without ED approval. Institutions that are provisionally certified may be required to obtain approval of certain educational programs. Our Integrity institution is provisionally certified and required to obtain prior ED approval of new locations and educational programs. If an institution erroneously determines that an educational program is eligible for purposes of the Title IV Programs, the institution would likely be liable for repayment of Title IV Program funds provided to students in that educational program. Our expansion plans are based, in part, on our ability to add new educational programs at our existing schools and make periodic updates to our programs.

In addition to ED, some of the state education agencies and our accreditors also have requirements that may affect our schools' ability to open a new campus, establish an additional location of an existing institution or add or change educational programs. Approval by these agencies may be conditioned, delayed or denied and could be negatively impacted due to regulatory inquiries or reviews and any adverse publicity relating to such matters or the industry generally.

On April 5, 2024, the Company executed a Letter of Intent with Contra Costa Medical Career College ("CCMCC"), CCMCC Online, Inc., and Contra Costa Community Outreach Clinic and Laboratory (collectively, "Contra Costa") which describes a potential transaction whereby the Company would acquire substantially all of the assets of Contra Costa for a mix of cash and Company common stock. The Company contemplates it would teach-out the Contra Costa students and subsequently establish CCMCC as an additional location of CCC, in each case subject to all required regulatory approvals and the execution of a definitive agreement with Contra Costa. If CCMCC incurs any liabilities associated with prior noncompliance with applicable laws or ED discharge of Title IV loans for students who do not complete the teach-out, ED could interpret its rules to require us to assume these liabilities. If ED or other regulators impose conditions or decline to provide requisite approvals associated with the acquisition, the teach-out, or the addition of the CCMCC campus as an additional location of CCC, it could impair our ability to expand our CCC institution through the acquisition of substantially all of the assets of Contra Costa

If our students' access to financial aid from state sources, from federal sources other than the Title IV Programs, or from alternative loan programs is lost or reduced, it could impact our results of operations.

Some of our students receive financial aid from federal sources other than the Title IV Programs, such as programs administered by the U.S. Department of Veterans Affairs and under the Workforce Innovation and Opportunity Act. In addition, some of our students receive state financial aid in the form of grants, loans or scholarships. The eligibility and compliance requirements for these federal and state financial aid programs are extensive and vary among the funding agencies and by program. Our failure to comply with legal requirements applicable to federal and state financial assistance programs could result in repayment liabilities, sanctions, or loss of eligibility to participate in those programs which could impact our results of operations and also impact our compliance with ED's 90/10 Rule which requires our institutions to generate revenues from sources other than the Title IV Programs and other federal financial assistance.

States that provide financial aid to our students face budgetary constraints, which in certain instances has reduced the level of state financial aid available to our students. Due to state budgetary shortfalls and constraints in certain states in which we operate, the overall level of state financial aid for our students could decrease in the near term, but we cannot predict how significant any such reductions will be or how long they will last. Federal budgetary shortfalls and constraints, or decisions by federal lawmakers to limit or prohibit access by our institutions or their students to federal financial aid, could result in a decrease in the level of federal financial aid for our students.

Under the WIOA, institutions currently must report data regarding credential attainment rates, job placement rates and other information and may be required to meet negotiated performance goals set by the state agency administering WIOA funds. On June 21, 2024, the U.S. Senate Health, Education, Labor and Pensions (HELP) Committee released a discussion draft of a bill to reauthorize the WIOA. Among other changes, the draft proposes to impose a repayment penalty on certain providers with eligible programs for which program competitors have not met the newly established credential attainment rates or job placement rates.

As currently proposed in the discussion draft bill, the repayment penalty would only apply to for-profit entities. If any of our institutions' programs that receive WIOA funds do not meet the established performance levels and if the draft becomes law, our institutions could be required to repay between 5 and 20 percent of the WIOA funds received for training services for that program. If our participating institutions and their programs were to not meet other WIOA requirements, they would risk losing eligibility to participate in the program. Further, reauthorization of the WIOA could result in changes to the process for determining funding for its programs, which could affect our institutions' revenues.

In addition to the Title IV Programs and other government-administered programs, all our schools participate in alternative loan programs for their students. Alternative loans fill the gap between what the student receives from all financial aid sources and what the student may need to cover the full cost of his or her education. We also extend credit for tuition and fees to students that attend our campuses. We are required to comply with applicable federal and state laws related to certain consumer and educational loans and credit extensions and are subject to review by federal and state agencies responsible for overseeing compliance with these requirements. Our failure to comply with these requirements could result in repayment liabilities, sanctions, investigations or litigation which could impact our results of operations.

On January 20, 2022, the CFPB announced its intent to examine the operations of postsecondary schools that extend private loans directly to students. Accompanying this announcement was an update to the CFPB's Examination Procedures to now require CFPB examiners to review several aspects of educational loans including enrollment restrictions, withholding transcripts, improper accelerated payments, failure to issue refunds, and improper lending relationships. Our institutions may be subject to greater scrutiny by the CFPB than in the past, and failure to comply with applicable laws and requirements could result in repayment liabilities, sanctions, investigations or litigation which could impact our results of operations.

Government and regulatory agencies and third parties may conduct compliance reviews and audits or bring actions against us that could result in monetary liabilities, injunctions, loss of eligibility for the Title IV Programs or other adverse outcomes.

Because we operate in a highly regulated industry, we are subject to compliance reviews and audits as well as claims of noncompliance and lawsuits by government agencies, regulatory agencies and third parties. Our institutions are subject to audits, program reviews, site visits and other reviews by various federal and state regulatory agencies, including, but not limited to, ED, ED's Office of Inspector General, state education agencies and other state regulators, the U.S. Department of Veterans Affairs and other federal agencies and by our accrediting agencies. In addition, each of our institutions must retain an independent certified public accountant to conduct an annual audit of the institution's administration of Title IV Program funds. The institution must submit the resulting audit report to ED for review.

If one of our institutions fails to comply with accrediting or state licensing requirements, such school and its main and/or branch campuses and educational programs could be subject to the loss of state licensure or accreditation, which in turn could result in a loss of eligibility to participate in the Title IV Programs. If ED or another agency determined that one of our institutions improperly disbursed Title IV Program funds or other financial assistance funds or violated a provision of the HEA or ED regulations, the institution could be required to repay such funds and related costs to ED or other agencies, and could be assessed an administrative fine or subject to other sanctions including loss of eligibility to participate in the impacted financial assistance program. ED could also place the institution on provisional certification status and/or transfer the institution to the reimbursement or cash monitoring system of receiving Title IV Program funds, under which an institution must disburse its own funds to students and document the students' eligibility for Title IV Program funds before receiving such funds from ED.

Significant violations of Title IV Program requirements by us or any of our institutions could be the basis for ED to limit, suspend, terminate, revoke, or decline to renew the participation of the affected institution in the Title IV Programs or to seek civil or criminal penalties. We and our institutions are also subject to claims and lawsuits relating to regulatory compliance brought not only by federal and state regulatory agencies and our accrediting bodies, but also by third parties, such as present or former students or employees and other members of the public.

If the result of any pending or future proceeding, lawsuit, audit, review, or investigation is unfavorable to us, we may be required to pay money damages or be subject to fines, limitations, conditions, loss of Title IV Program funding and eligibility for other financial assistance programs, loss of accreditation or state authorization, injunctions or other penalties which could impact our results of operations. Even if we adequately address issues raised by an agency review or successfully defend a lawsuit or claim, we may have to divert significant financial and management resources from our ongoing business operations to address issues raised by those actions. Claims and lawsuits brought against us may damage our reputation or adversely affect our stock price, even if such actions are eventually determined to be without merit.

Risks Related to Our Business

If we fail to comply with the rules under Sarbanes-Oxley related to accounting controls and procedures in the future, or, if we discover material weaknesses and other deficiencies in our internal control and accounting procedures, our stock price could decline significantly and raising capital could be more difficult.

Section 404 of Sarbanes-Oxley Act of 2002, as amended ("Sarbanes-Oxley"), requires annual management assessments of the effectiveness of our internal control over financial reporting. If we fail to comply with the rules under Sarbanes-Oxley related to disclosure controls and procedures in the future, or, if we discover material weaknesses and other deficiencies in our internal control and accounting procedures, our stock price could decline significantly and raising capital could be more difficult. If material weaknesses or significant deficiencies are discovered or if we otherwise fail to achieve and maintain the adequacy of our internal control, we may not be able to ensure that we can conclude on an ongoing basis that we have effective internal controls over financial reporting in accordance with Section 404 of Sarbanes-Oxley. Moreover, effective internal controls are necessary for us to produce reliable financial reports and are important to helping prevent financial fraud. If we cannot provide reliable financial reports or prevent fraud, our business and operating results could be harmed, investors could lose confidence in our reported financial information, and the trading price of our common stock could drop significantly.

Our financial performance depends on the level of student enrollment in our institutions.

Stagnant wage growth and heightened financial worries could continue to affect the willingness of students to incur loans to pay for postsecondary education and to pursue postsecondary education in general. An improving economy and improving job prospects may lead prospective students to choose to work rather than to pursue postsecondary education. Our enrollments could suffer from any of these circumstances.

Enrollment of students at our institutions is impacted by many of the regulatory risks discussed above and business risks discussed below, many of which are beyond our control. If the costs of Title IV loans increase and if availability of alternate student financial aid decreases, students may decide not to enroll in a postsecondary institution, including our institutions. We could experience decreasing enrollments in our institutions due to changing demographic trends in family size, overall declines in enrollment in postsecondary institutions or in for-profit institutions, job growth in fields unrelated to our core disciplines, immigration and visa laws, or other societal factors.

Reduced enrollments at our institutions, for any of the reasons mentioned or otherwise, may reduce our profitability and is likely to have a negative impact on our business, results of operation, financial condition and cash flows, which, depending on the level of the decline, could be material.

We compete with a variety of educational institutions and if we are unable to compete effectively, our total student enrollment and revenue could be adversely impacted.

The postsecondary education industry is highly fragmented and increasingly competitive. Our institutions compete with traditional public and private two-year and four-year colleges and universities, other for-profit institutions, and alternatives to higher education, such as immediate employment and military service. Some public and private institutions charge lower tuition for courses of study similar to those offered by our institutions due, in part, to government subsidies, government and foundation grants, tax-deductible contributions and other financial resources not available to for-profit institutions, and this competition may increase if additional subsidies or resources become available to those institutions. For example, a typical community college is subsidized by local or state government and, as a result, tuition rates for associate degree programs are much lower at community colleges than at our institutions. Both the federal government and several states have proposed programs to enable residents to attend public institutions and community colleges for free. Our competitors may have substantially greater brand recognition and financial and other resources than we have or may be subject to fewer regulatory burdens on enrollment and financial aid processes, which may enable them to compete more effectively for potential students. An increase in competition could affect the success of our recruiting efforts or cause us to reduce our tuition rates and increase our marketing and other recruiting expenses, which could adversely impact our profitability and cash flows.

Our financial performance depends on our ability to develop awareness among, and enroll and retain, students in our institutions and programs in a cost effective manner.

If our institutions are unable to successfully market and advertise their educational programs, our institutions' ability to attract and enroll prospective students in those programs could be adversely affected. We have been investing in initiatives to improve student experiences, retention and academic outcomes. If these initiatives do not succeed, our ability to attract, enroll and retain students in our programs could be adversely affected. Consequently, our ability to increase revenue or maintain profitability could be impaired. Some of the factors that could prevent us from successfully marketing our institutions and the programs that they offer include, but are not limited to: student or employer dissatisfaction with educational programs and services; diminished access to prospective students; our failure to maintain or expand our brand names or other factors related to our marketing or advertising practices; FTC restrictions on contacting prospective students, Internet, mobile phone and other advertising and marketing media; costs and effectiveness of Internet, mobile phone and other advertising programs; and changing media preferences of our target audiences.

Our business is subject to fluctuations caused by seasonality or other factors beyond our control, which may cause our operating results to fluctuate from quarter to

quarter.

We have experienced, and expect to continue to experience, seasonal fluctuations in our revenues and results of operations, primarily due to seasonal changes in student enrollments. We generally experience a seasonal increase in new enrollments during the first quarter of our fiscal year, as well as during the third quarter each year, when most other colleges and universities begin their fall semesters and subsequent to holiday break. While we enroll students throughout the year, our second quarter revenue generally is lower than other quarters due to the holiday season. Other factors beyond our control, such as special events that take place during a quarter when our student enrollment would normally be high, may have a negative impact on our student enrollments. We expect quarterly fluctuations in our revenues and results of operations to continue. These fluctuations could result in volatility and adversely affect our operations from one quarter to the next.

If we are unable to successfully resolve future litigation and regulatory and governmental inquiries involving us, or face regulatory actions or litigation, our financial condition and results of operations could be adversely affected.

From time to time, we and certain of our current and former directors and executive officers may become named as defendants in various lawsuits, investigations and claims covering a range of matters, including, but not limited to, violations of the federal securities laws, breaches of fiduciary duty and claims made by current and former students and employees of our institutions. Claims may include *qui tam* actions filed in federal court by individual plaintiffs on behalf of themselves and the federal government alleging violations of the False Claims Act. *Qui tam* actions are filed under seal and remain under seal until the government decides whether it will intervene in the case. If the government elects to intervene in an action, it assumes primary control of that matter; if the government elects not to intervene, then individual plaintiffs may continue the litigation at their own expense on behalf of the government.

We and our institutions may also become subject to audits, compliance reviews, inquiries, investigations, claims of non-compliance and litigation by ED, federal and state regulatory agencies, accrediting agencies, state attorney general offices, present and former students and employees, and others that may allege violations of statutes, regulations, accreditation standards, consumer protection and other legal and regulatory requirements applicable to us or our institutions. If the results of any such audits, reviews, inquiries, investigations, claims, or actions are unfavorable to us, we may be required to pay monetary damages or be subject to fines, operational limitations, loss of federal funding, injunctions, undertakings, additional oversight and reporting, or other civil or criminal penalties.

Even if we maintain compliance with applicable governmental and accrediting body regulations, regulatory scrutiny or adverse publicity arising from allegations of non-compliance may increase our costs of regulatory compliance and adversely affect our financial results, growth rates and prospects. For example, Congressional hearings and investigations by state attorneys general, CFPB, FTC, or other federal, state, or accrediting agencies affecting for-profit institutions may spur plaintiffs' law firms or others to initiate additional litigation against us and other for-profit education providers.

We are subject to a variety of other claims and litigation that arise from time to time alleging non-compliance with or violations of state or federal regulatory matters including, but not limited to, claims involving students, graduates and employees. In the event the extensive changes in the overall federal and state regulatory construct results in additional statutory or regulatory bases for these types of matters, or other events result in more of such claims or unfavorable outcomes to such claims, there exists the possibility of a material adverse impact on our business, reputation, financial position, cash flows and results of operations for the periods in which the effects of any such matter or matters becomes probable and reasonably estimable. In addition, federal and other regulatory limitations on the use of pre-dispute resolution clauses and class action waivers in student enrollments agreements may result in increased litigation costs.

We cannot predict the ultimate outcome of these and future matters and may incur significant defense costs and other expenses in connection with them. We may be required to pay substantial damages or settlement costs in excess of our insurance coverage related to these matters. Government investigations and any related legal and administrative proceedings may result in the institution of administrative, civil injunctive or criminal proceedings against us and/or our current or former directors, officers or employees, or the imposition of significant fines, penalties or suspensions, or other remedies and sanctions. Any such costs and expenses could have a material adverse effect on our financial condition and results of operations and the market price of our common stock.

Our future financial condition and results of operations could be materially adversely affected if we are required to write down the carrying value of non-financial assets and non-financial liabilities, including long-lived assets, deferred tax assets and goodwill and intangible assets, such as our trade names.

In accordance with GAAP, we review our non-financial assets, including goodwill and indefinite-lived intangible assets, such as our trade names, for impairment on at least an annual basis. We test goodwill for impairment at the reporting unit level on an annual basis on June 30 for each fiscal year or more frequently if events or changes in circumstances indicate that the carrying amount of goodwill may not be recoverable. If it is determined that the fair value is less than its carrying amount, the excess of the goodwill carrying amount over the implied fair value is recognized as an impairment loss. We evaluate long-lived assets for impairment whenever events or changes in circumstances indicate that their net book value may not be recoverable. When such factors and circumstances exist, we compare the projected undiscounted future cash flows associated with the related asset or group of assets over their estimated useful lives against their respective carrying amount. Impairment, if any, is based on the excess of the carrying amount over the fair value, based on market value when available, or discounted expected cash flows, of those assets and is recorded in the period in which the determination is made. On an interim basis, we review our assets and liabilities to determine if a triggering event had occurred that would result in it being more likely than not that the fair value would be less than the carrying amount for any of our reporting units or indefinite-lived intangible assets. Our estimates of fair value for these are based primarily on projected future results and expected cash flows consistent with our plans to manage the underlying businesses. However, should we encounter unexpected economic conditions or operational results or need to take additional actions not currently foreseen to comply with current and future regulations, the assumptions used to calculate the fair value of our assets, estimate of future cash flows, revenue growth, and discount rates, could be negatively impacted and could result in an impairment of goodwill or other long-lived assets which could materially adversely affect our financial condition and results of operations.

The loss of our key personnel could harm us.

Our future success depends largely on the skills, efforts and motivation of our executive officers and other key personnel, including LeeAnn Rohmann, our Chief Executive Officer, as well as on our ability to attract and retain qualified managers and our institutions' ability to attract and retain qualified faculty members and administrators. These transitions and loss of key personnel in the future could slow implementation of key initiatives, lead to changes in or create uncertainty about our business strategies or otherwise impact management's attention to operations. We face competition in attracting, hiring and retaining executives and key personnel who possess the skill sets and experiences that we seek. In particular, our performance is dependent upon the availability and retention of qualified personnel for our ongoing investments in our student support operations. Cost reduction measures due to declining enrollments, our recent operating losses and the negative publicity surrounding our industry make it difficult and more expensive to attract, hire and retain qualified and experienced personnel. In addition, key personnel may leave us and subsequently compete against us after any period they are contractually obligated not to pursue such activities. The loss of the services of our key personnel, or our failure to attract, integrate and retain other qualified and experienced personnel on acceptable terms and in a timely manner could adversely affect our results of operations or growth prospects.

We may be compelled to terminate programs due to regulatory considerations or declining enrollments and may incur additional costs and expenses, or fail to achieve anticipated cost savings and business efficiencies, associated with past or future exit or restructuring activities.

We must balance current student populations and projected changes in student population with appropriate levels of costs and investment in real estate and our online platforms. Changes in the economy, regulatory environment or our eligibility for Title IV Program funds or other federal and state student financial assistance may cause us to terminate programs. Closing facilities or other exit activities involve costs and expenses which can be significant. Actual costs and expenses involved in closing facilities or other exit activities may be higher than expected. Under ED regulations, students who attended a closed institution or a closed location of an institution may qualify for discharges of federal student loans and ED may impose the amount of loan discharges as liabilities on the institution or affiliated parties including us. Under ED regulations effective July 1, 2024, a discontinuation of programs or locations that enroll more than 25 percent of an institution's enrolled students can constitute a discretionary triggering event if ED determines the discontinuation is likely to have a significant adverse effect on the financial condition of the institution. The benefits anticipated from closing facilities, other exit activities or restructuring activities such as those involved in our transformation strategy may be less than anticipated due to a number of factors including unanticipated expenses in teaching out campuses and higher than expected lease costs. Negative trends in the real estate market could impact the costs related to teaching out campuses and the success of our initiatives to reduce our real estate obligations. Finally, our transformation strategy may not achieve the anticipated cost savings and business efficiencies.

Our financial performance depends, in part, on our ability to keep pace with changing market needs and technology.

Increasingly, prospective employers of students who graduate from our institutions demand that their new employees possess appropriate technological skills and also appropriate "soft" skills, such as communication, critical thinking and teamwork skills. These skills can evolve rapidly in a changing economic and technological environment, so it is important for our institutions' educational programs to evolve in response to those economic and technological changes. Current or prospective students or the employers of our graduates may not accept expansion of our existing programs, improved program content and the development of new programs. Even if our institutions are able to develop acceptable new and improved programs in a cost-effective manner, our institutions may not be able to begin offering them as quickly as prospective employers would like or as quickly as our competitors offer similar programs. If we are unable to adequately respond to changes in market requirements due to regulatory or financial constraints, rapid technological changes or other factors, our ability to attract and retain students could be impaired, the rates at which our graduates obtain jobs involving their fields of study could decline, and our results of operations and cash flows could be adversely affected.

Government regulations relating to the Internet could increase our cost of doing business or otherwise have a material adverse effect on our business.

The increasing popularity and use of the Internet and other online services has led and may lead to the adoption of new laws and regulatory practices in the United States or in foreign countries and to new interpretations of existing laws and regulations. These new laws and interpretations may relate to issues such as online privacy, copyrights, trademarks and service marks, sales taxes, fair business practices and the requirement that online education institutions qualify to do business as foreign corporations or be licensed in one or more jurisdictions where they have no physical location or other presence. New laws, regulations or interpretations related to doing business over the Internet could increase our costs and adversely affect enrollments.

We are subject to privacy and information security laws and regulations due to our collection and use of personal information, and any violations of those laws or regulations, or any breach, theft or loss of that information, could adversely affect our reputation and operations.

Our efforts to attract and enroll students result in us collecting, using and keeping substantial amounts of personal information regarding applicants, our students, their families and alumni, including social security numbers and financial data. We also maintain personal information about our employees in the ordinary course of our activities. Our services and those of our vendors and other information can be accessed globally through the Internet. We rely extensively on our network of interconnected applications and databases for day to day operations as well as financial reporting and the processing of financial transactions. Our computer networks and those of our vendors that manage confidential information for us or provide services to our students may be vulnerable to unauthorized access, inadvertent access or display, theft or misuse, hackers, computer viruses, or third parties in connection with hardware and software upgrades and changes. Such unauthorized access, misuse, theft or hacks could evade our intrusion detection and prevention precautions without alerting us to the breach or loss for some period of time or may never be detected. We have experienced malware and virus attacks on our systems which went undetected by our virus detection and prevention software. Regular patching of our computer systems and frequent updates to our virus detection and prevention software with the latest virus and malware signatures may not catch newly introduced malware and viruses or "zero-day" viruses, prior to their infecting our systems and potentially disrupting our data integrity, taking sensitive information or affecting financial transactions. Because our services can be accessed globally via the Internet, we may be subject to privacy laws in countries outside the U.S. from which students access our services, which laws may constrain the way we market and provide our services. While we utilize security and business controls to limit access to and use of personal information, any breach of student or employee privacy or errors in storing, using or transmitting personal information could violate privacy laws and regulations resulting in fines or other penalties. The adoption of new or modified state or federal data or cybersecurity legislation could increase our costs and/or require changes in our operating procedures or systems. A breach, theft or loss of personal information held by us or our vendors, or a violation of the laws and regulations governing privacy could have a material adverse effect on our reputation or result in lawsuits, additional regulation, remediation and compliance costs or investments in additional security systems to protect our computer networks, the costs of which may be substantial.

System disruptions and vulnerability from security risks to our online technology infrastructure could have a material adverse effect on our ability to attract and retain students.

For our campuses, the performance and reliability of program infrastructure is critical to their operations, reputation and ability to attract and retain students. Any computer system error or failure, significant increase in traffic on our computer networks, or any significant failure or unavailability of our computer networks, including, but not limited to, those as a result of natural disasters and network and telecommunications failures could materially disrupt our delivery of these programs. Any interruption to our institutions' computer systems or operations could have a material adverse effect on our total student enrollment, our business, financial condition, results of operations and cash flows.

Our computer networks may also be vulnerable to unauthorized access, computer hackers, computer viruses and other security threats. A user who circumvents security measures could misappropriate proprietary information or cause interruptions or malfunctions in our operations. Due to the sensitive nature of the information contained on our networks hackers may target our networks. We may be required to expend significant resources to protect against the threat of these security breaches or to alleviate problems caused by these breaches. We cannot ensure that these efforts will protect our computer networks against security breaches despite our regular monitoring of our technology infrastructure security.

Any general decline in Internet use for any reason, including security or privacy concerns, cost of Internet service or changes in government regulation, could result in less demand for online educational services and inhibit growth in our online programs.

We may incur liability for the unauthorized duplication or distribution of class materials posted online for class discussions.

In some instances our faculty members or our students may post various articles or other third-party content on class discussion boards or download third-party content to personal computers. We may incur claims or liability for the unauthorized duplication or distribution of this material. Any such claims could subject us to costly litigation and could impose a strain on our financial resources and management personnel regardless of whether the claims have merit.

We rely on proprietary rights and intellectual property in conducting our business, which may not be adequately protected under current laws, and we may encounter

disputes from time to time relating to our use of intellectual property of third parties.

Our success depends in part on our ability to protect our proprietary rights. We rely on a combination of copyrights, trademarks, service marks, trade secrets, domain names and agreements to protect our proprietary rights. We may also rely upon service mark and trademark protection in the United States to protect our rights to our marks as well as distinctive logos and other marks associated with our services; however, any measures we may take may not be adequate, and we cannot be certain that we will be able to secure, appropriate protections for our proprietary rights. Unauthorized third parties may attempt to duplicate proprietary aspects of our curricula, online resource material and other content despite our efforts to protect these rights. Our management's attention may be diverted by these attempts, and we may need to use funds for lawsuits to protect our proprietary rights against any infringement or violation.

In addition, we may encounter disputes from time to time over rights and obligations concerning intellectual property, and we may not prevail in these disputes. Third parties may raise a claim against us alleging an infringement or violation of the intellectual property of that third party. Some third-party intellectual property rights may be extremely broad, and it may not be possible for us to conduct our operations in such a way as to avoid those intellectual property rights. Any such intellectual property claim could subject us to costly litigation and impose a significant strain on our financial resources and management personnel regardless of whether such claim has merit.

Risk Related to Ownership of Our Common Stock and this Offering

An active trading market for our common stock may not develop, and you may not be able to sell your common stock at or above the initial public offering price.

Prior to the consummation of this offering, there has been no public market for our common stock. An active trading market for shares of our common stock may never develop or be sustained following this offering. If an active trading market does not develop, you may have difficulty selling your shares of common stock at an attractive price, or at all. The price for our common stock in this offering will be determined by negotiations between us and the underwriters, and it may not be indicative of prices that will prevail in the open market following this offering. Consequently, you may not be able to sell your common stock at or above the initial public offering price or at any other price or at the time that you would like to sell. An inactive market may also impair our ability to raise capital by selling our common stock, and it may impair our ability to attract and motivate our employees through equity incentive awards and our ability to acquire other companies, products or technologies by using our shares as consideration.

If we successfully list on the NYSE American, our shares are likely to be thinly traded for some time and an active market may never develop.

If we successfully list on the NYSE American, it is likely that initially there will be a very limited trading market for our common stock and we cannot ensure that a robust trading market will ever develop or be sustained. Our shares of common stock may be thinly traded, and the price, if traded, may not reflect our actual or perceived value. There can be no assurance that there will be an active market for our shares of common stock in the future. The market liquidity will be dependent on the perception of our operating business, competitive forces, state of the education industry and growth rate, among other things. We may, in the future, take certain steps, including utilizing investor awareness campaigns, press releases, road shows, and conferences to increase awareness of our business and any steps that we might take to bring us to the awareness of investors may require we compensate financial public relations firms with cash and/or stock. There can be no assurance that there will be any awareness generated or the results of any efforts will result in any impact on our trading volume. Consequently, investors may not be able to liquidate their investment or liquidate it at a price that reflects the value of the business and trading may be at an inflated price relative to the performance of our company due to, among other things, availability of sellers of our shares. If a market should develop, the price may be highly volatile. Because there may be a low price for our shares of common stock, many brokerage firms or clearing firms may not be willing to effect transactions in the securities or accept our shares for deposit in an account. Even if an investor finds a broker willing to effect a transaction in the shares of our common stock, the combination of brokerage commissions, transfer fees, taxes, if any, and any other selling costs may exceed the selling price. Further, many lending institutions will not permit the use of low priced shares of common stock as collateral for any loans.

Our stock price may be volatile, and you could lose all or part of your investment.

You should consider an investment in our common stock to be risky, and you should invest in our common stock only if you can withstand a significant loss and wide fluctuations in the market value of your investment. The trading price of our common stock following this offering may fluctuate substantially and may be higher or lower than the initial public offering price. This may be especially true for companies with a small public float. These fluctuations could cause you to lose all or part of your investment in our common stock since you might be unable to sell your shares at or above the price you paid in this offering. Some factors that may cause the market price of our common stock to fluctuate, in addition to the other risks mentioned in this "Risk Factors" section and elsewhere in this prospectus, are:

- actual or anticipated variations in our revenues, earnings, cash flow and changes or revisions of our expected results;

- announcements of new investments, acquisitions, strategic partnerships or joint ventures by us or our competitors;
- announcements of new products, services and courses and expansions by us or our competitors;
- announcements of studies and reports relating to the quality of our product, service and course offerings or those of our competitors;
- changes in the performance or market valuations of other education companies;
- conditions in the education market;
- detrimental negative publicity about us, our competitors or our industry;
- additions or departures of key personnel;
- regulatory developments affecting us or our industry; and
- general economic or political conditions.

In addition, if the market for stocks in our industry or industries related to our industry, or the stock market in general, experiences a loss of investor confidence, the trading price of our common stock could decline for reasons unrelated to our business, financial condition and results of operations. Furthermore, in the past, stockholders of public companies have often brought securities class action suits against companies following periods of instability in the market price of their securities. If we were involved in a class action suit, it could divert a significant amount of our management's attention and other resources from our business and operations and require us to incur significant expenses to defend the suit, which could harm our results of operations. Any such class action suit, whether or not successful, could harm our reputation and restrict our ability to raise capital in the future. In addition, if a claim is successfully made against us, we may be required to pay significant damages, which could have a material adverse effect on our financial condition and results of operations.

Market and economic conditions may negatively impact our business, financial condition, and share price.

Concerns over medical epidemics, energy costs, geopolitical issues, the U.S. mortgage market and a deteriorating real estate market, unstable global credit markets and financial conditions, and volatile oil prices have led to periods of significant economic instability, diminished liquidity and credit availability, declines in consumer confidence and discretionary spending, diminished expectations for the global economy and expectations of slower global economic growth, increased unemployment rates, and increased credit defaults in recent years. Our general business strategy may be adversely affected by any such economic downturns, volatile business environments and continued unstable or unpredictable economic and market conditions. If these conditions continue to deteriorate or do not improve, it may make any necessary debt or equity financing more difficult to complete, more costly, and more dilutive. Failure to secure any necessary financing in a timely manner and on favorable terms could have a material adverse effect on our growth strategy, financial performance, and share price and could require us to delay, curtail or abandon our business plans.

Future sales of our common stock may depress our stock price.

Our current stockholders hold a substantial number of shares of our common stock that they will be able to sell in the public market in the near future. A significant portion of these shares are held by a small number of stockholders. Sales by our current stockholders of a substantial number of shares after this offering could significantly reduce the market price of our common stock.

We also intend to register all common stock that we may issue under our 2021 Equity Incentive Plan. Once we register these shares, they can be freely sold in the public market upon issuance, subject to the lock-up agreements described in "Underwriting" and limitations on the sale of control securities by our affiliates under Rule 144. If any of these holders cause a large number of securities to be sold in the public market, the sales could reduce the trading price of our common stock. These sales also could impede our ability to raise future capital. Please see "Shares Eligible for Future Sale" for a description of sales that may occur in the future.

You may experience dilution as a result of future equity offerings.

We may in the future offer additional shares of our common stock or other securities convertible into or exchangeable for our common stock. Although no assurances can be given that we will consummate a future financing, in the event we do, or in the event we sell shares of common stock or other securities convertible into shares of our common stock in the future, additional and potentially substantial dilution will occur. In addition, investors purchasing shares or other securities in the future could have rights superior to investors in this offering.

Our Bylaws provide that the Eighth Judicial District Court of Clark County, Nevada will be the sole and exclusive forum for substantially all disputes between the Company and its stockholders, which could limit stockholders' ability to obtain a favorable judicial forum for disputes with the Company or its directors, officers or employees.

Our Bylaws provide that unless the Company consents in writing to the selection of an alternative forum, the Eighth Judicial District Court of Clark County, Nevada shall be the sole and exclusive forum for state law claims with respect to: (i) any derivative action or proceeding brought in the name or right of the Company or on its behalf, (ii) any action asserting a claim for breach of any fiduciary duty owed by any director, officer, employee or agent of the Company to the Company or the Company's stockholders, (iii) any action arising or asserting a claim arising pursuant to any provision of Nevada Revised Statutes Chapters 78 or 92A or any provision of the Company's Articles of Incorporation or Bylaws ("Bylaws") or (iv) any action asserting a claim governed by the internal affairs doctrine, including, without limitation, any action to interpret, apply, enforce or determine the validity of the Company's Articles of Incorporation or Bylaws. This exclusive forum provision would not apply to suits brought to enforce any liability or duty created by the Securities Act of 1933, as amended ("Securities Act"), or the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. To the extent that any such claims may be based upon federal law claims, Section 27 of the Exchange Act creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. Furthermore, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder.

This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with the Company or its directors, officers, other employees or agents, which may discourage such lawsuits against the Company and its directors, officers, other employees and agents. Alternatively, if a court were to find the choice of forum provision contained in our Bylaws to be inapplicable or unenforceable in an action, the Company may incur additional costs associated with resolving such action in other jurisdictions, which could have a material adverse effect on the Company's business, results of operations, and financial condition.

Certain provisions of our Articles of Incorporation and Nevada law make it more difficult for a third party to acquire us and make a takeover more difficult to complete, even if such a transaction were in stockholders' interest.

Our Articles of Incorporation and the Nevada Revised Statutes ("NRS") contain certain provisions that may have the effect of making it more difficult or delaying attempts by others to obtain control of our company, even when these attempts may be in the best interests of our stockholders. For example, our Articles of Incorporation authorize us to issue up to 10 million shares of preferred stock. This preferred stock may be issued in one or more series, the terms of which may be determined at the time of issuance by our board of directors without further action by stockholders. The terms of any series of preferred stock may include voting rights (including the right to vote as a series on particular matters), preferences as to dividend, liquidation, conversion and redemption rights and sinking fund provisions. The issuance of any preferred stock could materially adversely affect the rights of the holders of our common stock, and therefore, reduce the value of our common stock. In particular, specific rights granted to future holders of preferred stock could be used to restrict our ability to merge with, or sell our assets to, a third party and thereby preserve control by the present management. Provisions of our Articles of Incorporation, Bylaws and Nevada law also could have the effect of discouraging potential acquisition proposals or making a tender offer or delaying or preventing a change in control, including changes a stockholder might consider favorable. Such provisions may also prevent or frustrate attempts by our stockholders to replace or remove our management. In particular, our Articles of Incorporation, Bylaws and Nevada law, as applicable, among other things:

- provide the board of directors with the ability to alter the Bylaws without stockholder approval;

- establish advance notice requirements for nominations for election to the board of directors or for proposing matters that can be acted upon at stockholder meetings; and
- provide that vacancies on the board of directors may be filled by a majority of directors in office, although less than a quorum.

We do not intend to pay cash dividends.

While we have declared and paid cash dividends on our capital stock in 2023, we currently intend to retain all available funds and any future earnings for use in the operation and expansion of our business and do not anticipate paying any cash dividends in the foreseeable future. In addition, the terms of any future debt or credit facility may preclude us from paying any dividends. As a result, capital appreciation, if any, of our common stock will be your sole source of potential gain for the foreseeable future.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research reports about our business, our stock price and trading volume

could decline.

The trading market for our common stock depends in part on the research and reports that securities or industry analysts publish about us or our business, our market and our competitors. If no or few securities or industry analysts cover our company, the trading price for our common stock would be negatively impacted. If one or more of the analysts who covers us downgrades our common stock or publishes incorrect or unfavorable research about our business, our stock price would likely decline. If one or more of these analysts ceases coverage of our company or fails to publish reports on us regularly, demand for our common stock could decrease, which could cause our stock price or trading volume to decline.

We have broad discretion in the use of the net proceeds from this offering and may not use them effectively.

Our management will have broad discretion in the application of the net proceeds from this initial public offering, including for any of the currently intended purposes described in the section entitled "Use of Proceeds." Because of the number and variability of factors that will determine our use of the net proceeds from this offering, their ultimate use may vary substantially from their currently intended use. Our management may not apply our cash from this offering in ways that ultimately increase the value of any investment in our securities or enhance stockholder value. The failure by our management to apply these funds effectively could harm our business. Pending their use, we may invest the net proceeds from this offering in short-term, investment-grade, interest-bearing securities. These investments may not yield a favorable return to our stockholders. If we do not invest or apply our cash in ways that enhance stockholder value, we may fail to achieve expected financial results, which may result in a decline in the price of our shares of common stock, and, therefore, may negatively impact our ability to raise capital, invest in or expand our business or continue our operations.

You will incur immediate dilution as a result of this offering.

If you purchase common stock in this offering, you will pay more for your shares than the net tangible book value of your shares. As a result, you will incur immediate dilution of $ per share, representing the difference between the assumed initial public offering price of $ per share (the midpoint of the range on the cover of this prospectus) and our estimated pro forma net tangible book value per share as of March 31, 2024 of $[X]. Accordingly, should we be liquidated at our book value, you would not receive the full amount of your investment.

There is no guarantee that our common stock will be listed on the NYSE American.

We intend to apply to have our shares of common stock listed on the NYSE American. Upon completion of this offering, we believe that we will satisfy the listing requirements and expect that our common stock will be listed on the NYSE American. Such listing, however, is not guaranteed. Even if such listing is approved, there can be no assurance any broker will be interested in trading our common stock. Therefore, it may be difficult to sell any shares you purchase in this offering if you desire or need to sell them. Our lead underwriter, Northland Securities, Inc., is not obligated to make a market in our common stock, and even after making a market, can discontinue market making at any time without notice. Neither we nor the underwriters can provide any assurance that an active and liquid trading market in our common stock will develop or, if developed, that the market will continue.

We are an "emerging growth company" and we cannot be certain if the reduced disclosure requirements applicable to emerging growth companies will make our securities less attractive to investors.

We are an "emerging growth company," as defined in the JOBS Act. We will remain an "emerging growth company" for up to five years. We may take advantage of these provisions until the earlier of (i) the last day of our fiscal year following the fifth anniversary of the closing of this offering (ii) the last day of the fiscal year (a) in which we have total annual gross revenue of at least $1.07 billion or (b) in which we are deemed to be a large accelerated filer, which means the market value of our equity securities that is held by non-affiliates exceeds $700 million as of the last business day of our most recently completed second fiscal quarter, and (iii) the date on which we have issued more than $1.0 billion of non-convertible debt in any three-year period. These exemptions include not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements and being exempt from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. Additionally, as an emerging growth company, we have elected to delay the adoption of new or revised accounting standards that have different effective dates for public and private companies until those standards apply to private companies. As such, our financial statements may not be comparable to companies that comply with public company effective dates. We cannot predict if investors will find our shares less attractive because we may rely on these provisions. If some investors find our shares less attractive as a result, there may be a less active trading market for our shares and our share price may be more volatile.

Financial reporting obligations of being a public company in the U.S. are expensive and time-consuming, and our management will be required to devote substantial time to compliance matters.

As a publicly traded company we will incur significant additional legal, accounting and other expenses that we did not incur as a private company. The obligations of being a public company in the U.S. require significant expenditures and will place significant demands on our management and other personnel, including costs resulting from public company reporting obligations under the Exchange Act and the rules and regulations regarding corporate governance practices, including those under the Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, and the listing requirements of the stock exchange on which our securities are listed. These rules require the establishment and maintenance of effective disclosure and financial controls and procedures, internal control over financial reporting and changes in corporate governance practices, among many other complex rules that are often difficult to implement, monitor and maintain compliance with. Moreover, despite recent reforms made possible by the JOBS Act, the reporting requirements, rules, and regulations will make some activities more time-consuming and costly, particularly after we are no longer an "emerging growth company" and/or a "smaller reporting company." In addition, we expect these rules and regulations to make it more difficult and more expensive for us to obtain director and officer liability insurance. Our management and other personnel will need to devote a substantial amount of time to ensure that we comply with all of these requirements and to keep pace with new regulations, otherwise we may fall out of compliance and risk becoming subject to litigation or being delisted, among other potential problems.

If our shares become subject to the penny stock rules, it would become more difficult to trade our shares.

The SEC has adopted rules that regulate broker-dealer practices in connection with transactions in penny stocks. Penny stocks are generally equity securities with a price of less than $5.00, other than securities registered on certain national securities exchanges or authorized for quotation on certain automated quotation systems, provided that current price and volume information with respect to transactions in such securities is provided by the exchange or system. If we do not obtain or retain a listing on the NYSE American or if the price of our common stock falls below $5.00, our common stock will be deemed a penny stock. The penny stock rules require a broker-dealer, before a transaction in a penny stock not otherwise exempt from those rules, to deliver a standardized risk disclosure document containing specified information. In addition, the penny stock rules require that before effecting any transaction in a penny stock not otherwise exempt from those rules, a broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive (i) the purchaser's written acknowledgment of the receipt of a risk disclosure statement; (ii) a written agreement to transactions involving penny stocks; and (iii) a signed and dated copy of a written suitability statement. These disclosure requirements would likely have the effect of reducing the trading activity in the secondary market for our common stock, and therefore stockholders may have difficulty selling their shares.

FINRA sales practice requirements may limit a stockholder's ability to buy and sell our stock.

In addition to the "penny stock" rules described above, the Financial Industry Regulatory Authority, Inc. ("FINRA"), has adopted rules that require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for that customer. Prior to recommending speculative, low-priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. The FINRA requirements may make it more difficult for broker-dealers to recommend that their customers buy our common stock, which may have the effect of reducing the level of trading activity in our common stock. As a result, fewer broker-dealers may be willing to make a market in our common stock, reducing a stockholder's ability to resell shares, as well as overall liquidity, of our common stock.

We may be considered a smaller reporting company and will be exempt from certain disclosure requirements, which could make our common stock less attractive to potential investors.

Rule 12b-2 of the Exchange Act, defines a "smaller reporting company" as an issuer that is not an investment company, an asset-backed issuer, or a majority-owned subsidiary of a parent that is not a smaller reporting company and that:

- had a public float of less than $250 million as of the last business day of its most recently completed second fiscal quarter, computed by multiplying the aggregate worldwide number of shares of its voting and non-voting common equity held by non-affiliates by the price at which the common equity was last sold, or the average of the bid and asked prices of common equity, in the principal market for the common equity; or

- in the case of an initial registration statement under the Securities Act or the Exchange Act for shares of its common equity, had a public float of less than $700 million as of a date within 30 days of the date of the filing of the registration statement, computed by multiplying the aggregate worldwide number of such shares held by non-affiliates before the registration plus, in the case of a Securities Act registration statement, the number of such shares included in the registration statement by the estimated public offering price of the shares; or

- in the case of an issuer whose public float was zero, had annual revenues of less than $100.0 million during the most recently completed fiscal year for which audited financial statements are available.

As a smaller reporting company, we would not be required and may not include a Compensation Discussion and Analysis section in our proxy statements and we would provide only two years of financial statements. We also would have other "scaled" disclosure requirements that are less comprehensive than issuers that are not smaller reporting companies which could make our common stock less attractive to potential investors, and also could make it more difficult for our stockholders to sell their shares.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements, which reflect our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. These forward-looking statements speak only as of the date of this prospectus and are subject to a number of risks, uncertainties and assumptions described under the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict or are beyond our control. A number of important factors could cause actual outcomes and results to differ materially from those expressed in these forward-looking statements. Consequently, readers should not place undue reliance on such forward-looking statements. In addition, these forward-looking statements relate to the date on which they are made.

The forward-looking statements reflect our current expectations and are based on information currently available to us and on assumptions we believe to be reasonable. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause our actual results, activities, performance or achievements to be materially different from that expressed or implied by such forward-looking statements.

Although we have attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking information, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. The forward-looking information contained herein is made as of the date of this prospectus and, other than as required by law, we do not assume any obligation to update any forward-looking information, whether as a result of new information, future events or results or otherwise.

You should also read the matters described in "Risk Factors" and the other cautionary statements made in this prospectus as being applicable to all related forward-looking statements wherever they appear in this prospectus. The forward-looking statements in this prospectus may not prove to be accurate and therefore you are encouraged not to place undue reliance on forward-looking statements. You should read this prospectus completely.

This prospectus also includes estimates and other statistical data made by independent parties and by us relating to market size and growth and other data about our industry. This data involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. In addition, projections, assumptions and estimates of our future performance and the future performance of the markets in which we operate are necessarily subject to a high degree of uncertainty and risk.

USE OF PROCEEDS

We estimate that the net proceeds from the sale of the shares of common stock that we are selling in this offering will be approximately $ million, or approximately $ million if the underwriters exercise their over-allotment option in full, based on an assumed offering price to the public of $ per share (the midpoint of the price range set forth on the cover page of this prospectus) and after deducting estimated underwriting discounts and commissions and our estimated offering expenses.

We intend to use approximately $ of the net proceeds from this offering for investments at our facilities and the development of new programs. The balance of the net proceeds is expected to be used for other general working capital purposes. We may use a portion of the proceeds to us for acquisitions of complementary businesses, technologies, or other assets. However, we have no commitments to use the proceeds from this offering for any such acquisitions or investments at this time.

A $1.00 increase or decrease in the assumed initial public offering price of $ per share (the midpoint of the price range listed on the cover page of this prospectus) would increase or decrease the net proceeds from this offering by approximately $ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions. An increase (decrease) of 1,000,000 shares in the number of shares offered by us, as set forth on the cover page of this prospectus, would increase (decrease) the net proceeds from this offering by $ million, assuming no change in the assumed initial public offering price per share and after deducting estimated underwriting discounts and commissions.

DIVIDEND POLICY

We have paid cash dividends on our capital stock in 2023, however, we do not anticipate paying any cash dividends on our common stock in the foreseeable future. We intend to retain future earnings to fund ongoing operations and future capital requirements. Any future determination to pay cash dividends will be at the discretion of our board of directors and will be dependent upon financial condition, results of operations, capital requirements and such other factors as the board of directors deems relevant.

CAPITALIZATION

The following table sets forth our cash and capitalization as of March 31, 2024 on:

- an actual basis; and
- a pro forma basis giving further effect to the sale and issuance by us of shares of common stock in this offering at the initial public offering price of $ per share (the midpoint of the range set forth on the cover page of this prospectus), after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

The pro forma information in this table is unaudited and is illustrative only and our capitalization following the completion of this offering will be adjusted based on the actual initial public offering price and other terms of this offering determined at pricing. You should read this table in conjunction with the information contained in "Use of Proceeds," "Summary Financial Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operation," as well as the financial statements and the notes included elsewhere in this prospectus.

	As of March 31, 2024	
	Actual (Unaudited)	Pro forma (1) (Unaudited)
Cash and cash equivalents	$ 11,411,483	
Current portion of debt	580,905	
Debt owed – related party	50,000	
Current portion of financing lease	55,696	
Debt, net of current portion	72,285	
Financing lease, net of current portion	209,524	
Total debt	968,410	
Preferred stock: $0.001 par value, 10,000,000 shares authorized; no shares issued and outstanding	-	
Common stock: $0.001 par value, 100,000,000 shares authorized, 18,582,298 shares issued and outstanding	18,582	
Additional paid-in capital	14,294,884	
Retained earnings (accumulated deficit)	5,265,326	
Total stockholders' equity	19,578,792	
Total capitalization	$ 20,547,202	

(1) Each $1.00 increase (decrease) in the assumed initial public offering price of $ per share (the midpoint of the price range listed on the cover page of this prospectus) would increase (decrease) the pro forma amount of each of cash and cash equivalents, working capital, total assets and total stockholders' equity by approximately $, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, each increase (decrease) of 1,000,000 shares in the number of shares offered by us at the assumed initial public offering price per share (the midpoint of the price range listed on the cover page of this prospectus) would increase (decrease) the pro forma amount of each of cash and cash equivalents, working capital, total assets and total stockholders' equity by approximately $.

The number of shares of our common stock to be outstanding after this offering is based on 18,582,298 shares of our common stock outstanding as of August 1, 2024, assumes no exercise by the underwriters of their over-allotment option and excludes:

- 1,939,312 additional shares of common stock reserved for future issuance under our 2021 Equity Incentive Plan; and
- 3,647,988 shares underlying outstanding stock options at a weighted average exercise price of $1.63 per share.

DILUTION

If you invest in our common stock in this offering, your ownership interest will be diluted to the extent of the difference between the offering price per share of our common stock and the pro forma net tangible book value per share of our common stock immediately after the offering. Historical net tangible book value per share represents the amount of our total tangible assets less total liabilities, divided by the number of shares of our common stock outstanding.

The historical net tangible book value of our common stock as of March 31, 2024 was approximately $16,593,267 or $0.89 per share based upon shares of common stock outstanding on such date. Historical net tangible book value per share represents the amount of our total tangible assets reduced by the amount of our total liabilities, divided by the total number of shares of common stock outstanding. After giving further effect to the sale of the shares offered in this offering at an assumed initial public offering price of $ per share (the midpoint of the range set forth on the cover page of this prospectus) after deducting estimated underwriting discounts and commissions and our estimated offering expenses, our pro forma net tangible book value as of March 31, 2024 would have been $ or $ per share. This represents an immediate increase in net tangible book value of $ per share to our existing stockholders, and an immediate dilution in net tangible book value of $ per share to new investors. The following table illustrates this per share dilution:

Assumed initial public offering price per share		$
Historical net tangible book value (deficit) per share as of March 31, 2024	$ 0.89	
Pro forma increase in net tangible book value attributable to the transaction described above		
Pro forma net tangible book value per share as of March 31, 2024	$	

Increase in pro forma net tangible book value per share attributable to new investors in this offering	
Pro forma net tangible book value, after this offering	
Dilution per share to new investors in this offering	$

The information discussed above is illustrative only, and the dilution information following this offering will be adjusted based on the actual initial public offering price and other terms of this offering determined at pricing. A $1.00 increase (decrease) in the assumed initial public offering price of $ per share (the midpoint of the price range set forth on the cover page of this prospectus) would increase (decrease) the pro forma net tangible book value by $ per share and the dilution to new investors by $ per share, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, and after deducting the estimated underwriting discounts and commissions and estimated expenses payable by us. We may also increase or decrease the number of shares we are offering. An increase of 1,000,000 shares offered by us would increase the pro forma net tangible book value by $ per share and decrease the dilution to new investors by $ per share, assuming the assumed initial public offering price of $ per share (the midpoint of the price range set forth on the cover page of this prospectus) remains the same and after deducting the estimated underwriting discounts and commissions and estimated expenses payable by us. Similarly, a decrease of 1,000,000 shares offered by us would decrease the pro forma net tangible book value by $ per share and increase the dilution to new investors by $ per share, assuming the assumed initial public offering price of $ per share (the midpoint of the estimated price range set forth on the cover page of this prospectus) remains the same and after deducting the estimated underwriting discounts and commissions and estimated expenses payable by us.

If the underwriters' over-allotment option to purchase additional shares from us is exercised in full, and based on the initial public offering price is $ per share (the midpoint of the price range set forth on the cover page of this prospectus), the pro forma net tangible book value per share after this offering would be $ per share, the increase in pro forma net tangible book value per share to existing stockholders would be $ per share and the dilution to new investors purchasing shares in this offering would be $ per share.

The table below summarizes, the pro forma basis described above, the number of shares of our common stock we issued and sold, the total consideration we received and the average price per share (1) paid to us by existing stockholders; (2) to be paid by new investors purchasing our common stock in this offering at the assumed initial public offering price of $ per share (the midpoint of the price range set forth on the cover page of this prospectus), before deducting underwriting discounts and commissions and estimated offering expenses payable by us; and (3) the average price per share paid by existing stockholders and by new investors who purchase shares of common stock in this offering.

	Shares Purchased		Total Consideration		Average Price Per
	Number	Percent	Amount	Percent	Share
Existing stockholders		%	$	%	$
New investors					
Total		100.0%		$ 100.0%	

To the extent that options are issued under our stock-based compensation plan or we issue additional shares of common stock in the future, there will be further dilution to investors participating in this offering.

The number of shares of our common stock to be outstanding after this offering is based on 18,582,298 shares of our common stock outstanding as of August 1, 2024, assumes no exercise by the underwriters of their over-allotment option and excludes:

- 1,939,312 additional shares of common stock reserved for future issuance under our 2021 Equity Incentive Plan; and
- 3,647,988 shares underlying outstanding stock options at a weighted average exercise price of $1.63 per share.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and plan of operations together with our financial statements and the related notes appearing elsewhere in this prospectus. In addition to historical information, this discussion and analysis contains forward-looking statements that involve risks, uncertainties and assumptions. Our actual results may differ materially from those discussed below. Factors that could cause or contribute to such differences include, but are not limited to, those identified below, and those discussed in the section titled "Risk Factors" included elsewhere in this prospectus. All amounts in this report are in U.S. dollars, unless otherwise noted.

Overview

We are a provider of postsecondary education services through our accredited academic institutions, HDMC, CCC and Integrity. As of March 31, 2024, we enrolled 2,166 students. For additional information regarding our business and our academic institutions, see "Business."

Key operating data

In evaluating our operating performance, our management focuses in large part on our revenue and income before income taxes and period-end enrollment at our academic institutions.

Trends and uncertainties regarding revenue and operations

Liquidity

We currently believe our liquidity position is stable and we expect to be able to fund our business for at least the next 12 months. We believe that we have sufficient capital to withstand a potential downturn in our business. Regulatory agencies have also provided regulatory capital relief to institutions as a result of the crisis as discussed below.

Regulatory Impact from COVID-19 Pandemic

On March 27, 2020, Congress enacted the CARES Act, which included a $2 trillion federal economic relief package providing financial assistance and other relief to individuals and business impacted by the spread of COVID-19. The spread of COVID-19 has had an unprecedented impact on higher educational institutions across the country, including our schools, and has led to the closure of campuses and the transition of academic programs from on-ground to online delivery. The CARES Act includes provisions for financial assistance and other regulatory relief benefitting students and their postsecondary institutions.

Among other things, the CARES Act included a $14 billion Higher Education Emergency Relief Fund ("HEERF") for ED to distribute directly to institutions of higher education. Institutions were required to use at least half of the HEERF funds for emergency grants to students for expenses related to disruptions in campus operations (e.g., food, housing, etc.). Institutions were permitted to use the remainder of the funds for additional emergency grants to students or to cover institutional costs associated with significant changes to the delivery of instruction due to the COVID-19 emergency, provided that those costs do not include payment to contractors for the provision of pre-enrollment recruitment activities, endowments, or capital outlays associated with facilities related to athletics, sectarian instruction, or religious worship. The law required institutions receiving funds to continue to the greatest extent practicable to pay its employees and contractors during the period of any disruptions or closures related to the COVID-19 emergency.

ED subsequently allocated funds to each institution of higher education based on a formula contained in the CARES Act. The formula was heavily weighted toward institutions with large numbers of Pell Grant recipients. ED collectively allocated approximately $3.1 million to our schools. As of December 31, 2021, we had used approximately $2.1 million on student grants and approximately $1.0 million of the allocated funds were reimbursements for qualified expenses. These qualified expenses were reflected on the statement of operations as reductions to general and administrative expenses. The failure to comply with requirements for the usage and reporting of these funds could result in requirements to repay some or all of the allocated funds and in other sanctions.

During the fiscal year ended June 30, 2021, we applied for certain Employee Retention Credits ("ERTC") under the CARES Act in the approximate $2.9 million, which was reflected within the statement of operations as a reduction to educational services expense. The remaining balance of the ERTC receivable as of December 31, 2023 was $47,000.

During the fiscal year ended June 30, 2020, pursuant to the Payroll Protection Program ("PPP") established under the CARES Act, we had obtained a loan in the amount of $1.4 million ("PPP Loan"). Upon our request, the PPP Loan was subject to forgiveness, to the extent that the proceeds were used to pay expenses permitted by the PPP, including payroll costs, covered rent, mortgage obligations and covered utility payments. We submitted a request for full forgiveness to the lender, with the expectation that the PPP Loan would be forgiven in full. As a result, during the period ended June 30, 2020, we recorded the full amount of the PPP Loan received as other income. We received forgiveness in full of the PPP Loan during the fiscal year ended June 30, 2021.

The CARES Act also contained separate educational provisions that relieved both institutions and students from complying with the requirement to return certain Title IV Program funds following a student's withdrawal as a result of the COVID-19 emergency. Ordinarily, when a student withdraws, the institution (and, in some cases, the student) may be required to return unearned portions of the Title IV Program funds awarded for the period. Institutions are required to report to ED the total amount of grant and loan funds the institution has not returned due to the waiver. For federal loan borrowers, the CARES Act also directed ED to cancel the borrower's obligation to repay any direct loan associated with the relevant period. The law also expanded the options to avoid student withdrawals due to a cessation of attendance by placing students on an approved leave of absence and waives certain requirements normally applicable to a leave of absence. The CARES Act also allowed institutions to exclude from the calculation of a student's satisfactory academic progress any attempted credits not completed due to the COVID-19 emergency.

On December 27, 2020, Congress enacted the Consolidated Appropriations Act, 2021. This annual appropriations bill contained the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 ("CRRSAA"). CRRSAA provided an additional $81.9 billion to the Education Stabilization Fund including $22.7 billion for HEERF, which were originally created by the CARES Act in March 2020. The higher education provisions of the CRRSAA were intended in part to provide additional financial assistance benefitting students and their postsecondary institutions in the wake of the spread of COVID-19 across the country and its impact on higher educational institutions.

Like the CARES Act, the CRRSAA directed the majority of HEERF funds to a general program providing direct grants to institutions. Institutions generally were required to designate "at least the same amount" of the funds for direct grants to students as was required under the CARES Act. However, for-profit institutions could only use the additional HEERF funds under the CRRSAA for grants to students. The student grants had to prioritize students with exceptional need and could be used for any component of the student's cost of attendance or for emergency costs that arose due to coronavirus, such as tuition, food, housing, health care (including mental health care), or childcare. Public and nonprofit institutions could use the remaining HEERF funds to (1) defray expenses associated with coronavirus (including lost revenue, reimbursement for expenses already incurred, technology costs associated with a transition to distance education, faculty and staff trainings, and payroll); (2) carry out student support activities authorized by the HEA that address needs related to coronavirus; or (3) for additional financial aid grants to students. ED collectively allocated approximately $1.15 million in CRRSAA funds to our schools. As of [INSERT DATE], our schools had expended all of these funds on grants to our students.

In March 2021, Congress enacted the $1.9 trillion ARPA. ARPA provided nearly $40 billion in relief funds that go directly to colleges and universities with $395.8 million going to for-profit institutions. Institutions are required to spend at least half of their allocations on emergency financial aid grants to students.

We did not incur any benefits related to federal funds directly resulting from COVID-19 programs in each of the fiscal years ended June 30, 2023 or 2022.

Key Financial Metrics

Revenue

Tuition revenue is primarily derived from postsecondary education services provided to students. Generally, tuition and other fees are paid upfront and recorded in contract liabilities in advance of the date when education services are provided to the student. A tuition receivable is recorded for the portion of tuition not paid in advance. In some instances, installment billing is available to students which reduces the amount of cash consideration received in advance of performing the service. The contractual terms and conditions associated with installment billing indicate that the student is liable for the total contract price, therefore mitigating the Company's exposure to losses associated with nonpayment. Tuition revenue is recognized ratably over the instruction period. The Company generally uses the time elapsed method, an input measure, as it best depicts the simultaneous consumption and delivery of tuition services. Revenue associated with distinct course materials is recognized at the point of time when control transfers to the student, generally when the materials are delivered to the student. Revenue associated with lab services is recognized over the period of time when the service is performed.

Enrollments

Enrollments are a function of the number of continuing students at the beginning of each period and new enrollments during the period, offset by students who either graduated or withdrew during the period.

Costs and expenses

Educational service. This expense consists primarily of costs related to the administration and delivery of educational programs by our academic institutions. This expense category includes salaries, benefits, share-based compensation, student books, student supplies and occupancy costs.

General and administrative. This expense includes bad debt expense, share-based compensation, legal and professional fees, insurance, accreditation fees, and travel of employees engaged in corporate management, finance, human resources, compliance and other corporate functions. This expense also includes marketing and advertising costs, which are expensed in the fiscal year incurred.

Depreciation and amortization. This expense reflects depreciation and amortization of property and equipment, amortization of assets under capital leases and amortization of intangible assets.

Interest expense

This expense reflects interest paid under notes issued to our investors, IRS interest, non-cash interest related to unit option grants, interest related to notes associated with CCC, and other debt related interest.

Interest income

This income relates to interest received from investments.

Factors Affecting Comparability

We believe the following factors have had, or can be expected to have, a significant effect on the comparability of recent or future results of operations:

Seasonality

Our operations are generally subject to seasonal trends. We generally experience a seasonal increase in new enrollments during the first quarter of our fiscal year, as well as during the third quarter each year, when most other colleges and universities begin their fall semesters and subsequent to holiday break. While we enroll students throughout the year, our second quarter revenue generally is lower than other quarters due to the holiday season.

Critical Accounting Policies and Use of Estimates

The discussion of our financial condition and results of operations is based upon our annual consolidated financial statements, which have been prepared in accordance with GAAP. Critical accounting policies are those policies that, in management's view, are most important in the portrayal of our financial condition and results of operations. The footnotes to our annual consolidated financial statements included elsewhere in this prospectus include disclosure of significant accounting policies. The methods, estimates, and judgments we use in applying our accounting policies have a significant impact on the results we report in our financial statements. These critical accounting policies require us to make difficult and subjective judgments, often as a result of the need to make estimates regarding matters that are inherently uncertain.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include the valuation of equity instruments and valuation allowances related to accounts receivable and contract accounts receivable.

Revenue recognition

Tuition revenue is primarily derived from postsecondary education services provided to students. Generally, tuition and other fees are paid upfront and recorded in contract liabilities in advance of the date when education services are provided to the student. A tuition receivable is recorded for the portion of tuition not paid in advance. In some instances, installment billing is available to students which reduces the amount of cash consideration received in advance of performing the service. The contractual terms and conditions associated with installment billing indicate that the student is liable for the total contract price, therefore mitigating the Company's exposure to losses associated with nonpayment. Tuition revenue is recognized ratably over the instruction period. The Company generally uses the time elapsed method, an input measure, as it best depicts the simultaneous consumption and delivery of tuition services. Revenue associated with distinct course materials is recognized at the point of time when control transfers to the student, generally when the materials are delivered to the student. Revenue associated with lab services is recognized over the period of time when the service is performed.

Allowance for doubtful accounts

We record an allowance for doubtful accounts for estimated losses resulting from the inability, failure or refusal of our students to make required payments, which includes the recovery of financial aid funds advanced to a student for amounts in excess of the student's cost of tuition and related fees. We determine the adequacy of our allowance for doubtful accounts based on an analysis of our historical bad debt experience, current economic trends, and the aging of the accounts receivable and student status. We apply reserves to our receivables based upon an estimate of the risk presented by the age of the receivables and student status. We write off account receivable balances of inactive students at the earlier of the time the balances were deemed uncollectible, or one year after the revenue is generated. Bad debt expense is recorded as a general and administrative expense in the income statement. Beginning June 2018, we perform an analysis annually to determine which accounts are uncollectable and write them off. This is based on the age of the receivable and collection efforts.

Impairment of long-lived assets

We evaluate the recoverability of our long-lived assets for impairment, other than goodwill, whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to undiscounted future net cash flows expected to be generated by the assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Fair value estimates are based on assumptions concerning the amount and timing of estimated future cash flows. We had no long-lived asset impairments as of June 30, 2023 and 2022, respectively.

Income taxes

GAAP requires management to evaluate tax positions taken by us and recognize a tax liability if we have taken an uncertain position that is more likely than not would be sustained upon examination by the Internal Revenue Service. Management has analyzed our tax positions and believes there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statement.

Corporate tax applies to corporations and limited liability companies that elect to be treated as corporations. The federal income tax rate for c-corporations is 21% and the state tax rate is 8.84%, and it applies to net taxable income from business activity in California.

Corporations are not subject to the state's franchise tax, but they are subject to the alternative minimum tax ("AMT") of 6.65%, which limits the effectiveness of a business writing off expenses against income to lower its corporate tax rate. C-corporations pay the state corporate tax of 8.84% or AMT of 6.65%, depending on whether they claim net taxable income.

We account for income taxes payable or refundable for the current year and deferred tax assets and liabilities for future tax consequences of events that have been recognized in our financial statements or tax returns. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which the temporary differences are expected to be realized.

Share Based Compensation

We measure and recognize compensation expense for share-based payment awards made to employees, directors and consultants. The fair value of our restricted membership interest awards is based on our membership units on the date of grant or the date of approval by the board. The fair value of awards to outside consultants is computed at each reporting date with the final valuation on the date the warrants are fully vested. Membership interest based compensation expense related to restricted membership interest grants is expensed over the vesting period using the straight-line method for our employees, our board of directors and outside consultants.

Goodwill and Other Indefinite-lived Assets

We test goodwill and other indefinite-lived assets for impairment at least annually, or more frequently if events or changes in circumstances indicate that the asset may be impaired. There were no goodwill or other indefinite-lived intangible asset impairments for the periods presented, and based on current qualitative impairment tests, goodwill and other indefinite-lived intangible assets are not as risk of failing.

Results of Operations

Fiscal Year Ended June 30, 2023 Compared to Fiscal Year Ended June 30, 2022

The following table sets forth our consolidated statements of income (loss) data as a percentage of revenue for the years ended June 30, 2023 and 2022:

	Year ended June 30,		Percentage Change
	2023	2022	(decrease)
Revenue	100.0%	100.0%	-
Costs and expenses:			
Educational services	58.6%	59.0%	-0.4%
General and administrative	30.0%	29.2%	0.8%
General and administrative – related party	0.5%	0.6%	-0.1%
Depreciation and amortization	0.6%	0.8%	-0.2%
Total costs and expenses	89.8%	89.5%	0.3%
Operating income	10.2%	10.5%	-0.3%
Interest expense, net	-0.3%	-0.3%	0.0%
Interest income	1.0%	0.7%	0.3%
Income before income taxes	10.9%	10.8%	0.1%
Income tax expense	-3.4%	-3.2%	-0.1%
Net income	7.5%	7.6%	-0.1%

Revenue. *Revenue*. Our revenue was approximately $35.5 million in fiscal 2023 compared to approximately $30.7 million in fiscal 2022, an increase of approximately $4.7 million, or approximately 15.3%. The increase was primarily due to an 8.2% increase active student population.

Educational services. Our educational service expense was approximately $20.8 million in fiscal 2023 compared to approximately $18.1 million in fiscal 2022, an increase of approximately $2.7 million, or approximately 14.7%. The increase is primarily a result of increased instructional and staffing required to support the increase in enrollments.

General and administrative expense. Our general and administrative expense was approximately $10.7 million in fiscal 2023, compared to approximately $8.9 million in fiscal 2022, an increase of approximately $1.7 million, or approximately 19.3%. The increase was primarily related increased marketing and bad debt expense. We anticipate general and administrative expense will continue to increase as our business continues to move towards decentralization, reflecting (i) that we are now more corporate and campus-based, with additional management overseeing various campuses, and (ii) additional professional fees as we pursue acquisitions of new institutions.

Depreciation and amortization. Our depreciation and amortization expense was approximately $0.2 million in fiscal 2023 and fiscal 2022.

Interest expense. Our interest expense was approximately $0.1 million in fiscal 2023 and fiscal 2022.

Income tax benefit/expense. Our income tax expense was approximately $1.2 million in fiscal 2023 compared to an approximately $1.0 million expense in fiscal 2022. The increase is primarily due to increase in pre-tax earnings from fiscal 2023 compared to fiscal 2022.

Net Income. We had net income of approximately $2.7 million in fiscal 2023 compared to approximately $2.3 million in fiscal 2022, an increase of approximately $0.3 million, due items mentioned above.

Nine Months Ended March 31, 2024 Compared to the Nine Months Ended March 31, 2023

The following table sets forth our consolidated statements of income data as a percentage of revenue for the nine months ended March 31, 2024 and 2023:

	Nine months ended March 31,		Percentage
	2024	2023	Change

Revenue	100.0%	100.0%	
Costs and expenses:			
Educational services	53.5%	58.5%	-5.0%
General and administrative	29.3%	30.6%	-1.3%
General and administrative – related party	0.4%	0.5%	-0.1%
Depreciation and amortization	0.6%	0.7%	-0.1%
Total costs and expenses	83.8%	90.2%	-6.4%
Operating income	16.2%	9.8%	6.4%
Interest expense, net	-0.3%	-0.3%	0.0%
Interest income	1.6%	0.6%	1.0%
Income (loss) before income taxes	17.5%	10.0%	7.5%
Income tax expense (benefit)	-5.0%	-2.8%	-2.2%
Net income (loss)	12.5%	7.2%	5.3%

Revenue. Our revenue was approximately $33.2 million for the nine months ended March 31, 2024 compared to approximately $25.9 million for the nine months ended March 31, 2023, an increase of approximately $7.3 million, or approximately 28.1%. The increase is primarily driven by increased student population of 20.2%.

Educational services. Our educational services expense was approximately $17.8 million for the nine months ended March 31, 2024 compared to approximately $15.2 million for the nine months ended March 31, 2023, an increase of approximately $2.6 million, or approximately 17.2%. The increase was primarily attributable to increased instructional and staffing required to support the increase in enrollments.

General and administrative expense. Our general and administrative expense was approximately $9.7 million for the nine months ended March 31, 2024 compared to approximately $7.9 million for the nine months ended March 31, 2023, an increase of approximately $1.8 million, or approximately 22.9%. The increase was primarily attributable to increased marketing and bad debt expenses.

We anticipate general and administrative expense to continue to increase as our business continues to move towards decentralization, reflecting (i) that we are now more corporate and campus-based, with an additional management overseeing various campuses and (ii) additional professional fees as we pursue acquisitions of new institutions.

Depreciation and amortization. Our depreciation and amortization expense was approximately $0.2 million for the nine months ended March 31, 2024 compared to approximately $0.2 million for the nine months ended March 31, 2023.

Interest expense. Our interest expense was approximately $0.1 for the nine months ended March 31, 2024 compared to approximately $0.1 for the nine months ended March 31, 2023.

Income tax /expense. Our income tax expense was approximately $1.7 million for the nine months ended March 31, 2024 compared to approximately $0.7 million for the nine months ended March 31, 2023, an increase of approximately $1.0 million, or approximately 125.2%. The increase is primarily attributable to the increase in pre-tax earnings.

Net Income. Our net income was approximately $4.2 million for the nine months ended March 31, 2024 compared to approximately $1.9 million for the nine months ended March 31, 2023, an increase of approximately $2.3 million, or approximately 121.9%, due to item mentioned above.

Liquidity and Capital Resources

We financed our operating activities and capital expenditures primarily through equity financings and borrowings.

Our cash and cash equivalents were approximately $9.3 million and $8.8 million as of June 30, 2023, and June 30, 2022, respectively.

Our cash and cash equivalents were approximately $11.4 million and $9.3 million as of March 31, 2024, and March 31, 2023, respectively.

We are not party to a revolving line of credit or other debt facility.

Based on our current level of operations and anticipated growth, we believe that our cash flow from operations, the proceeds from this offering and other sources of liquidity, including cash and cash equivalents, will provide adequate funds for ongoing operations, planned capital expenditures and working capital requirements for at least the next 12 months.

Capital expenditures were approximately $0.2 million and $0.3 million for fiscal year 2023 and fiscal year 2022, respectively.

Capital expenditures were approximately $0.4 and $0.1 for the nine months ended March 31, 2024, and 2023, respectively.

Title IV and other government funding

A significant portion of our revenue is derived from student tuition payments funded by the Title IV Programs. As such, the timing of disbursements under the Title IV Programs is based on federal regulations and our ability to successfully and timely arrange financial aid for our students. Title IV Program funds are generally provided in multiple disbursements before we earn a significant portion of tuition and fees and incur related expenses over the period of instruction. Students must apply for new Title IV Program loans and grants each academic year. These factors, together with the timing of our students beginning their programs, affect our operating cash flow.

Financial responsibility

Based on the most recent fiscal year-end financial statements, we satisfied the composite score requirement of the financial responsibility test which institutions must satisfy in order to participate in the Title IV Programs.

Cash Flow Activities for the Years Ended June 30, 2023 and 2022 and the Nine Months ended March 31, 2024 and 2023

Operating activities

Net cash provided by operating activities was approximately $1.8 million in fiscal year 2023, and net cash provided in operating activities was approximately $1.1 million in fiscal 2022 primarily due to reductions in income tax payments.

Net cash provided by operating activities was approximately $2.7 million and $0.3 million for the nine months ended March 31, 2024 and 2023, respectively. The increase of approximately $2.4 million is primarily attributable to an increase in earnings.

Investing activities

Net cash used in investing activities was approximately $0.2 million in fiscal year 2023 and approximately $0.3 million in fiscal year 2022, a decrease of approximately $0.1 million due primarily to reduced investments into capital improvements.

Net cash used in investing activities was approximately $0.4 million for the nine months ended March 31, 2024 and approximately $0.1 million for the nine months ended March 31, 2023, an increase of approximately $0.3 million due primarily to increased investments into capital improvements.

Financing activities

Net cash used by financing activities was approximately $1.1 million in fiscal year 2023 due to dividends paid. Net cash provided by financing activities was approximately $0.1 million in fiscal year 2022 due to shares returned.

Net cash used by financing activities was approximately $0.2 million for the nine months ended March 31, 2024, due to payments on debt. Net cash used by financing activities was approximately $0.1 million for the nine months ended March 31, 2023 due to principal payments related to debt.

Financings

- From July 2021 to September 2021, the Company issued 216,666 of Class A Units to investors at a purchase price of $1.50 per unit for total proceeds of $325,000.
- From July 2022 to June 2023, the Company issued dividends of $916,724
- From July 2023 to June 2024, the Company issued dividends of $[ ]

Impact of Inflation

We believe that inflation has not had a material impact on our results of operations for the fiscal years ended 2023 and 2022. There can be no assurance that future inflation will not have an adverse impact on our operating results and financial condition.

Segment Information

We operate in one reportable segment as a single educational delivery operation using a core infrastructure that serves the curriculum and educational delivery needs of our institution's students regardless of geography. Our chief operating decision maker, our CEO and President, manages our operations as a whole, and our chief operating decision maker does not evaluate expenses or operating income information on a component level.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842) in order to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet for those leases classified as operating leases under current GAAP. ASU 2016-02 requires that a lessee should recognize a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term on the balance sheet. ASU 2016-02 is effective for fiscal years beginning after December 15, 2021, using a modified retrospective approach and early adoption is permitted. The Company adopted ASU 2016-02 on July 1, 2022. The Company has elected to apply the short-term scope exception for leases with terms of 12 months or less at the inception of the lease and will continue to recognize rent expense on a straight-line basis. As a result of the adoption, on July 1, 2022, the Company recognized a lease liability of approximately $5.7 million, which represented the present value of the remaining minimum lease payments using an estimated incremental borrowing rate of 3.98%. As of July 1, 2022, the Company recognized a right-to-use asset of approximately $5.3 million. Lease expense did not change materially as a result of the adoption of ASU 2016-02.

In January 2017, the FASB issued ASU 2017-04, *Intangibles - Goodwill and Other* (Topic 350): *Simplifying the Test for Goodwill Impairment.* The update simplifies the measurement of goodwill by eliminating Step 2 from the goodwill impairment test. The annual or interim goodwill impairment test is performed by comparing the fair value of a reporting unit with its carrying amount. An impairment charge should be recognized for the amount by which the carrying amount exceeds the reporting unit's fair value. The update also eliminates the requirements for any reporting unit with a zero or negative carrying amount to perform a qualitative assessment and, if it fails that qualitative test, to perform Step 2 of the goodwill impairment test. An entity still has the option to perform the qualitative assessment for a reporting unit to determine if the quantitative impairment test is necessary. The update should be applied on a prospective basis. The provisions of ASU 2017-04 are effective for the fiscal years beginning after December 15, 2020. We adopted ASU 2018-04 on July 1, 2021 and it did not have a material impact on our consolidated financial statements and related disclosures.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments ("ASU 2016-13"). ASU 2016-13 provides guidance for recognizing credit losses on financial instruments based on an estimate of current expected credit losses model. The amendments are effective for fiscal years beginning after December 15, 2019. Recently, the FASB issued the final ASU to delay adoption for smaller reporting companies for fiscal years beginning after December 15, 2022. We adopted ASU 2016-13 on July 1, 2023 and it did not have a material impact on our consolidated financial statements and related disclosures.

In August 2020, the FASB issued ASU 2020-06, Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity. This ASU amends the guidance on convertible instruments and the derivatives scope exception for contracts in an entity's own equity, and also improves and amends the related earnings per share guidance for both Subtopics. The ASU will be effective for smaller reporting companies for annual reporting periods beginning after December 15, 2023 and interim periods within those annual periods and early adoption is permitted. We are currently evaluating the impact of the new guidance on our consolidated financial statements.

JOBS Act

On April 5, 2012, the JOBS Act was enacted. Section 107 of the JOBS Act provides that an "emerging growth company" can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act, for complying with new or revised accounting standards. In other words, an "emerging growth company" can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies.

We have chosen to take advantage of the extended transition periods available to emerging growth companies under the JOBS Act for complying with new or revised accounting standards until those standards would otherwise apply to private companies provided under the JOBS Act. As a result, our financial statements may not be

comparable to those of companies that comply with public company effective dates for complying with new or revised accounting standards.

We are in the process of evaluating the benefits of relying on other exemptions and reduced reporting requirements provided by the JOBS Act. Subject to certain conditions set forth in the JOBS Act, as an "emerging growth company," we intend to rely on certain of these exemptions, including, without limitation, (i) providing an auditor's attestation report on our system of internal controls over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act and (ii) complying with any requirement that may be adopted by the Public Company Accounting Oversight Board regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements, known as the auditor discussion and analysis. We will remain an "emerging growth company" until the earliest of (i) the last day of the fiscal year in which we have total annual gross revenues of $1.235 billion or more, as such amount is indexed for inflation every five years by the Securities and Exchange Commission to reflect the change in the Consumer Price Index for All Urban Consumers during its most recently completed fiscal year; (ii) the last day of our fiscal year following the fifth anniversary of the date of the completion of this offering; (iii) the date on which we have issued more than $1 billion in nonconvertible debt during the previous three years; or (iv) the date on which we are deemed to be a large accelerated filer under the rules of the Securities and Exchange Commission.

BUSINESS

Overview

We provide career-focused, post-secondary education services to students at all stages of adult life, from recent high school graduates to working parents, through our accredited academic institutions: High Desert Medical College, which we acquired in July 2010, Central Coast College, which we acquired in January 2019, and Integrity College of Health. On December 31, 2019, we entered into a Membership Interest Purchase Agreement with the sole member of Integrity. We purchased from the sole member of Integrity on that date 24.5% of her interest and obtained an exclusive option to acquire her remaining membership interest upon payment of $100, which was exercised on September 15, 2020. For purposes of our financial statements, the acquisition of Integrity is deemed to have been effective as of December 31, 2019.

High Desert Medical College

HDMC was established in the State of California in 2002 and began offering classes in 2003. It started with campuses in Lancaster, California, and added its first branch in 2008 in Bakersfield, California. Due to enrollment growth and high demand for its services, HDMC expanded to add a branch campus in Temecula, California campus in order to accommodate 250 to 400 additional students. HDMC offers UT, VN, VN Associate of Applied Science degree program, Associate Degree of Nursing, nursing assistant, MRI Associate of Applied Science, cardiac sonography, pharmacy technician, dental assisting, clinical medical assisting, medical administrative assisting programs, medical billing and coding, veterinary assistant, phlebotomy technician avocational, nursing assistant avocational, and UT Associate of Applied Science degree programs. HDMC also plans to offer an emergency medical technician (EMT) program beginning in October 2024 and is in the process of obtaining approvals for the program (for which HDMC is not planning to apply for ED approval to make Title IV Program funds available for students who enroll in the program). As of March 31, 2024, HDMC had 1,537 students enrolled in its programs.

Central Coast College

CCC was established in the State of California in 1983. In 1991, CCC moved to its current location in Salinas, California to accommodate growing enrollment numbers and the addition of new training programs.

CCC offers the following certificate or degree programs: business administrative specialist, computer specialist: accounting, medical administrative assistant, medical assisting, nursing assistant, UT, UT Associate of Applied Science, veterinary assistant, veterinary technology Associate of Applied Science, and VN. CCC also offers an avocational phlebotomy technician program. CCC also has obtained approval from ACCET to offer the following programs and plans to begin doing so in October 2024, pending additional approvals: surgical technology (Associate of Applied Science), dental assisting, and sterile processing technician. CCC is also in the process of applying for approvals for a pharmacy technician program and an Associate Degree in Nursing program that it intends to provide in the future. As of March 31, 2024, CCC had 462 students enrolled in its programs.

Integrity College of Health

Integrity was established in the State of California in 2007. Integrity's campus is located in Pasadena, California. Integrity offers VN, VN Associate of Applied Science, Registered Nurse to Bachelor of Science in Nursing ("RN to BSN"), medical assisting, medical billing and coding, veterinary assistant, and Diagnostic Medical Sonography programs. Integrity also plans to offer an emergency medical technician (EMT) program beginning in October 2024 and is in the process of obtaining approvals for the program (for which Integrity is not planning for ED approval to make Title IV funds available for students who enroll in the program). For purposes of our financial statements, Legacy Education, L.L.C. is deemed to have acquired Integrity in December 2019. As of March 31, 2024, Integrity had 167 students enrolled in its programs.

Our History

- In 2003, HDMC began offering classes in Lancaster, CA (main campus).
- In 2008, HDMC began offering classes in Bakersfield, CA (branch campus).
- In October 2009, our current Chief Executive Officer, LeeAnn Rohmann founded our company.
- In July 2010, we acquired HDMC.
- From 2011 to 2013, HDMC received VA approval, Workers Investment Act approval and Department of Rehabilitation approval for its programs.
- In April 2013, HDMC received ACCET accreditation.
- In December 2013, HDMC received BVNPT accreditation of new licensed vocational nurses curriculum on a provisional basis, which provision was removed in 2017.
- In March 2014, HDMC became eligible to participate in the Title IV Programs and, in April 2014, received its first disbursements under the Title IV Programs.

- From 2015 to 2017, HDMC added pharmacy technician and dental assisting programs, went through re-accreditation with ACCET, received approval to participate in Cal Grant programs, and was removed from provisional status by BVNPT.
- In January 2018, the UT AAS degree program was approved by BPPE and ACCET to offer through interactive distance learning.
- In July 2018, HDMC received branch approval for the Temecula, CA campus.
- In July 2018, HDMC introduced medical billing and coding programs and online UT AAS program.
- In December 2018, we entered into the management services agreement with Integrity.
- In December 2018, ED conducted and completed a program review at HDMC to confirm compliance with Title IV regulations, noting only minor findings.
- In January 2019, we acquired CCC.
- In January 2019, HDMC received approval for licensed vocational nurse students (20 students) for Bakersfield, CA.
- In February 2019, the UT AAS degree program was approved by ED.

- In February 2019, HDMC opened its campus in Temecula, CA.
- In April 2020, CCC was re-accredited by ACCET through April 2025 for all programs.
- In December 2019, we acquired a 24.5% ownership interest in Integrity.
- In September 2020, we acquired the remaining 75.5% interest in Integrity
- In 2021 and 2022 we received per hybrid approval for all programs, launched new accredited programs of Cardiac Sonography AAS, Vocational Nursing AAS, Ultrasound AAS in CCC, obtain Vocational Nursing program in HDMC Temecula.
- In 2023, we launched new accredited programs of Certified Nurse Assistant program at HDMC, Magnetic Resonance Imaging AAS (HDMC), Veterinary Assisting (ICH), Vocational Nursing (CCC), RN approval (HDMC)
- In January 2024, we started our first Associates Degree of Nursing program (HDMC).
- In April 2024, HDMC was re-accredited by ACCET through April 2029 for all programs.

Industry Background

In the United States, the post-secondary education marked is large, fragmented, and competitive. According to National Center for Educational Statistics, as of 2022, degree granting career colleges served approximately 1.2 million undergraduate students, which was approximately 6.3% of the estimated 19.0 million total undergraduates in degree programs. Further, the COVID-19 pandemic significantly reduced the number of students enrolled in post-secondary education institutions in recent years. According to estimates released by the National Student Clearinghouse Research Center, total enrollments in all higher education sectors declined 0.7% and 2.5% in the fall of 2022 and 2021, respectively. Enrollment at proprietary colleges increased 2.6% in the fall of 2022 and declined 2.1% in the fall of 2021. The industry is heavily dependent on continued availability of federal student financial assistance under Title IV of the Higher Education Act ("Title IV Programs"), and concerns about potential reductions in such funding also could negatively affect demand for higher education.

Notwithstanding weaker demand dynamics in past years, including the more recent adverse impact from the COVID-19 pandemic, we believe that over time, demand for post-secondary education in the United States will continue to increase as a result of demographic, economic, and social trends. The 2022 U.S. Census Bureau reported that approximately 64.5 million adults over the age of 25 in the United States did not have more than a high school education, and approximately 33.0 million adults over the age of 25 had some college experience but had not completed a college degree. Other trends that could positively impact demand for our programs include:

- increasing demand by employers for certain types of professional and skilled workers;
- growth in the number of high school graduates from 2.8 million in 1999-2000 to an estimated 3.7 million in 2019-2020, according to the National Center for Education Statistics;
- the significant and measurable income premium and enhanced employment prospects attributable to post-secondary education;
- a number of initiatives underway to reduce the cost of a post-secondary education; and
- a continued demand from working adults for programs offered by accredited institutions.

Our Market Opportunity

We believe that the community college system in California, where we currently operate, is not meeting current educational and workforce needs. Plagued by poor completion rates, uncertain career pathways and corresponding poor job placement rates, California community colleges are not the stepping stones to success they once were. Aspiring students who want in-demand skills are often stuck between choosing an expensive four-year school with course requirements unrelated to their interests, on one hand, and a community college that lacks a clear mission and the ability to place them in their desired careers, on the other hand.

Our colleges directly address this employment need through our focused, high-quality programs. Our campuses are strategically located near hospitals and clinics to allow easy access for our students to externships and full-time employment opportunities.

The geographic footprint of our colleges extends from Southern to Central California, home to approximately 24 million people, including an aging population who will depend on the skills our students are able to provide as healthcare workers.

Our target demographic is early to mid-20-year-old with a desire to better their economic situation by choosing a program with strong job opportunities, primarily within a 100-mile radius of each campus for most programs for ease of drive and availability. Students choose a for-profit career college because they can get trained and on the job within months. Prospective students need caring career direction and advice, more so than your traditional college students.

According to the Bureau of Labor Statistics, employment in the healthcare industry is projected to grow 16% from 2020 to 2030 resulting in over 2.6 million new jobs. This growth rate is much stronger than other industries. In addition, the aging population has a greater demand for healthcare.

Our Growth Strategies

Our growth strategy goals consist of the following:

- Plan for moderate growth in existing programs.
- Approval of registered nursing programs in Bakersfield and Salinas, California.
- Add Associate of Applied Sciences degrees to our shorter programs.
- Add registered dental assisting to our dental assistant program.
- New programs in dental hygiene and surgical technician.
- Continued Launch of new program offerings, including online offerings.
- Launch new branch campuses, including in Fresno and Santa Ana, California and beyond.
- Acquire new institutions (new locations, new programs) outside of California, including in Nevada, Colorado and New Mexico and programs in business, automotive and trade to increase national footprint.
- Meet benchmark standards for completion and placement.

Our business strategy is based on helping our graduates succeed, which we believe will drive our financial results. To that end, we are pursuing the following operating strategies:

- Focusing on student and graduate success, including improving retention rates while maintaining high standards of academic quality and rigor;
- Maintaining and improving upon our ability to offer affordable degrees, where graduates receive a high return on their investment;
- Expanding and optimizing our relationship-based marketing efforts and increasingly personalizing the prospective student experience; and
- Further strengthening and expanding our product offering and the alignment of our offering with employer needs.

We are focused on the following operational priorities to deliver these strategies:

Curriculum and Assessment. Across our portfolio, we continue to refine and implement best practices for teaching and learning models and focus on learner success to improve completion rates and align the curriculum to employers' needs to drive career success. Our goal is to further strengthen our position as a recognized leader in high quality learning.

We are committed to delivering a superior academic, professionally aligned, real-world education to our students. We seek to develop a deep understanding of the professions we serve and the competencies required of skilled professionals in these fields. This commitment guides the development of our curricula, the recruitment of our faculty and staff, and the design of our support services.

Graduate Success. We look for opportunities to improve our student's educational experience and increase the likelihood of students successfully completing their programs. Our programs surround students with a supportive, flexible, and engaging environment to help them achieve academic success. To foster that environment, we maintain a comprehensive focus on improving early cohort persistence, a personalized on-boarding experience for new learners, simplified administrative interactions, and continuous improvements in the quality and frequency of interaction between our learners and our faculty.

Relationship-Based Marketing. We continue to focus on building our brands and establishing our strong differentiation as a provider of high quality and professionally aligned educational offerings as well as an innovative and leading provider of job-ready skills for the 21st century workforce. We continue to expand on this differentiation through a variety of initiatives, including creating brand recognition, optimizing marketing efforts, interacting with prospective students earlier in the decision process and expanding strategic employer relationships. Our marketing strategy is designed to attain greater strategic control over our new enrollment growth and strengthen engagement with prospective as well and current students and graduates, who can act as advocates for our institutions.

Innovation and Diversification. We seek to expand the addressable market by investing in innovation, student success, academic infrastructure, and new business models. We also seek to drive growth through a multifaceted strategy of enhancing existing program offerings, developing new and innovative programs, and branching and acquisitions.

Competition

The for-profit, post-secondary education industry is highly competitive and highly fragmented with no single participant controlling a significant market share. We compete for students with traditional public and private two-year and four-year degree-granting accredited colleges and universities, other proprietary degree-granting accredited schools, and alternatives to higher education. In addition, we face competition from various non-traditional, credit-bearing and noncredit-bearing education programs, provided by both proprietary and not-for-profit providers, including massive open online courses offered worldwide without charge by traditional educational institutions and other direct-to-consumer education services. As the proportion of traditional colleges providing alternative learning modalities increases, we will face increasing competition for students from traditional colleges, including colleges with well-established reputations for excellence. As online learning matures as a modality for education delivery across higher education, we believe that the intensity of the competition we face will continue to increase.

We believe the key factors affecting our competitive position include the quality of the programs offered, the quality of other services provided to students, our reputation among students and in the general marketplace, the cost and perceived value of our offerings, the employment rate and terms of employment for our graduates, the ease of access to our offerings, the quality and reputation of our faculty and other employees, the quality of our campus facilities and online platform, the time commitment required to complete our program and obtain a degree, the quality and size of our alumni base, and our relationship with other learning institutions.

Some of our local competitors include San Joaquin Valley College, Charter College Lancaster, Career Care Institute, UEI College, Bakersfield College and the Pima Medical Institute. Such competitors may have greater financial resources and greater brand recognition than us. For example, public institutions receive government subsidies and other financial sources not available to for-profit schools.

Marketing and Recruiting

We use a variety of marketing and recruiting methods to attract students and increase enrollment. Our marketing and recruiting efforts are targeted at prospective students who are high school graduates entering the workforce, or who are currently underemployed or unemployed and require additional training to enter or re-enter the workforce.

Marketing and Advertising. We advertise through a variety of marketing channels to inform prospective students interested in entering or advancing their healthcare careers about the college and the programs we offer. We utilize a fully integrated marketing approach in our lead generation and admissions process that includes the use of traditional media such as radio, billboards, direct mail, a variety of print media and event marketing campaigns. Our digital marketing efforts, which include paid search, search engine optimization, online video and display advertising and social media, have grown significantly in recent years and currently drive the majority of our new student leads and enrollments. Our websites' integrated marketing campaigns direct prospective students to call us or visit the HDMC, CCC and Integrity websites where they will find details regarding our programs and campuses and can request additional information regarding the programs that interest them.

Referrals. Referrals from current students, high school counselors and satisfied graduates and their employers have historically represented approximately 36% of our new enrollments. Our school administrators actively work with our current students to encourage them to recommend our programs to prospective students. We continue to build strong relationships with high school guidance counselors and instructors by offering annual seminars at our training facilities to further familiarize these individuals on the strengths of our programs.

Recruiting. Our recruiting efforts are conducted by a group of approximately 10 campus-based and field representatives who meet directly with prospective students during presentations conducted at high schools, or during a visit to one of our campuses.

Student Support

Admissions. Students enrolling in our programs must have a high school diploma or a General Educational Development Certificate and demonstrate competence in writing and logical reasoning. Students must also complete an application and pass one or more entrance assessments, including the Wonderlic Scholastic Level Exam (SLE) or HESI for the Veterinary Nurse program. While each of our programs has different admissions criteria, we screen all applications and counsel the students on the most appropriate program to increase the likelihood that our students complete the requisite coursework and obtain and sustain employment following graduation. As of March 31, 2024, our diverse student body war comprising 72% Hispanic, 10% White, 6% Black/African American, 5% Asian, and 2% American Indian students. The age distribution shows 43% of our students are 25 and older, while 57% are 24 and younger, with a significant majority of 92% being women and 8% men.

Enrollment. We enroll students continuously throughout the year, with our largest classes enrolling in late summer or early fall following high school graduation. We had 2,166 students enrolled as of March 31, 2024, an increase of 20.4% compared to 1,799 students as of March 31, 2023 and demonstrating a Compound Annual Growth Rate (CAGR) of 23% over the past three years. Enrollments across our colleges as of March 31, 2024, include 1,537 students at High Desert Medical College, 462 at Central Coast College, and 167 at Integrity College of Health. Our expanding student body reflects the trust and confidence in our educational offerings and our ability to prepare students for successful careers.

Retention. To maximize student retention, the staff at each school is trained to recognize the early warning signs of a potential drop and to assist and advise students on academic, financial, employment and personal matters. We monitor weekly our retention rates by instructor, course, program and school. When we become aware that a particular instructor or program is experiencing a higher than normal dropout rate, we quickly seek to determine the cause of the problem and attempt to correct it. When we identify that a student is experiencing difficulty academically, we offer tutoring, remediation and assistance and guidance from the program director. With an average program retention rate of 86%, our focus on student success and support throughout their educational journey is evident.

Outcome. Our core mission is to prepare students for competitive careers in their chosen fields. As of March 31, 2024, we boast an average placement rate of 78%, with individual rates of 76% for High Desert Medical College, 73% for Central Coast College, and an impressive 85% for Integrity College of Health. Additionally, our students have achieved a 79% NCLEX Pass Rate and a 64% Vet Tech Pass Rate, demonstrating the effectiveness of our programs.

Faculty and Employees

Across the organization, we seek to hire faculty who have teaching and/or practitioner experience in their particular discipline and who possess significant and appropriate academic credentials. We hire our faculty in accordance with established criteria set by the California Code of Regulations and accreditation standards, including relevant work experience and educational background. We require meaningful industry experience of our teaching staff in order to maintain the quality of instruction in all of our programs and to address current and industry-specific issues in our course content. In addition, we provide intensive instructional training and continuing education, including quarterly instructional development seminars, annual reviews, technical upgrade training, faculty development plans and weekly staff meetings.

We also employ non-faculty staff in student services, academic advising and academic support, enrollment services, administration, financial aid, information technology, human resources, finance and other administrative functions. The staff of each campus typically includes a campus director, a career services coordinator, a financial-aid officer and a career advisor and instructors, all of whom are industry professionals with experience in our areas of study.

As of March 31, 2024, we had approximately 68 full-time faculty, including program directors, as well as approximately 71 part-time faculty.

As of March 31, 2024, we and our institution also employed approximately 127 combined non-faculty staff in the areas of university services, academic advising and academic support, enrollment services, university administration, financial aid, information technology, human resources, corporate accounting, finance and other administrative functions. None of our employees is a party to any collective bargaining or similar agreement with us.

Education Regulations

As a provider of postsecondary education, we are subject to extensive regulation by federal, state and accrediting agencies. The applicable educational regulatory requirements cover virtually all phases of the operations of our institutions, including, but not limited to, educational program offerings, facilities, instructional and administrative staff, administrative procedures, marketing and recruiting, financial operations, data security and privacy, adequacy and substantiation of graduation and job placement rates and other student outcomes, distribution of information to current and prospective students, professional licensure requirements, payment of refunds to students who withdraw, the receipt of federal and state financial aid by our students (including institutional, programmatic, and student eligibility requirements), private and institutional loan programs, distance education, third party servicers, written arrangements with other institutions or organizations to provide some or all of an educational program, student complaints, student services, student admissions, transfer of academic credits, acquisitions or openings of new institutions, additions of new campuses and educational programs, closure or relocation of existing locations and changes in corporate structure and ownership.

Each of our institutions (HDMC, CCC, and Integrity) participate in the Title IV Programs, as well as other federal and state financial aid programs and are subject to extensive regulation by ED, other federal and state educational agencies and accreditors. CCC and HDMC are approved to offer, and must comply with applicable requirements related to, veterans education assistance administered by the Department of Veterans Affairs (“VA”), Cal Grants administered by the California Student Aid Commission, and funds administered under the Workforce Innovation and Opportunity Act. We derive a substantial portion of our revenue and cash flows from the Title IV Programs and a significant portion of our students rely on financial aid received under the Title IV Programs in order to attend our institutions. To participate in the Title IV Programs, an institution must receive and maintain authorization by the appropriate state education agencies, be accredited by an accrediting body recognized by ED, hold programmatic accreditation if required by a state or federal agency (including as a condition of employment in the occupation for which the institutional program prepares the students), and be certified by ED as an eligible institution.

The laws, regulations, standards and policies of our regulators change periodically and are subject to new and changing interpretation by our regulators. Changes in, or new interpretations of, applicable laws, regulations, standards, or policies, or our failure to comply with those laws, regulations, standards, or policies could have a material adverse effect on our receipt of funds under the Title IV Programs and other federal and state financial aid programs, the accreditation of our institutions and programs, the authorization of our institutions to operate in various states, our permissible activities, or our costs of doing business. We cannot predict with certainty how all of the requirements applied by our regulators will be interpreted or whether our institutions will be able to comply with these requirements in the future. Given the complex nature of these requirements and the fact that they are subject to interpretation, it is possible that we may inadvertently violate these laws, regulations, standards, or policies. If we are found to have violated any applicable regulations, laws, standards or policies, we may be subject to liabilities, sanctions, and other consequences. See “Risk Factor - *If our institutions fail to comply with the extensive regulatory requirements applicable to our business, we could incur financial penalties, restrictions on our operations, loss of federal and state financial aid funding for our students, loss of accreditation, or loss of our authorization to operate our institutions or our educational programs*.”

Under the provisions of the HEA, an institution must apply to ED for continued certification to participate in the Title IV Programs at least every six years or when it undergoes a change in ownership resulting in a change of control. ED defines an institution to consist of both a main campus and its additional locations, if any. Under this definition, for ED purposes, we operate the following three institutions, collectively consisting of three main campuses and two additional locations: HDMC with locations in Lancaster, Bakersfield, and Temecula, CCC with a location in Salinas, and Integrity with a location in Pasadena. Generally, the recertification process includes a review by ED of an institution’s educational programs and locations, administrative capability, financial responsibility and other oversight categories. The current expiration date of the program participation agreements for HDMC and CCC is September 30, 2026. Integrity is currently participating in the Title IV Programs under a temporary provisional program participation agreement in connection with its change in ownership and control resulting from our acquisition of the institution. The temporary provisional program participation agreement had an expiration date of November 30, 2020 but continues on a month-to-month basis thereafter based on the institution’s submission to ED of certain required documentation and remains in effect until the conclusion of ED’s review of Integrity’s pending application for approval of its change in ownership and control.

ED typically provides provisional certification to an institution following a change in ownership resulting in a change of control and also may provisionally certify an institution for other reasons, including, but not limited to, noncompliance with certain standards of administrative capability and financial responsibility. Our Integrity institution is currently approved under a temporary provisional program participation agreement which (as described in a subsequent section) permits an institution to continue participating in the Title IV Programs on a month-to-month basis while ED reviews the change in ownership and as long as the institution timely submits certain documentation to ED during the process. An institution that is provisionally certified receives fewer due process rights than those received by other institutions in the event ED takes certain adverse actions against the institution, is required to obtain prior ED approvals of new campuses and educational programs and may be subject to heightened scrutiny by ED. However, provisional certification does not otherwise limit an institution's access to Title IV Program funds.

On October 31, 2023, ED published a final rule revising its Title IV Program certification regulations with an effective date of July 1, 2024. The rule codifies additional grounds for placing an institution on provisional certification, including a determination by ED that an institution is at risk of closure and ED's consideration of supplementary performance measures that include an institution's withdrawal rate, recruiting expenses, and licensure pass rate. The revised certification regulations also increase the number of requirements contained in an institution's Program Participation Agreement (including, for example, a requirement to comply with all state laws related to closure), require certain ownership entities to sign the Program Participation Agreement, establish new standards for maximum program length (including a prohibition on the length of certain educational programs from exceeding the required minimum number of hours established by applicable state(s) for entry-level training requirements for the occupation for which the programs train students), requires certification that an institution's programs meet applicable educational requirements for graduates to obtain required occupational licensure or certification in a state, and restricts the ability of institutions to withhold transcripts. The revised regulations also impose new potential conditions on provisionally certified institutions, including but not limited to the submission of teach-out and/or document retention plans, growth restrictions, acquisition restrictions, additional reporting requirements, limitations on written arrangements, and additional conditions applicable to institutions found to have engaged in substantial misrepresentations or institutions seeking to convert to nonprofit status following a change in ownership. The revised certification regulations are expansive, complex and could be difficult for our institutions to comply with its applicable requirements as interpreted by ED. If ED finds that any of our institutions do not fully satisfy all required eligibility and certification standards, ED could limit, condition, suspend, terminate, revoke, or decline to renew our institutions' participation in the Title IV Programs or impose liabilities or other sanctions. Continued Title IV Program eligibility is critical to the operation of our business. If our institutions become ineligible to participate in the Title IV Programs, or have that participation significantly conditioned, we may be unable to conduct our business as it is currently conducted which would have a material adverse effect on our business, financial condition, results of operations and cash flows.

State Authorization. Our institutions are subject to the educational laws and regulations of the State of California where our physical campuses are located. We also may be subject to the educational laws of other states if we acquire a new institution in the state or if one of our institutions adds a new campus in the state or otherwise conducts other operations in the state covered by applicable state educational law including, but not limited to, student recruitment, advertising, or certain types of distance education. State educational laws establish standards and requirements for, among other things, student instruction, faculty qualifications, campuses and facilities, educational programs, financial stability, administrative staff, marketing and recruiting, distribution of information to current and prospective students, payment of refunds to students who withdraw, private and institutional loans, distance education, student services, student complaints, student admissions, transfer of academic credits, substantive changes, acquisitions, and policies and minimum graduation and job placement outcomes for institutions and/or their individual educational programs. Our institutions are authorized to operate by the California Bureau for Private Postsecondary Education ("BPPE"). We also may be required to obtain approvals and comply with requirements of state agencies that regulate certain occupational educational programs such as, for example, VN and phlebotomy. The California Board of Registered Nurses approves the Associate degree of Nursing program at HDMC. The VN programs at HDMC and Integrity are approved by BVNPT. The phlebotomy programs at HDMC and CCC are approved by California Department of Public Health. In addition, we are subject to state consumer protection laws.

Attorneys general in many states have become more active in enforcing consumer protection laws, including, for example, laws related to marketing, advertising and recruiting practices and the financing of education at for-profit educational institutions. Further, some state attorneys general have partnered with the CFPB, the FTC, and other federal and state agencies to review industry practices and collaborate on enforcement actions against educational institutions. These actions increase the likelihood of scrutiny of marketing, advertising, recruiting, financing, and other practices of educational institutions and may result in unforeseen consequences, increasing risk and making our operating environment more challenging.

Adverse media coverage regarding the allegations of state consumer protection law violations by us or other for-profit education companies could damage our reputation, result in decreased enrollments, revenues and profitability and have a negative impact on our stock price. Such coverage could also result in continued scrutiny and regulation by ED, Congress, accreditors, state legislatures, state attorneys general or other governmental authorities of us and other for-profit educational institutions.

State education laws and regulations may limit our campuses' ability to operate or to award degrees, diplomas, or certificates or offer new programs. Moreover, under the HEA, authorization by state education agencies is necessary to maintain eligibility to participate in the Title IV Programs. ED regulations also require institutions offering postsecondary education through distance education to students located in a state in which the institution is not physically located (as determined by the institution at the time of a student's initial enrollment and, if applicable, upon formal receipt of information from the student that their location has changed to another state) to meet state educational requirements in that state or participate in a state authorization reciprocity agreement in order to disburse Title IV funds to such students. We have obtained approval to offer portions of our programs via distance education from ACCET for CCC and HDMC, ABHES for Integrity, and from BPPE for HDMC, CCC, and Integrity. The State of California does not, however, presently participate in any state authorization reciprocity agreement whereby our institutions may offer programs via distance education to students located in other states without our applicable state authorizations from those other states. Our institutions presently do not have any state postsecondary authorizations outside of California. In addition, an institution must make disclosures readily available to enrolled and prospective students regarding whether programs leading to professional licensure or certification meet state educational requirements, and provide a direct disclosure to students in writing if the program leading to professional licensure or certification does not meet state educational requirements in the state in which the student is located (which is only California for our current students). Under ED's rules effective July 1, 2024, an institution must certify that its programs satisfy the applicable educational requirements for professional licensure or certification needed to practice or find employment in an occupation for which the program prepares a student in the state in which the school or where a student is located or intends to seek employment (which, although our current students are located in California, could be a state other than California and could require us to refrain from enrolling students in a state if our program does not satisfy the applicable educational requirements in the state). ED also commenced a negotiated rulemaking process to develop new regulations on topics that include state authorization and convened a negotiated rulemaking committee to consider proposals from January through March 2024. On July 17, 2024, ED announced that proposed rules related to cash management, state authorization and accreditation will be published by next year. We cannot predict the ultimate timing or content of any new regulations that might emerge from this process. See Risk Factors at "*Additional ED or other rulemaking could materially and adversely affect our operations, business, results of operations, financial condition and cash flows."*

State legislatures often consider legislation affecting regulation of postsecondary educational institutions. Our institutions are located in California which has expansive laws and regulations impacting for-profit schools like our institutions. Enactment of this legislation and ensuing regulations, or changes in interpretation of existing regulations, may impose substantial costs on our institutions and require them to modify their operations in order to comply with the new regulations. If we are unable to comply with applicable past, current or future state education, consumer protection, licensing, authorization or other requirements, or determine that we are unable to cost effectively comply with new or revised requirements, we could be subject to liabilities, sanctions and other consequences. See "Risk Factor – *Any failure to comply with educational laws and regulatory requirements, including educational requirements, or new state legislative or regulatory initiatives affecting our institutions, could have a material adverse effect on our total student enrollment, results of operations, financial condition and cash flows*."

Institutional Accreditation. In the U.S., accrediting agencies are non-governmental entities that periodically review the academic quality of an institution's instructional

programs and its administrative and financial operations to ensure the institution has the resources to perform its educational mission. Accrediting agencies impose standards that extend to most aspects of an institution's operations and educational programs including, but not limited to, requirements to maintain threshold graduation and job placement rates for its educational programs. HDMC and CCC are currently accredited by ACCET through April 2029 and April 2025, respectively. Integrity is accredited by ABHES through February 2026. ED requires an institution to be accredited by an ED-recognized accrediting agency in order for the institution to participate in the Title IV Programs. ACCET and ABHES are ED-recognized accrediting agencies. The failure to comply with accreditation standards could subject an institution to additional requirements, sanctions, and consequences including the potential loss of accreditation. See "Risk Factor - *If one or more of our institutions fails to maintain institutional accreditation, or if certain of our programs cannot obtain or maintain programmatic accreditation, our student enrollments would diminish and our business would suffer*."

Programmatic Accreditation. Many states and professional associations require professional programs to be accredited. While programmatic accreditation is not a sufficient basis to qualify for institutional Title IV Program certification, programmatic accreditation may improve employment opportunities for program graduates in their chosen field. Moreover, ED requires an institution to hold programmatic accreditation for an educational program if required by a state or federal agency (including as a condition of employment in the occupation for which the institutional program prepares the students). The veterinary technology program at CCC is accredited by American Veterinary Medical Association. Integrity's Registered Nurse to Bachelor of Science in Nursing holds pre-accreditation candidacy status from the Commission for Nursing Education Accreditation. Those of our programs that do not have such programmatic accreditation, where available, or fail to maintain such accreditation, may experience adverse publicity, loss of access to Title IV funds, declining enrollments, litigation or other claims from students or suffer other adverse impacts, which could result in it being impractical for us to continue offering such programs.

ED Recognition of Accrediting Agencies. Our participation in the Title IV Programs is dependent on ED continuing to recognize the accrediting agencies that accredit our colleges and universities. Each of our institutions currently are accredited by an ED-recognized accrediting agency. The standards and practices of these agencies have become a focus of attention by state attorneys general, members of Congress, ED's Office of Inspector General and ED over recent years, and are the subject of upcoming rulemaking. ED held negotiated rulemaking sessions between January and March 2024, and the negotiators did not reach consensus on proposed language. ED proposed expanding requirements related to accrediting agencies' conflict of interest policies and student achievement standards, for example. On July 17, 2024, ED announced that proposed rules related to cash management, state authorization and accreditation will be published by next year. ED has indicated during negotiated rulemaking its intent to require accreditors to take action against institutions more promptly when accreditors identify noncompliance and to modify accreditor review of substantive changes and limit the time an institution can remain in noncompliance with accrediting agency standards, which could increase the amount of enforcement activities by accrediting agencies against institutions like ours. ED also proposed expanding requirements related to accrediting agencies' conflict of interest policies and student achievement standards, for example.

This focus may make the accreditation review process longer and potentially more challenging for our institutions when they undergo their normal accreditation review processes. It may also make the process by which ED evaluates and recognizes accreditors as appropriate Title IV Program gatekeepers longer and more challenging for our accreditors. ED recognized accreditors are facing increased political pressure as part of this recognition process to apply heightened levels of scrutiny or review and/or apply new requirements or standards to for-profit institutions. These pressures may result in future modifications to accreditation criteria, practices or other policies and procedures, with which our institutions may not be able to comply. If ED withdraws recognition from ACCET and/or ABHES, ED may continue our schools' eligibility for a period of up to 18 months from the date of the withdrawal of recognition, and our schools could apply for accreditation from the other ED-recognized accrediting agencies. ED could impose provisional certification and other conditions and restrictions on our schools during this period. If ACCET and/or ABHES lose recognition from ED and our schools are unable to obtain accreditation from a different ED-recognized accrediting agency in the quired time period, our schools could lose eligibility to participate in Title IV Programs.

Congressional Action. The U.S. Congress must periodically reauthorize the HEA and other laws governing the Title IV Programs and annually determine the funding level for each Title IV Program, and may pass new laws or revise existing laws at any time. Political and budgetary concerns significantly affect the Title IV Programs. We cannot predict when or whether Congress will consider or vote on legislation to reauthorize the HEA or to create new laws or revise existing laws. Furthermore, we cannot predict with any certainty the outcome of the HEA reauthorization process nor the extent to which any legislation that Congress could adopt at any time could materially affect our business, financial condition and results of operations. However, recent elections have increased the number and influence of legislators and regulators who have been critical of the for-profit postsecondary education sector that includes our institutions, which has led and could continue to lead to significant legislative changes in connection with amendments to the HEA, annual appropriations, or other changes to laws, that have been and may continue to be adverse to our institutions and other for-profit institutions. Moreover, current requirements for student or school participation in Title IV Programs may change or one or more of the present Title IV Programs could be replaced by other programs with materially different student or school eligibility requirements. For example, ARPA was signed into law in March 2021 and included, among other things, a provision that amended the 90/10 Rule in the HEA. See "Risk Factors - *Our institutions could lose their eligibility to participate in federal student financial aid programs if the percentage of their revenues derived from applicable federal student aid programs is too high."* If we cannot comply with the provisions of the HEA, as they may be enforced or amended, or if the cost of such compliance is excessive, or if funding is materially reduced, our revenues or profit margin could be materially adversely affected.

Financial Value Transparency and Gainful Employment Regulations. In May 2021, ED announced its intention to initiate a rulemaking process on several topics, including gainful employment. On May 19, 2023, ED published a notice of proposed rulemaking on financial value transparency and gainful employment, and on October 10, 2023, ED published final regulations which became effective on July 1, 2024. Multiple lawsuits have been filed challenging these regulations, however, we cannot predict the outcome of these cases. The financial value transparency and gainful employment regulations include standards for annually evaluating postsecondary educational programs based on the calculation of debt-to-earnings rates and an "earnings premium" measure. The rule establishes formulae for calculating these rates using data such as student debt, student earnings data, and median earnings data for working adults with only a high school diploma or GED, which the rule uses to compare to median earnings data of the institution's graduates. Under the regulations, ED will annually calculate and publish the debt-to-earnings rates and median earnings data for our educational programs. If these calculations show that any of our educational programs do not comply with debt-to-earnings or median earnings regulatory thresholds for two of three consecutive years, those educational programs would lose Title IV Program eligibility. ED also requires institutions to provide warnings to current and prospective students about programs in danger of losing of Title IV Program eligibility which could negatively impact our retention of current students and enrollment of new students in these programs. The regulations also require certifications and data reporting to ED and providing required student disclosures related to gainful employment. Some of the data ED will use to calculate the debt-to-earnings rates and earnings premium measures is not yet readily accessible to institutions. Therefore, it is difficult for us to predict how our institutions will perform under the new standards and the extent to which our programs could lose Title IV Program eligibility under the new standards. We also do not have control over some of the factors that could impact the rates and measures for our programs which could make it difficult to mitigate the impact of the regulations on our programs. However, the new regulations could require us to modify or eliminate programs to comply with the new regulations and could result in the loss of Title IV Program eligibility for our programs that fail to comply with the regulations which could have a material adverse effect on our student population and our revenues. See "Risk Factor - *ED's financial value transparency and gainful employment regulations may limit the programs we can offer students and* increase *our cost of operations."*

Borrower Defense to Repayment Regulations. In 1994, pursuant to certain provisions of the Higher Education Act, ED published its first version of the "borrower defense to repayment" ("BDR") regulations which generally allow federal student loan borrowers to assert a defense to repaying their federal loans based on the conduct of the institution they attended. The amount of loans discharged by ED pursuant to an adjudicated BDR claim may be assessed by ED as a Title IV Program liability against the institution. On November 1, 2016, the Department adopted revised BDR regulations that became effective on July 1, 2017. Under the 2017 version of the BDR regulations, borrowers with federal student loans disbursed after July 1, 2017 can assert a defense to repayment and be eligible for relief based on a nondefault, favorable, contested judgement against the institution from a state or federal court; a claim that the institution failed to perform its obligations under a contract with the student or a claim the institution committed a "substantial misrepresentation" on which the borrower reasonably relied to his or her detriment. On September 23, 2019, the Department again revised its BDR regulations effective July 1, 2020, and created a distinct standard and process for BDR applications applicable to federal student loans first disbursed after July 1, 2020. Under the 2019 version of the BDR regulations, a borrower can assert a defense to repayment and be eligible for relief if the borrower establishes that the institution made a misrepresentation of material fact upon which the borrower reasonably relied in deciding to obtain their loan; the misrepresentation related to the borrower's enrollment or continuing enrollment at the institution or the provision of education services for which the loan was made; and the borrower was financially harmed by the misrepresentation..

On November 1, 2022, ED again revised the BDR regulations with an effective date of July 1, 2023. The 2022 version of the BDR regulations included amendments regarding,

among other things, (i) acts or omissions by or on behalf of an institution of higher education a borrower may assert as a defense to repayment of certain Title IV Program loans; (ii) procedures for adjudicating borrower defense claims, and (iii) prohibiting the use of mandatory pre-dispute arbitration clauses and class action waivers in enrollment agreements and requiring disclosures of judicial and arbitration filings and awards pertaining to a borrower defense claim.

Among other things, the revised 2022 version of the BDR regulations also amended the processes for borrowers to receive from ED a discharge of the obligation to repay certain Title IV Program loans when the BDR applications is received on or after, or pending with ED as of July 1, 2023. The revised 2022 version of the BDR regulations applies the revised federal BDR standard to all BDR claims received on or after, or pending with the Secretary as of July 1, 2023, but would not allow for recovery against institutions for discharged amounts first disbursed prior to July 1, 2023 unless the BDR claim would have been approved under the substantive BDR standard applicable to the time period in which the loan was disbursed as set forth in the prior versions of the BDR regulations. The defenses to repayment are based on certain acts or omissions, including misrepresentations by an institution or a covered party. The regulations establish detailed procedures and standards for the loan discharge processes, including the information required for borrowers to receive a loan discharge, and the authority of ED to seek recovery from the institution of the amount of discharged loans. The 2022 version of the revised BDR regulations were to take effect on July 1, 2023, in addition to certain closed school loan discharge provisions part of the same rule, but are currently enjoined by the U.S. Court of Appeals for the Fifth Circuit, pursuant to litigation captioned Career Colleges and Schools of Texas v. U.S. Department of Education, No. 23-50491. The Career Colleges and Schools of Texas ("CCST") filed a complaint challenging the regulations in February 2023. In April 2024, the Fifth Circuit granted a preliminary injunction to block enforcement of the revised 2022 version of the BDR regulations while the case is pending. Therefore, the amendments to the BDR regulations that were to take effect on July 1, 2023 are not in effect, but the previous BDR regulations in effect prior to July 1, 2023, generally remain in effect in the meantime and apply different substantive standards and procedures based on when a BDR claimant's loans were disbursed. We cannot predict the outcome of this case or if and when the revised BDR regulations could take effect.

On June 22, 2022, ED reached a settlement with plaintiffs in the case titled*Sweet v. Cardona*, which was filed by student loan borrowers to challenge ED's adjudication of BDR claims. The settlement resulted in automatic relief of claims pending as of June 22, 2022 that were filed against institutions on a list of about 150 institutions named in the settlement agreement, which did not include any of our institutions. In addition, under the settlement, any borrower who filed a defense to repayment claim between June 22, 2022 and November 15, 2022 are "Post-Class Applicants" whose applications will be adjudicated under the 2016 version of the BDR regulations and will be decided by January 2026. HDMC received and timely responded to seven BDR applications from Post-Class Applicants. CCC and Integrity have not received any BDR applications from Post-Class Applicants. It is possible that we could receive BDR claims in the future. If we or our representatives are found to have engaged in certain acts or omissions under the broad definitions contained in the 2016 version of the BDR regulations, or other BDR regulations that could be in place in the future, we could be subject to substantial repayment obligations and subject to other sanctions.

The enjoined 2022 version of the BDR regulations, and the versions of the BDR regulations that are currently in effect and that could be in effect in the future, could have a material adverse effect on our business, financial condition, results of operations, and cash flows and result in the imposition of significant restrictions on us and our ability to operate, including a requirement that our institutions to submit a letter of credit based on expanded standards of financial responsibility. See "Financial Responsibility Standards."

The current ED administration has been more active in processing BDR applications and has recently distributed claims to institutions for an opportunity to respond to borrower allegations. ED may, on its own or in response to other constituencies, allocate additional resources to reviewing and adjudicating BDR applications from federal student loan borrowers. We cannot predict how many BDR applications have been filed by our former students, but if we receive such claims from ED, we may incur significant costs in responding to the borrower allegations and, if adjudicated as valid by ED, repaying the federal government for the amount of loans discharged pursuant to such claims.

90/10 Revenue Test. Under the HEA, a proprietary institution that derives more than 90% of its total revenue from the Title IV Programs or, for fiscal years beginning on or after January 1, 2023 from all federal educational assistance funds) for two consecutive fiscal years becomes immediately ineligible to participate in the Title IV Programs and may not reapply for eligibility until the end of at least two fiscal years ("90/10 Rule"). An institution whose receipts of applicable funds exceeds 90% of revenue for a single fiscal year will be placed on provisional certification, be required to notify ED and its students of the possibility of a loss of Title IV Program eligibility, and may be subject to other enforcement measures, including a requirement to submit a letter of credit. See "Financial Responsibility Standards." If an institution violated the 90/10 Rule and became ineligible to participate in Title IV Programs but continued to disburse Title IV Program funds, ED would require the institution to repay all Title IV Program funds received by the institution after the effective date of the loss of eligibility.

We have calculated the 90/10 Rule percentage for the 2023, 2022 and 2021 fiscal years as follows for HDMC, CCC and Integrity: HDMC 84.53%, 82.17% and 84.24%; CCC 74.48%, 72.34% and 71.18%; and Integrity 88.14%, 85.43% and 89.47, respectively. Our 90/10 calculations are subject to review and potential recalculation by ED. As a result, we do not expect the ARPA amendment to the 90/10 Rule to apply to our 90/10 Rule percentages until our 2023 fiscal year. In addition, the 90/10 Rule is complex and there is some ambiguity in certain technical aspects of the calculation methodology by ED under the 90/10 Rule. If ED comes out with additional guidance of interpretations that are different than our interpretations, ED could recalculate the 90/10 Rule percentages of our institutions, which could result in one or more of the percentages exceeding 90 percent. A loss of eligibility to participate in Title IV Programs for any of our institutions would have a significant impact on the rate at which our students enroll in our programs and on our business and results of operations. Moreover, if an institution violated the 90/10 Rule and became ineligible to participate in Title IV Programs but continued to disburse Title IV Program funds, ED would require the institution to repay all Title IV Program funds received by the institution after the effective date of the loss of eligibility.

The American Rescue Plan Act ("ARPA") amended the 90/10 Rule by treating other federal student financial assistance funds in the same manner as Title IV Program funds in the 90/10 Rule calculation. This amendment requires our institutions to limit the combined amount of Title IV Program funds and other federal student financial assistance funds in a fiscal year to no more than 90% in a fiscal year as calculated under the 90/10 Rule. ED published final regulations on the 90/10 Rule on October 28, 2022. The final regulations became effective July 1, 2023 and applied to fiscal years beginning on or after January 1, 2023 (which will be the fiscal year ending June 30, 2024 for our schools). The new rule modified how institutions counted revenue when calculating compliance with the 90/10 Rule, and added a requirement to notify students of the potential loss of eligibility resulting from not meeting the 90/10 standard, among other changes. ED published a Notice in the Federal Register listing the types of funds that are considered federal education assistance funds under the new 90/10 Rule. The funds include GI Bill funding and Military Tuition Assistance, among other sources of funds. We expect the change in the 90/10 Rule will increase our 90/10 Rule percentages and make it more difficult to comply with the 90/10 Rule and could require changes to our operations in order to maintain compliance.

Additional ED regulations restrict the ability of instructions to limit the amount of Title IV Program loans that students and parents may borrow which can impact our ability to control compliance with the 90/10 Rule at our institutions. In addition, there is a lack of clarity regarding some of the technical aspects of the calculation methodology under the 90/10 Rule, which may lead to regulatory action or investigation by ED. Changes in, or new interpretations of the calculation methodology or other industry practices under the 90/10 Rule could further significantly impact our compliance with the 90/10 Rule, and responding to any review or investigation by ED involving us could require a significant amount of resources.

Efforts to reduce the 90/10 Rule percentage for our institutions have and may in the future involve taking measures that involve interpretations of the 90/10 Rule that are without clear precedent, reduce our revenue or increase our operating expenses (or all of the foregoing, in each case perhaps significantly). Because of the changes to the 90/10 Rule made by ARPA and ED, we may be required to make structural changes to our business to remain in compliance, which changes may materially alter the manner in which we conduct our business and materially and adversely impact our business, financial condition, results of operations and cash flows. Furthermore, these required changes could be unsuccessful and could make more difficult our ability to comply with other important regulatory requirements, such as the cohort default rate regulations.

However, we cannot predict the need or timing of any such changes, whether these changes would be successful in maintaining compliance with the 90/10 Rule or whether such changes will have other adverse effects on our business.

Cohort default rate. The HEA limits participation in the Title IV Programs by institutions whose percentage of former students who defaulted on the repayment of certain federally guaranteed or funded student loans (the "cohort default rate") exceeds prescribed thresholds. ED calculates these rates based on the number of students who have defaulted, not the dollar amount of such defaults. The cohort default rate is calculated on a federal fiscal year basis and measures the percentage of students who enter repayment of a loan during the federal fiscal year and default on the loan on or before the end of the federal fiscal year or the subsequent two federal fiscal years.

Under the HEA, an institution whose cohort default rate is 30% or greater for three consecutive federal fiscal years loses eligibility to participate in certain Title IV Programs and the Pell programs for the remainder of the federal fiscal year in which ED determines that such institution has lost its eligibility and for the two subsequent federal fiscal years. An institution whose cohort default rate for any single federal fiscal year exceeds 40% loses its eligibility to participate in certain Title IV Programs for the remainder of the federal fiscal year in which ED determines that such institution has lost its eligibility and for the two subsequent federal fiscal years. If an institution's three-year cohort default rate equals or exceeds 30% in two of the three most recent federal fiscal years for which ED has issued cohort default rates, the institution may be placed on provisional certification status and could be required to submit a letter of credit to ED. See "Risk Factor - *A failure to maintain compliance with ED's "financial responsibility" requirements would have negative impacts on our operations*."

In September 2023, ED released the final cohort default rates for the 2020 federal fiscal year. These are the most recent final rates published by ED. The rates for our existing institutions for the 2020, 2019, and 2018 federal fiscal years are as follows: HDMC 0, 1.1%, and 3.4%; CCC 0%, 1.4%, and 2.5%; and Integrity 0%, 2.5%, and 4.0%., respectively Consequently, none of our institutions had a cohort default rate equal to or greater than 30% for the 2020, 2019, or 2018 federal fiscal years. During the COVID-19 pandemic, ED temporarily suspended federal student loan repayment obligations. This suspension, which lasted over three years, contributed to a reduction in our cohort default rates. Our cohort default rates could be substantially higher for the periods after the suspension expired if borrowers do not timely repay their federal student loans.

Financial Responsibility Standards. All institutions participating in the Title IV Programs must satisfy specific standards of financial responsibility. ED evaluates institutions for compliance with these standards each year, based on the institution's annual audited financial statements, as well as following a change in ownership resulting in a change of control of the institution. The most significant financial responsibility measurement is the institution's composite score, which is calculated by ED based on three ratios:

- the equity ratio, which measures the institution's capital resources, ability to borrow and financial viability;
- the primary reserve ratio, which measures the institution's ability to support current operations from expendable resources; and
- the net income ratio, which measures the institution's ability to operate at a profit.

ED assigns a strength factor to the results of each of these ratios on a scale from negative 1.0 to positive 3.0, with negative 1.0 reflecting financial weakness and positive 3.0 reflecting financial strength. ED then assigns a weighting percentage to each ratio and adds the weighted scores for the three ratios together to produce a composite score for the institution. The composite score must be at least 1.5 for the institution to be deemed financially responsible without the need for further oversight. If an institution's composite score is below 1.5, but is at least 1.0, it is in a category denominated by ED as "the zone." Under ED regulations, institutions that are in the zone typically may be permitted by ED to continue to participate in the Title IV Programs by choosing one of two alternatives: 1) the "Zone Alternative" under which an institution is required to make disbursements to students under the HCM1 payment method (or another payment method that differs from the standard advance payment method) and to notify ED within 10 days after the occurrence of certain oversight and financial events or 2) submit a letter of credit to ED equal to at least 50 percent of the Title IV Program funds received by the institution during its most recent fiscal year. ED permits an institution to participate under the "Zone Alternative" for a period of up to three consecutive fiscal years. Under the HCM1 payment method, the institution is required to make Title IV Program disbursements to eligible students and parents before it requests or receives funds for the amount of those disbursements from ED. Unlike the HCM2 and the reimbursement payment methods, the HCM1 payment method typically does not require schools to submit documentation to ED and wait for ED approval before drawing down Title IV Program funds. Schools under HCM1, HCM2 or reimbursement payment methods must also pay any credit balances due to a student before drawing down funds for the amount of those disbursements from ED, even if the student or parent provides written authorization for the schools to hold the credit balance.

If an institution's composite score is below 1.0, the institution is considered by ED to lack financial responsibility. If ED determines that an institution does not satisfy ED's financial responsibility standards, depending on its composite score and other factors, that institution may establish its eligibility to participate in the Title IV Programs on an alternative basis by, among other things:

- posting a letter of credit in an amount equal to at least 50% of the total Title IV Program funds received by the institution during the institution's most recently completed fiscal year; or
- posting a letter of credit in an amount equal to at least 10% of the Title IV Program funds received by the institution during its most recently completed fiscal year accepting provisional certification; complying with additional ED monitoring requirements and agreeing to receive Title IV Program funds under an arrangement other than ED's standard advance funding arrangement.

If, in the future, we are required to satisfy ED's standards of financial responsibility on an alternative basis, including potentially by posting irrevocable letters of credit, we may not have the capacity to post these letters of credit which could result in sanctions including loss of Title IV Program eligibility.

ED annually evaluates the financial responsibility of HDMC, CCC, and Integrity on a consolidated basis. We have calculated our composite score for the 2023 fiscal year to be 3.0; however, this score is subject to determination by ED based on its review of our consolidated audited financial statements for the 2023 fiscal year. However, if our composite scores in the future were to decrease, we may become subject to the additional requirements noted above or our Title IV Program eligibility could be affected. We cannot predict how long it will take ED to make its determination or the outcome of its determination. On January 30, 2024, due to a failure to timely return unearned Title IV funds to ED, Integrity was required to submit an acceptable form of financial protection for 25% of the refunds that were made for the fiscal year ended June 30, 2023 in the amount of $18,828.

On October 31, 2023, ED published final regulations with a general effective date of July 1, 2024 that, among other things, amended the "general" standards of financial responsibility to revise the timeframe for institutions to submit annual audits, require reporting on the status of foreign entity owners, and add events that constitute a failure to demonstrate an institution is able to meet financial obligations. These regulations also modified the list of triggering events that could result in ED determining that the institution lacks financial responsibility and must submit to ED a letter of credit or other form of acceptable financial protection and accept other conditions on the institution's Title IV Program eligibility. The regulations create lists of mandatory triggering events and discretionary triggering events. An institution is not able to meet its financial or administrative obligations if a mandatory triggering event occurs. The mandatory triggering events include:

- an institution with a composite score of less than 1.5 has a recalculated composite score of less than 1.0 as determined by ED as a result of an institutional liability from a monetary award or judgment or settlement resulting from a legal proceeding;
- an institution (or an entity that has submitted financial statements to ED in connection with a change in ownership) is subject to a government enforcement action (sued by a federal or state authority or via a qui tam action) and the action has been pending for 120 days and no motion to dismiss is pending or has been granted;

- the institution's recalculated composite score is less than 1.0 after ED initiates action to recoup funds from institution after BDR claim decided in borrower's favor;
- an institution or entity that submitted an application with ED for a change of ownership has a recalculated composite score is less than 1.0 after a final monetary judgment, award or settlement that was entered against it at any point through the end of the second full fiscal year after the change of ownership;
- a proprietary institution with a composite score of less than 1.5 or that underwent a change of ownership in the current or previous fiscal year has a recalculated composite score of. less than 1.0 as determined by ED as a result of a withdrawal of owner's equity from the institution unless certain exceptions apply;

- at least half of Title IV funds in the institution's most recently completed fiscal year are for "failing" gainful employment programs;
- the institution is required to submit a teach-out plan due to financial concerns;
- the SEC takes certain actions against a publicly listed entity that directly or indirectly owns at least 50% of an institution or such entity fails to comply with certain filing requirements;
- the institution did not receive at least 10 percent of its revenue from sources other than Federal educational assistance as calculated under 90/10 rule during its most recently completed fiscal year;
- the institution's two most recent cohort default rates are 30 percent or greater, unless a pending appeal could reduce one of the rates
- the institution's composite score is less than 1.0 when recalculated to reflect the offset of distribution after a contribution;
- the institution or entity included in financial statements is subject to adverse or impermissible conditions under a financing arrangement as a result of ED action;
- the institution declares financial exigency to government agency or accrediting agency;
- the institution or an owner files for a receivership or is ordered to appoint a receiver.

ED also may determine that an institution lacks financial responsibility if one or more of the following discretionary triggering events occurs and the event is likely to have a significant adverse effect on the financial condition of the institution:

- a show cause or similar order from the institution's accrediting agency or a government authority;
- a notice from the institution's state authorizing or licensing agency of an intent to withdraw or terminate the institution's state authorization or licensure if the institution does not take steps to comply with state requirements;
- the institution (or an owner entity covered by the regulation) is subject to a default, delinquency, or other adverse creditor event or to a condition not permitted under the regulation under or related to a loan agreement or other financing agreement or has a judgement awarding monetary relief entered against it that is subject to appeal or under appeal;
- there is a significant fluctuation in Pell Grant and/or Direct Loans received by an institution during a period of award years;
- high annual drop-out rates from the institution as determined by ED; or
- ED requires the institutions to provide additional financial reporting due to a failure to meet financial responsibility standards or indicators of significant change in the financial condition of the institution;
- ED forms a group process to consider pending borrower defense to repayment claims that could be subject to recoupment;
- a program is discontinued that enrolls more than 25% of the institution's total enrolled students who receive Title IV Program funds;
- the institution closes a location that enrolls more than 25% of its total enrolled students who receive Title IV Program funds;
- the institution, or one of its programs, is cited by a State agency for failing to meet requirements;
- the institution, or one of its programs, loses eligibility to participate in another Federal educational assistance program;
- a publicly traded company that directly or indirectly owns at least 50% of the institution discloses in public securities exchange filing that it is under investigation for possible violation of law;
- the institution is cited by another federal agency and risks losing education assistance funds by that agency;
- the institution is required to submit a teach-out plan due to concerns other than those constituting a mandatory triggering event; or
- any other event or condition that ED finds is likely to have significant adverse effect on the financial condition of the institution.

The regulations require an institution to notify ED of the occurrence of a mandatory or discretionary triggering event and, in some cases, provide an opportunity to provide certain information to ED to demonstrate why the event does not establish the institution's lack of financial responsibility or require the submission of a letter of credit and impose other conditions or requirements. If more than one of these financial responsibility triggers occur, ED could impose separate letters of credit to address each triggering event.

The financial responsibility regulations could result in ED recalculating and reducing our composite score, on a retroactive basis, to account for ED estimates of potential losses under one or more of the extensive list of triggering circumstances and also could result in the imposition of conditions and requirements including a requirement to provide one or more letters of credit or other form of financial protection. It is difficult to predict the amount or duration of any letter of credit requirements that ED might impose under the regulation. The requirement to submit letters of credit or to accept other conditions or restrictions could have a material adverse effect on our schools' business and results of operations.

Accreditor and state regulatory requirements also address financial responsibility, and these requirements vary among agencies and also are different from ED requirements. Any developments relating to our satisfaction of ED's financial responsibility requirements may lead to additional focus or review by our accreditors or applicable state agencies regarding their respective financial responsibility requirements.

If our institutions fail to maintain financial responsibility, they could lose their eligibility to participate in the Title IV Programs, have that eligibility adversely conditioned or be subject to similar negative consequences under accreditor and state regulatory requirements, which would have a material adverse effect on our business. In particular, limitations on, or termination of, participation in the Title IV Programs as a result of the failure to demonstrate financial responsibility or administrative capability would limit students' access to Title IV Program funds, which would materially and adversely reduce the enrollments and revenues of our institutions.

Return of Title IV Program Funds. An institution participating in the Title IV Programs must calculate the amount of unearned Title IV Program funds that have been disbursed to students who withdraw from their educational programs before completing them, and must return those unearned funds to ED in a timely manner, which is generally within 45 days from the date the institution determines that the student has withdrawn. The failure to timely return funds can result in liabilities or sanctions.

If an institution is cited in an audit or program review for late returns of Title IV Program funds for 5% or more of the pertinent students within the audit or program review sample, or if an audit identifies a material weakness in the institution's report on internal controls relating to the return of unearned Title IV Program funds, the institution may be required to post a letter of credit in favor of ED in an amount equal to 25% of the total amount of Title IV Program funds that should have been returned for students who withdrew in the institution's prior fiscal year. Neither HDMC nor CCC has received such a finding in either of the two most recently completed annual Title IV Program compliance audits submitted to ED. On January 30, 2024, due to a failure to timely return unearned Title IV Program funds to ED, Integrity was required to submit an acceptable form of financial protection for 25% of the refunds that were made for the fiscal year ended June 30, 2023 in the amount of $18,828. In January through March 2024, ED conducted negotiated rulemaking to prepare proposed regulations on several topics including the rules pertaining to returns of Title IV Program funds. On July 24, 2024, ED promulgated proposed amended regulations related to return of Title IV calculations. Our institutions are required to perform return of Title IV calculations and the final version of the amended regulations may impact our performance of these mandatory calculations. We cannot predict the ultimate timing, content and effective date of the final amended regulations, or any future rulemaking process by ED that would result, though it is possible such future regulations are more onerous or could negatively impact our institutions.

Negotiated Rulemaking. ED has promulgated a substantial number of new regulations in recent years that impact our business, including, but not limited to, the "borrower defense to repayment" regulations discussed in the risk factors above, as well as rules regarding compensation for persons engaged in certain aspects of admissions and financial aid, state authorization, clock and credit hours, prohibitions on "substantial misrepresentations," gainful employment, certification procedures, financial responsibility, administrative capability, ability to benefit, closed school loan discharges, the 90/10 Rule, changes in ownership, Title IX, and other topics. These and other regulations have had significant impacts on our business, requiring a large number of reporting and operational changes and resulting in changes to and elimination of certain educational programs.

Future regulatory actions by ED or other agencies that regulate our institutions are likely to occur and to have significant impacts on our business, require us to change our business practices and incur costs of compliance and of developing and implementing changes in operations, as has been the case with past regulatory changes. Recent and upcoming elections may result in changes at ED and other federal agencies that are likely to lead to future regulatory actions that could be aimed at for-profit postsecondary institutions like our institutions. See "Risk Factors - *Our institutions could lose their eligibility to participate in federal student financial aid programs if the percentage of their revenues derived from applicable federal student aid programs is too high."* In October through December 2023, ED conducted negotiated rulemaking to develop new regulations related to student debt relief. In addition, in January through March 2024, ED conducted negotiated rulemaking to prepare proposed regulations on a variety of topics including but not limited to cash management, state authorization, distance education, return of Title IV, and accreditation.On July 24, 2024, ED published proposed regulations to the Federal Register related to return of Title IV calculations and distance education. Our institutions are required to perform return of Title IV calculations and the upcoming final version of the regulations may impact our performance of these mandatory calculations. If our institutions begin offering distance education programs, the proposed rules on distance education could impact our reporting requirements and our performance of the return of Title IV calculation. If ED publishes final regulations by November 1, 2024, the regulations typically would have a general effective date of July 1, 2025. On July 17, 2024, ED announced that proposed rules related to cash management, state authorization and accreditation will be published by next year. We cannot predict the ultimate timing, content and effective date of the regulations that will emerge from these processes. ED could consider additional topics for proposed regulations during the negotiated rulemaking process or by initiating additional rulemaking processes. On July 17, 2024, ED announced that it will conduct negotiated rulemaking on third-party servicer requirements for institutions and servicers but did not provide a timeline. The negotiated rulemaking process is likely to lead to future ED regulations that could negatively impact schools like ours. ED also has announced its intention to propose regulations that would increase the information security requirements applicable to institutions participating in the Title IV Programs, including with respect to sensitive personal data residing in school information systems, but we cannot predict the ultimate timing, content, and impact of any regulations ED might propose and ultimately adopt.

We cannot predict with certainty the ultimate combined impact of the regulatory changes which have occurred in recent years, nor can we predict the effect of future legislative or regulatory action by federal, state or other agencies regulating our education programs or other aspects of our operations, how any resulting regulations will be interpreted or whether we and our institutions will be able to comply with these requirements in the future. Any such actions by legislative or regulatory bodies that affect our programs and operations could have a material adverse effect on our student population and our institutions, including the need to cease offering a number of programs.

Substantial Misrepresentation. ED's regulations prohibit an institution that participates in the Title IV Programs from engaging in misrepresentations regarding the nature of its educational programs, financial charges, graduate employability or its relationship with ED. A "misrepresentation" includes any false, erroneous, or misleading statement (whether made in writing, visually, orally, or through other means) that is made by an eligible institution, by one of its representatives, or by a third party that provides to the institution educational programs, marketing, advertising, recruiting or admissions services and that is made to a student, prospective student, any member of the public, an accrediting or state agency, or to ED. If ED determines that one of our institutions has engaged in "substantial misrepresentation," ED may impose sanctions or other conditions upon the institution including, but not limited to, initiating an action to fine the institution or limit, suspend, or terminate its eligibility to participate in the Title IV Programs and may seek to discharge students' loans and impose liabilities upon the institution. ED defines a "substantial misrepresentation" to include any misrepresentation on which the person to whom it was made could reasonably be expected to rely, or has reasonably relied, to that person's detriment. The definition of "substantial misrepresentation" is broad and, therefore, it is possible that a statement made by the institution or one of its service providers or representatives could be construed by ED to constitute a substantial misrepresentation. Other federal agencies, state agencies, and accrediting agencies have similar rules that prohibit certain types of misrepresentations or unfair marketing and advertising practices by us or others on our behalf on a variety of subjects including, without limitation, the accuracy and substantiation of rates of graduation, job placement and passage of occupational licensure examinations. Noncompliance with these requirements could result in sanctions, liabilities, or third-party litigation that could have an adverse effect on our business and results of operations. ED published a final rule on November 1, 2022, which expanded the scope of prohibited misrepresentations, and which also prohibits certain types of conduct with respect to the recruitment of students. The adoption and implementation of new regulations could lead to findings of noncompliance and result in liabilities and other sanctions that could have an adverse effect on our business and results of operations.

In addition, the FTC has indicated an increased focus on direct or implied misrepresentations. For example, on October 6, 2021, the FTC issued letters including a "Notice of Penalty Offenses Concerning Deceptive or Unfair Conduct in the Education Marketplace" to 70 institutions. These letters were meant to place the recipients on actual notice of conduct the FTC previously found to violate the Federal Trade Commission Act. This conduct included several categories of direct or implied misrepresentations made by proprietary schools. These letters may reflect an increased interest by the FTC in monitoring the for-profit proprietary school sector. If our institutions fail to comply with an FTC statute or rule or are found to have committed misconduct of which they had actual notice the FTC had previously determined to be unfair or deceptive, our institutions could face civil penalties, injunctions, or other remedies available to the FTC.

School Acquisitions. When a company acquires an institution that is eligible to participate in the Title IV Programs, the acquisition generally will result in the institution undergoing a change of ownership resulting in a change of control as defined by ED and under the rules of other agencies and accreditors. Upon such a change, an institution's eligibility to participate in the Title IV Programs is generally suspended until it has applied for recertification by ED as an eligible school under its new ownership, which requires that the school also re-establish its state authorization and accreditation. ED may temporarily and provisionally certify an institution seeking approval of a change of control under certain circumstances while ED reviews the institution's application. The temporary provisional certification typically remains in effect on a month-to-month basis during ED's review of the application as long as the school timely submits certain documentation during the course of ED's review.

The time required for ED to act on such an application may vary substantially. ED recertification of an institution following a change of control will be on a provisional basis if ED approves the institution's application and could contain restrictions or conditions depending on the outcome of its review of the institution including its administrative capability and financial stability. Under ED regulations that took effect July 1, 2023, the institutions must submit certain information and documentation at least 90 days in advance of the change in ownership including, for example, notice to current and prospective students of the planned change in ownership. The approval processes for state and accrediting agencies vary in scope and timing with some agencies requiring approval prior to the acquisition and others not conducting their review until after the acquisition has taken place. Thus, any plans to expand our business through acquisition of additional schools and have them certified by ED to participate in the Title IV Programs will be subject to the timing and outcome of the application, review and approval processes and requirements of ED and the relevant state education agencies and accreditors and could be impacted by any conditions or restrictions imposed by ED or other agencies on the institution under our ownership.

On December 31, 2019, we entered into a Membership Interest Purchase Agreement with the sole member of Integrity. We purchased from the sole member of Integrity on that date 24.5% of her interest and obtained an exclusive option to acquire her remaining membership interest upon payment of $100, which was exercised on September 15, 2020. For purposes of our financial statements, our acquisition of Integrity is deemed to have been effective as of December 31, 2019. We believe that a change in ownership and control of Integrity did not occur until September 15, 2020 under the change in ownership and control standards of ED and the other educational agencies that regulate Integrity, but these standards are subject to interpretation by the respective agencies. The review by ED of the change in ownership and control of Integrity in connection with our acquisition of Integrity remains ongoing. Integrity currently holds a temporary provisional program participation agreement with ED in connection with our acquisition of the institution, which has continued its Title IV Program participation on a month-to-month basis pending ED's approval of the change in ownership and control. If ED concludes that a change in ownership or control of Integrity occurred prior to September 15, 2020, we could be subject to liabilities or other sanctions by ED, which could have a material adverse effect on our business, financial condition, results of operations, and cash flows.

Change of Control. In addition to school acquisitions, other types of transactions can also cause a change of control. ED, most of our state education agencies, our accreditors, and other regulators have standards pertaining to the change of control of schools, but these standards are not uniform. ED regulations describe some transactions that constitute a change of control, including the transfer of a controlling interest in the voting stock of an institution or the institution's parent corporation including our Company. A significant purchase or disposition of our common stock could be determined by ED to be a change of control under this standard. On October 28, 2022, ED published a final rule revising its change in ownership regulations, which became effective July 1, 2023. The new requirements, such as requiring notice to ED and current and prospective students at least 90 days prior to a change in ownership, could make it more difficult to execute a change in ownership or an acquisition, which could make it less desirable to acquire an ownership interest in our Company, or which could result in conditions or restrictions as a result of a transaction involving us or an acquired institution. In addition, ED's revisions to its financial responsibility standards published on October 31, 2023 and effective July 1, 2024 impose additional financial tests, and potentially additional letter of credit requirements, related to changes in ownership.

Most of our state education agencies, our accreditors, and other regulators include the sale of a controlling interest of common stock in the definition of a change of control although some agencies could determine that the sale or disposition of a smaller interest would result in a change of control. A change of control under the definition of one of these agencies would require the affected school to reaffirm its state authorization, accreditation, or other approval. Some agencies would require approval prior to a sale or disposition that would result in a change of control in order to maintain authorization or accreditation. The requirements to obtain such reaffirmation from the states and our accreditors vary widely.

Our July 30, 2024, ED provided written confirmation the offering as described would not constitute a change of control under its regulations. However, subsequent offerings, transactions or other events could be deemed to be a change of control in the future.

ED requires institutions to periodically report changes in ownership even when a change does not result in a change in control or require ED approval. While ED's regulations require reporting of owners holding at least a five percent ownership interest (as well as changes representing at least 5% but under 25% on a quarterly basis or sooner if the institution plans to undergo a change in ownership), the recently implemented overhaul of ED's electronic application system through which institutions report ownership requests a disclosure of all owners regardless of their ownership percentage. The new electronic application also requests granular detail about reported owners. We may not have access to contemporaneous ownership information given the day-to-day fluctuations of trading on the public market. Access to information regarding Non-Objecting Beneficial Owners is expensive and this information is typically not current by the time obtained. Moreover, we cannot predict whether investors will timely report investments such that we could access accurate beneficial ownership information and even if investors do comply with reporting requirements, certain passive investors would not typically be reported until 45 days following our fiscal year end. We are as yet uncertain regarding our ability to timely obtain ownership information and timely report this information to ED. Failure to timely report ownership changes could result in adverse action by ED, or conditions or restrictions imposed by ED on one or more of our institutions.

Our institutions may encounter difficulty timely identifying and reporting to ED on the electronic application for each of our institutions our approximately 400 owners following the initial public offering. Integrity may also encounter additional difficulty reporting ownership given ED has not yet approved the prior change in control of Integrity and, as a result, we could encounter difficulty obtaining access to the electronic application. ED has informed us that it only will require us to report owners with a five percent or greater ownership interest in the Company although this guidance could change in the future and we could encounter difficulty identifying and timely reporting owners under current or future ED guidance. Our institutions will also be required to timely report any additional changes to ownership percentages and given the frequency such changes can occur for a publicly traded company, we may have difficulty timely complying with ED's reporting requirements. These difficulties could result in adverse action by ED, or conditions or restrictions imposed by ED on one or more of our institutions.

If we decide to issue preferred stock or additional common stock in the future, this issuance could result in a change in ownership or control requiring regulatory approval. ED considers both control rights and beneficial ownership interest among other factors when evaluating whether a change in ownership resulting in a change in control has occurred. Similarly, changes to our board of directors or the right to appoint directors could result in a change in ownership or control requiring regulatory approval.

We also are in the process of verifying with our education regulators (other than ED) and accreditors whether they will treat the offering as a change in ownership or control requiring agency approval. If agencies require us to obtain approvals in connection with the offering, we will be required to undergo an application process for approvals from the applicable agencies and could be subject to conditions or restrictions depending on the outcome of the approval process. We would be required to make or obtain notices and/or approvals prior to the offering from those agencies that require notice and/or approval to be made or obtained prior to the occurrence of a change in ownership or control. If we move forward with the offering without making or obtaining required pre-closing notices and approvals prior to the offering, we could be subject to sanctions by the applicable agencies including loss of our approvals from these agencies.

With regard to the agencies that institutionally accredit our institutions or authorize them to operate in the state of California:

- **BPPE**: BPPE regulations require that institutions that are authorized based on their accredited status and which undergo a change in ownership timely submit notice of such change with accompanying documentation to demonstrate that the change was made in accordance with the applicable accreditation standards. If BPPE deems the offering to constitute a change in ownership under its regulations, it could require our institutions to undergo a notification and approval process before the offering takes place, or it may require only a notification and approval process after the offering. On August 8, 2024, BPPE responded to our request for guidance regarding a potential change of ownership process and stated that it would look to the determinations of ABHES and ACCET with respect to the offering. BPPE also requested that we provide either confirmations from ACCET and ABHES that the offering is not a change of control under their respective accreditation standards or, if it is considered to be a change of control the approvals of that change from ACCET and ABHES, as applicable. As described below, ABHES has provided written confirmation that the offering as described would not constitute a change in legal status, ownership or control under its standards. Once we receive a response from ACCET, we will contact BPPE to obtain confirmation that our institutions need not undergo an approval process with BPPE prior to the offering.
- **ABHES**: ABHES accreditation standards require that institutions undergoing a change in legal status, ownership or control submit an application for approval of the change at least 90 days in advance, and that ABHES must approve the change before it takes place. ABHES accreditation standards also require institutions undergoing a change in legal status, ownership or control to submit an additional application within five days after the change, which would also be subject to ABHES approval. We requested guidance from ABHES regarding whether the offering as described will constitute a change in in legal status, ownership or control for the purposes of its accreditation standards. On August 12, 2024, ABHES provided written confirmation that the offering as described would not constitute a change in legal status, ownership or control under its standards.
- **ACCET**: ACCET accreditation standards require that institutions undergoing a change in ownership or control submit a notice at least ten days prior to such a change, and further submit an application for approval of such a change within ten days following the change. We have requested guidance from ACCET regarding whether the offering as described will constitute a change in ownership or control under its accreditation standards and confirmation no pre-offering approval would be required from ACCET, but to date have not received a response to that request. Even if ACCET determines the offering is not a change in ownership or control, it may require the submission of an application following the offering.

Other agencies may also require pre-closing notice, application or approval (unless those agencies determine the offering is not a change of control requiring approval), including, for example, AVMA CVTEA (which requires submission of a substantive change report at least 60 days prior to the next CVTEA meeting and approval prior to closing), and the California Board of Registered Nursing. Other agencies that regulate our institutions have standards requiring post-closing notice and/or approval or no published standards, such as the VA, and other state boards, but these agencies may determine pre-closing notice and/or approval is required.

We are in the process of initiating communications with our education regulators and accreditors on this subject and have not received responses as to whether they will treat the offering as a change in ownership or control requiring agency approval. If we are required to go through a change of ownership and/or control review process with these agencies, one or more of these agencies could impose additional conditions or restrictions or delay or decline to issue an approval. If an agency does not require us to go through a change of ownership and/or control review process, we may be required to submit notices or other information to the agency which could result in further scrutiny or inquiries by the agency.

A change of control could occur as a result of future transactions in which the Company or our institutions are involved. Some corporate reorganizations and some changes in the board of directors of the Company are examples of such transactions. Once we become a publicly traded corporation, ED regulations provide that a change of control also could occur in one of at least two ways: (a) if a person acquires ownership and control of the corporation so that the corporation is required to file a Current Report on Form 8-K with the Securities and Exchange Commission disclosing the change of control or (b) if the corporation has a shareholder that owns at least 25% of the total outstanding voting stock of the corporation and is the largest shareholder of the corporation, and that shareholder ceases to own at least 25% of such stock or ceases to be the largest shareholder. These standards are subject to interpretation by ED.

Moreover, the potential adverse effects of a change of control could influence future decisions by us and our stockholders regarding the sale, purchase, transfer, issuance or redemption of our stock. In addition, the adverse regulatory effect of a change of control also could discourage bids for shares of our common stock and could have an adverse effect on the market price of our shares.

Opening Additional Campuses and Adding Educational Programs. For-profit educational institutions must be authorized by their state education agencies and be fully operational for two years before applying to ED to participate in the Title IV Programs. However, an institution that is certified to participate in the Title IV Programs may establish an additional location and apply to participate in the Title IV Programs at that location without reference to the two-year requirement, if such additional location satisfies all other applicable ED eligibility requirements. Our expansion plans are based, in part, on our ability to open new schools as additional locations of our existing institutions and are dependent upon ED's timely review and approval of new campuses. Effective July 1, 2024, ED has discretion to condition the participation of provisionally certified schools by restricting or limiting the addition of new programs or locations. If ED chose to impose such a condition on one or more of our institutions, that could negatively impact our expansion plans.

A student may use Title IV Program funds only to pay the costs associated with enrollment in an eligible educational program offered by an institution participating in Title IV Programs. Generally, unless otherwise required by ED or regulation, an institution that is eligible to participate in Title IV Programs may add a new educational program without ED approval. Institutions that are provisionally certified may be required to obtain approval of certain educational programs. Our Integrity institution is provisionally certified and required to obtain prior ED approval of new locations and educational programs. If an institution erroneously determines that an educational program is eligible for purposes of the Title IV Programs, the institution would likely be liable for repayment of Title IV Program funds provided to students in that educational program. Our expansion plans are based, in part, on our ability to add new educational programs at our existing schools and make periodic updates to our programs.

In addition to ED, some of the state education agencies and our accreditors also have requirements that may affect our schools' ability to open a new campus, establish an additional location of an existing institution or add or change educational programs. Approval by these agencies may be conditioned, delayed or denied and could be negatively impacted due to regulatory inquiries or reviews and any adverse publicity relating to such matters or the industry generally.

On April 5, 2024, the Company executed a Letter of Intent with Contra Costa which describes a potential transaction whereby the Company would acquire substantially all of the assets of Contra Costa. The Company contemplates it would teach-out the Contra Costa students and subsequently establish CCMCC as an additional location of CCC, in each case subject to all required regulatory approvals and the execution of a definitive agreement with Contra Costa for a mix of cash and Company common stock. If CCMCC incurs any liabilities associated with prior noncompliance with applicable laws or ED discharge of Title IV loans for students who do not complete the teach-out, ED could interpret its rules to require us to assume these liabilities. If ED or other regulators impose conditions or decline to provide requisite approvals associated with the acquisition, the teach-out, or the addition of the CCMCC campus as an additional location of CCC, it could impair our ability to expand our CCC institution through the acquisition of substantially all of the assets of Contra Costa.

Administrative Capability. ED assesses the administrative capability of each institution that participates in the Title IV Programs under a series of separate standards. Failure to satisfy any of the standards may lead ED to find the institution ineligible to participate in the Title IV Programs or to place the institution on provisional certification as a condition of its participation and potentially impose fines or other sanctions. On October 31, 2023, ED published new regulations revising and expanding its administrative capability standards. Those revisions, effective July 1, 2024. The criteria for administrative capability include, among other things, that the institution:

- comply with all applicable federal student financial aid requirements;
- have capable and sufficient personnel to administer the Title IV Programs;
- administer the Title IV Programs with adequate checks and balances in its system of internal controls over financial reporting;

- divide the function of authorizing and disbursing or delivering Title IV Program funds so that no office has the responsibility for both functions;

- establish and maintain records required under the Title IV Program regulations;
- develop and apply an adequate system to identify and resolve discrepancies in information from sources regarding a student's application for financial aid under the Title IV Programs;
- have acceptable methods of defining and measuring the satisfactory academic progress of its students;
- refer to the Office of the Inspector General any credible information indicating that any applicant, student, employee, third party servicer or other agent of the school has been engaged in any fraud or other illegal conduct involving the Title IV Programs;
- not be, and not have any principal or affiliate who is, debarred or suspended from federal contracting or engaging in activity that is cause for debarment or suspension;
- provide adequate financial aid counseling to its students;
- submit in a timely manner all reports and financial statements required by the Title IV Program regulations;
- provide adequate career services and geographically accessible clinical or externship opportunities to it students;
- disburses funds to students in a timely manner that best meets their needs;
- does not have programs that "fail" gainful employment rates and measures and that represent 50 percent or more of its total receipts under the Title IV Programs in the most recent award year;
- does not engage in substantial misrepresentations or aggressive and deceptive recruitment tactics; and
- not otherwise appear to lack administrative capability.

Failure by us to satisfy any of these or other administrative capability criteria could cause our institutions to be subject to sanctions or other actions by ED or to lose eligibility to participate in the Title IV Programs, which would have a significant impact on our business and results of operations.

Restrictions on Payment of Commissions, Bonuses and Other Incentive Payments. An institution participating in the Title IV Programs may not provide any commission, bonus or other incentive payment based directly or indirectly on success in securing enrollments or financial aid to any person or entity engaged in any student recruiting or admission activities or in making decisions regarding the awarding of Title IV Program funds. This statutory prohibition under the HEA, and as implemented by ED, applies to all institutional employees and service providers who are engaged in or responsible for any student recruitment or admission activity or making decisions regarding the award of financial aid. We cannot predict how ED will interpret and enforce the incentive compensation prohibition. The prohibition on incentive compensation has had and will continue to have a significant impact on the productivity of our employees, on the retention of our employees and on our business and results of operations. Failure to comply with the incentive compensation prohibition could result in loss of an institution's certification to participate in the Title IV Programs, limitations on Title IV Program participation or financial penalties. On July 17, 2024, ED announced it will issue guidance related to the incentive compensation rule no sooner than later this year, which could, among other things, modify existing published ED guidance related to the incentive compensation rule.

Compliance Reviews Regarding Compliance with Regulatory Standards and Effect of Regulatory Violations. Because we operate in a highly regulated industry, we are subject to compliance reviews and audits as well as claims of noncompliance and lawsuits by government agencies, regulatory agencies and third parties. Our institutions are subject to audits, program reviews, site visits, and other reviews by various federal and state regulatory agencies, including, but not limited to, ED, ED's Office of Inspector General, state education agencies and other state regulators, the U.S. Department of Veterans Affairs and other federal agencies, and by our accrediting agencies. In addition, each of our institutions must retain an independent certified public accountant to conduct an annual audit of the institution's administration of Title IV Program funds. The institution must submit the resulting audit report to ED for review.

If one of our institutions fails to comply with accrediting or state licensing requirements, such school and its main and/or branch campuses and educational programs could be subject to the loss of state licensure or accreditation, which in turn could result in a loss of eligibility to participate in the Title IV Programs. If ED or another agency determined that one of our institutions improperly disbursed Title IV Program funds or other financial assistance funds or violated a provision of the HEA or ED regulations, the institution could be required to repay such funds and related costs to ED or other agencies, and could be assessed an administrative fine or subject to other sanctions including loss of eligibility to participate in the impacted financial assistance program. ED could also place the institution on provisional certification status and/or transfer the institution to the reimbursement or cash monitoring system of receiving Title IV Program funds, under which an institution must disburse its own funds to students and document the students' eligibility for Title IV Program funds before receiving such funds from ED.

Significant violations of Title IV Program requirements by us or any of our institutions could be the basis for ED to limit, suspend, terminate, revoke, or decline to renew the participation of the affected institution in the Title IV Programs or to seek civil or criminal penalties. We and our institutions are also subject to claims and lawsuits relating to regulatory compliance brought not only by federal and state regulatory agencies and our accrediting bodies, but also by third parties, such as present or former students or employees and other members of the public.

If the result of any pending or future review, audit, proceeding, lawsuit or investigation is unfavorable to us, we may be required to pay money damages or be subject to fines, limitations, conditions, loss of Title IV Program funding, loss of accreditation or state authorization, injunctions or other penalties which could impact our results of operations. Even if we adequately address issues raised by an agency review or successfully defend a lawsuit or claim, we may have to divert significant financial and management resources from our ongoing business operations to address issues raised by those actions. Claims and lawsuits brought against us may damage our reputation or adversely affect our stock price, even if such actions are eventually determined to be without merit. See "Risk Factor - *Government and regulatory agencies and third parties may conduct compliance reviews and audits or bring actions against us that could result in monetary liabilities, injunctions, loss of eligibility for Title IV Programs or other adverse outcomes*."

Other Financial Assistance Programs. Some of our students receive financial aid from federal sources other than the Title IV Programs, such as programs administered by the U.S. Department of Veterans Affairs and under the Workforce Innovation and Opportunity Act. In addition, some of our students receive state financial aid in the form of grants, loans or scholarships. The eligibility and compliance requirements for these federal and state financial aid programs are extensive and vary among the funding agencies and by program. Our failure to comply with legal requirements applicable to federal and state financial assistance programs could result in repayment liabilities, sanctions, or loss of eligibility to participate in those programs which could impact our results of operations and also impact our compliance with ED's 90/10 Rule which requires our

institutions to generate revenues from sources other than the Title IV Programs and other federal financial assistance.

States that provide financial aid to our students face budgetary constraints, which in certain instances has reduced the level of state financial aid available to our students. Due to state budgetary shortfalls and constraints in certain states in which we operate, the overall level of state financial aid for our students could decrease in the near term, but we cannot predict how significant any such reductions will be or how long they will last. Federal budgetary shortfalls and constraints, or decisions by federal lawmakers to limit or prohibit access by our institutions or their students to federal financial aid, could result in a decrease in the level of federal financial aid for our students. Moreover, our failure to comply with legal requirements applicable to federal and state financial assistance programs could result in repayment liabilities, sanctions, or loss of eligibility to participate in those programs which could impact our results of operations.

Under the WIOA, institutions currently must report data regarding credential attainment rates, job placement rates, and other information and may be required to meet negotiated performance goals set by the state agency administering WIOA funds. On June 21, 2024, the U.S. Senate Health, Education, Labor and Pensions (HELP) Committee released a discussion draft of a bill to reauthorize the WIOA. Among other changes, the draft proposes to impose a repayment penalty on certain providers with eligible programs for which program competitors have not met the newly established credential attainment rates or job placement rates.

As currently proposed in the discussion draft bill, the repayment penalty would only apply to for-profit entities. If any of our institutions' programs that receive WIOA funds do not meet the established performance levels and if the draft becomes law, our institutions could be required to repay between 5 and 20 percent of the WIOA funds received for training services in that program. If our participating institutions and their programs were to not meet other WIOA requirements, they would risk losing eligibility to participate in the program. Further, reauthorization of the Workforce Innovation and Opportunity Act could result in changes to the process for determining funding for its programs, which could affect our institutions' revenues.

In addition to the Title IV Programs and other government-administered programs, all of our schools participate in alternative loan programs for their students. Alternative loans fill the gap between what the student receives from all financial aid sources and what the student may need to cover the full cost of his or her education. We also extend credit for tuition and fees to many of our students that attend our campuses. We are required to comply with applicable federal and state laws related to certain consumer and educational loans and credit extensions and are subject to review by federal and state agencies responsible for overseeing compliance with these requirements. Our failure to comply with these requirements could result in repayment liabilities, sanctions, investigations or litigation which could impact our results of operations.

On January 20, 2022, the CFPB announced its intent to examine the operations of postsecondary schools that extend private loans directly to students. Accompanying this announcement was an update to the CFPB's Examination Procedures to now require CFPB examiners to review several aspects of educational loans including enrollment restrictions, withholding transcripts, improper accelerated payments, failure to issue refunds, and improper lending relationships. In September 2023, the CFPB published a report indicating concerns with tuition payment plans, including coercive debt collection practices, high fees, and confusing consumer disclosures. Our institutions may be subject to greater scrutiny by the CFPB than in the past, and failure to comply with applicable laws and requirements could result in repayment liabilities, sanctions, investigations or litigation which could impact our results of operations.

Programs and Curricula

High Desert Medical College

HDMC's academic offerings are designed to prepare its graduates for challenging and rewarding careers in high-growth fields. We believe that HDMC's hands-on approach and flexible scheduling options provide students with a practical learning experience that fits into their busy lives.

HDMC's approach allows students to learn through a mix of lecture, laboratory and externship experiences, in addition to assigned homework. This allows students to practice what they learn and accommodates different learning styles.

HDMC offers start dates throughout the year for its various programs, across the three campuses. The programs currently offered as of March 31, 2024 are as follows:

Current Programs Offered

Area of Study	Program	Program Length	Estimated Total Fees, Charges and Expenses
Ultrasound Technician	Associate of Applied Science	108-123 weeks	$ 59,120
Vocational Nursing AAS	Associate of Applied Science	48 weeks	$ 19,735
Associate Degree Nursing	Association Degree	96 weeks	$ 89,995
Cardiac Sonography	Associate of Applied Science	115-130 weeks	$ 59,120
Ultrasound Technician	Diploma	84-99 weeks	$ 51,699
Clinical Medical Assisting	Certificate	34-42 weeks	$ 19,340
Dental Assisting	Certificate	34-42 weeks	$ 19,340
Medical Administrative Assisting	Certificate	15 weeks	$ 7,784
Medical Billing and Coding	Certificate	35-51 weeks	$ 19,340
Pharmacy Technician	Certificate	34-42 weeks	$ 19,534
Veterinary Assistant	Certificate	35-42 weeks	$ 19,340
Vocational Nursing	Diploma	56-68 weeks	$ 35,311
Phlebotomy Technician	Course (Avocational)	5 weeks	$ 1,915
Magnetic Resonance Imaging	Associate of Applied Science	115 weeks	$ 59,120
Nursing Assistant	Certificate		$ 3,255
California Dental Practice Act	Course (Avocational)	2 hours	$ 99
Infection Control	Course (Avocational)	8 hours	$ 249
Radiation Safety	Course (Avocational)	32 hours	$ 449
Teaching Adult Learner -Strategies and Techniques for Nurses and Allied Health Program Educators	Course (Avocational)	30 hours	$ 115
Coronal Polishing	Course (Avocational)	6 weeks	$ 3,255
Dispensary Agent Certification	Course (Avocational)	10 hours	$ 242
Vocational Nursing Pre-Requisite	Course (Avocational)	4 weeks	$ 850
LVN IV Therapy Certificate	Course (Avocational)	4 days	$ 275

Degree Program

Ultrasound Technician Associate of Applied Science Degree Program

The UT program is designed to prepare graduates for employment as an ultrasound technologist in the general abdomen, OB/GYN, small body parts and vascular. The graduate

can work in imaging centers, physician's offices, clinics, mobile units or hospitals that do not require a certification to be employed. The general education courses for the UT Associate of Applied Science Degree program are offered online only using interactive distance learning. The core ultrasound principles and subjects are taught on campus. Certificate program graduates can complete an UT Associate of Applied Science Degree remotely.

Cardiac Sonography Associate of Applied Science Degree Program

The Cardiac Sonography program is designed to prepare graduates for employment as a cardiac sonographer. The graduate can work in imaging centers, physician's offices, clinics, mobile units or hospitals that do not require a certification to be employed. The cardiac sonographer plays a key role in today's modern diagnosis and treatment team of cardiac disorders. The cardiac sonographer produces two-dimensional ultrasonic recordings of the heart and related blood vessels using ultrasound equipment for use by physicians in diagnosing certain cardiac diseases and malfunctions of the heart.

Vocational Nursing Associate of Applied Science Degree Program

The VN AAS degree program builds on the Vocational Nursing Diploma by adding the same online general education and science courses required for graduates of the pre-licensure Associate Degree Registered Nursing program. The goal of this post-licensure program is to educate and develop VNs such that they become more well-rounded professionals through undergraduate general education. It is anticipated that graduates will have enhanced critical thinking skills, science knowledge, and verbal/written communication skills which will expand employment opportunities.

Associate Degree of Nursing

The High Desert Medical College Associate Degree of Nursing Program (AND) provides students with a high-quality education in a dynamic, supportive and engaging environment. The nursing curriculum at High Desert Medical College prepares the student to become a Registered Nurse with an associate degree. The program promotes a culture of educational excellence among a diverse student population in collaboration with healthcare partners that leads to an associate degree in nursing licensure. An entry-level professional with the ability to utilize the latest healthcare technology while utilizing current evidence-based practice and clinical reasoning. The acquisition of the knowledge, skills and attitudes to provide safe patient-centered care that meets the changing health care needs of diverse individuals, families, communities and desire for life-long learning. The program strives to foster a commitment to individual excellence, integrity, lifelong learning and professional development within each graduate.

Diploma Program

Ultrasound Technician Diploma Program

The UT program is designed to prepare graduates for employment as an ultrasound technologist in the general abdomen, OB/GYN, small body parts and vascular. The graduate can work in imaging centers, physician's offices, clinics, mobile units or hospitals that do not require a certification to be employed.

Vocational Nursing Program Diploma Program

The VN program is designed to provide the student with the basic knowledge, skills and abilities to perform the duties of a VN in a health care environment. The program is approved by the BVNPT as an accredited training program, the completion of which meets the minimum requirements set forth as necessary for application to take the VN license examination.

Certificate Programs

Clinical Medical Assisting Certificate Program

The clinical medical assisting program is designed to give graduates the knowledge and skills necessary to work as an entry-level medical assistant in a healthcare setting.

Dental Assisting Certificate Program

The dental assisting program prepares the graduate for an entry-level position in a dental office. Graduates may find employment in dental clinics as dental assistants. With additional training and/or experience, graduates may be eligible for the radiation safety exam and receive radiation safety certificate or be eligible for the coronal polish exam. Graduates receive CPR and First Aid certification from American Red Cross and a diploma in dental assisting.

Medical Administrative Assisting Certificate Program

The medical administrative assisting program prepares the graduate to enter the health professions fields as an administrative medical assistant in various settings, including medical offices, hospitals, and medical clinics.

Medical Billing and Coding Certificate Program

The medical billing and coding program provides theory and clinical training geared to prepare the student for an entry level position in a hospital, medical or dental office, and medical insurance/billing companies. Graduates receive CPR and First Aid certification from American Red Cross and Diploma in medical billing and coding.

Nursing Assistant Certificate Program

The nursing assistant program is designed to prepare students to become practicing state certified nursing assistants in the State of California. The course work will include safety, anatomy and physiology, nutrition, asepsis, patient care, body mechanics and rehabilitation and restoration care. Students should expect two to three hours of homework per class.

Pharmacy Technician Certificate Program

The pharmacy technician program is designed to provide students with the skills, knowledge and training for an entry-level position in retail, hospitals or clinics or home health pharmacy settings or other positions in a pharmacy-related product/company. Graduates are encouraged to seek certification from the State of California for a registration as a pharmacy technician and a national competency certification.

Avocational Courses

Phlebotomy Technician Course (Avocational)

The phlebotomy technician course (Avocational) is designed for employees who currently work or have worked in the medical field and are seeking additional skills/certifications to add to their portfolio. The profession of phlebotomy is taught through didactic, student laboratory, and clinical experiences. The student will be trained to perform a variety of blood collection methods using proper techniques and precautions.

California Dental Practice Act

This course is presented pursuant to the Dental Board of California requirement that each licensee must take a minimum two-unit course in California Dental Law during each two-year license renewal period. This course has been developed in accordance with the California Code of Regulations Section 1600 to provide the most current information on California Dental Practice Act and is approved by the Dental Board of California for two units. This coursework does not interpret or make comment upon the law, but presents a condensed version of the State of California statutes which constitute the Dental Practice Act.

Infection Control

This course covers the definition and implementation of sterilization methods and guidelines. Including patient medical history, infection control, prevention of contamination, and the use of personal protective equipment. In addition, verification of infection, disinfection, care of treatment room, handling and disposal of hazardous waste, handling soiled instruments, hand pieces, burs, water and air syringes are presented. This course has been developed in accordance with the California Code of Regulations Section 1005 to provide the most current information on infection control practices and principles and is approved by the Dental Board of California.

Radiation Safety

In the state of California, a Dental Assistant must have their California Radiation Safety (x-ray) certificate to be permitted to take x-rays in a dental office. In addition, all applicants for Registered Dental Assistant licensure must submit evidence of having completed an approved radiation safety course. This course introduces the didactic and clinical application of x-ray safety, bisecting and parallel techniques, film exposure, processing and mounting of non-digital x-rays, digital x-ray (Dexis) training, and evaluation of both digital and non-digital dental x-rays. This course is approved by the Dental Board of California.

Teaching Adult Learner -Strategies and Techniques for Nurses and Allied Health Program Educators

This a 30 hour continuing education course and approved for 30 continuing education units by the Board of Registered Nursing. In this course, students learn how to use the newest educational methods to create a classroom that is suited for adult learners. This is a 10-module course with topics that include teaching theory and strategies, curriculum development and program administration.

Vocational Nursing Pre-Requisite

This course is a pre-requisite requirement for admissions into the vocational nursing program. Students must successfully pass this course with a 75% or higher. The course introduces the nursing student to critical thinking, basic arithmetic and medication dosage calculation and normal anatomy and physiology, the interrelationships between structure and functions of human cells, tissues, and systems, and the effects of disease on body systems and basic medical terminology as well as study techniques and strategies to ensure student success throughout the program.

LVN IV Theory Certificate

The course is designed to prepare licensed vocational nurses to start and superimpose intravenous fluid via primary or secondary infusion lines and perform blood withdrawal. The course will cover psychological preparation of the patient based on the growth and developmental stage, legal aspect in IV therapy and blood withdrawal, infection control, indications for IV therapy, types of venipuncture devices, delivery systems, intravenous fluids, venipuncture sites, observation of the patient, regulation of the fluid flow, selection of equipment, complications of IV therapy, methods of blood withdrawal, method selection, safety measures, universal precautions, complications and preparation of withdrawal sites.

Coronal Polishing

This specialized course is designed for dental professionals in California seeking proficiency in coronal polishing procedures. Participants will gain comprehensive knowledge and hands-on skills to perform effective coronal polishing, contributing to enhanced patient oral health and aesthetic outcomes. The course emphasizes California-specific regulations and ethical considerations, ensuring participants can confidently integrate coronal polishing into their dental practice.

Dispensary Agent Certification

The dispensary agent certification will help give students an understanding of the fundamentals needed to be successful in the rapidly emerging cannabis industry. This course includes nine virtual modules, quizzes and a final exam covering everything from the plant's history, terminology and chemistry to the routes of administration and effects on the human body. Our instructors include entrepreneurs, activists, health care providers and educators who have spent years building their careers in the cannabis space. This course is self-paced and delivered online.

Central Coast College

CCC's model is to provide intensive coursework and learning experiences in order to prepare its students to be ready for work in their desired fields upon graduation. An emphasis is placed on practical instruction which enables graduates to succeed in their initial jobs after graduation and successfully advance in their careers.

CCC offers start dates throughout the year for its various programs. The programs currently offered as of March 31, 2024 are as follows:

Current Programs Offered

Area of Study	Program	Program Length	Estimated Total Fees, Charges and Expenses
Medical Assisting	Diploma	46 weeks	$ 19,340
Medical Administrative Assistant	Certificate	48 weeks	$ 19,340
Nursing Assistant	Certificate	9 weeks	$ 3,255
Phlebotomy Technician	Course (Avocational)	4-12 weeks	$ 4,400
Veterinary Assistant	Diploma	38 weeks	$ 19,340
Veterinary Technology	Degree (Associate of Applied Science)	84 weeks	$ 40,220
Computer Specialist Accounting	Diploma	48 weeks	$ 19,340
Ultrasound Technician	Certificate	84-99 weeks	$ 51,699
Vocational Nursing	Diploma	59 weeks	$ 35,311
Ultrasound Technician	Associate of Applied Science	108-123 weeks	$ 59,120

Healthcare Career Training Programs

Medical Assisting

The medical assisting program teaches skills such as: medical terminology, medical office procedures, medical records keeping and electronic medical records, patient vital signs, venipuncture and injections, use of laboratory equipment and use of EKGs.

Medical Administrative Assistant

Completing the medical administrative assistant program gives the student a comprehensive set of administrative skills needed to work in a medical office. These include knowledge, skills and abilities in: medical terminology, medical office procedures, medical record keeping and electronic medical records and medical insurance billing.

Nursing Assistant

Nursing assistant training is designed for those who seek entry-level employment in the healthcare field. The program prepares a student to take the state licensing exam to become a certified nursing assistant. The nursing assistant program may also be a prerequisite for students who need direct patient care experience as an admission requirement for a higher level healthcare program or for those who wish to test their interest in healthcare as a career. Individuals might also consider the nursing assistant training if they are interested in working in healthcare to support their education.

Phlebotomy Technician

Phlebotomists are allied health professionals who draw blood from patients for medical testing. The phlebotomy technician program is designed to prepare students to take the phlebotomy exam and apply to become a practicing, certified phlebotomist in the State of California.

Veterinary Assistant

The veterinary assistant program is designed to give hands-on experience working with animals and to prepare the students to successfully work alongside veterinarians and veterinary technicians in a variety of animal care settings. Classes are a combination of lecture, demonstration, guided practice, lab and clinical hours. An externship is provided at the end of the program.

Veterinary Technology

The veterinary technology program offers an AAS degree. The Veterinary Technology program is the only CVTEA (Committee on Veterinary Technician Education and Activities)-accredited program offered in Monterey, San Benito, Santa Cruz tri-county area. The veterinary technology program consists of two academic years, with the first year completing veterinary assistant program and giving students the option of a second year that fulfills the requirements for an AAS degree in veterinary technology. Graduates of the veterinary technology program are eligible for state licensing as a registered veterinary technician after successfully passing the Veterinary Technician National Examination and California State Veterinary Technician Examinations.

Ultrasound Technician Certificate Program

The UT program is designed to prepare graduates for employment as an ultrasound technologist in the general abdomen, OB/GYN, small body parts and vascular. The graduate can work in imaging centers, physician's offices, clinics, mobile units or hospitals that do not require a certification to be employed.

Ultrasound Technician Associate of Applied Science Degree Program

The UT program is designed to prepare graduates for employment as an ultrasound technologist in the general abdomen, OB/GYN, small body parts and vascular. The graduate can work in imaging centers, physician's offices, clinics, mobile units or hospitals that do not require a certification to be employed. The general education courses for the UT Associate of Applied Science Degree program are offered online only using interactive distance learning. The core ultrasound principles and subjects are taught on campus. Certificate program graduates can complete an UT Associate of Applied Science Degree remotely.

Vocational Nursing Diploma Program

The vocation nursing program is designed to provide the student with the basic knowledge, skills and abilities to perform the duties of a vocation nurse in a health care environment. The program is approved by the BVNPT as an accredited training program, the completion of which meets the minimum requirements set forth as necessary for application to take the Vocation Nurse License examination.

Business Career Training Programs

Computer Accounting Specialist

The computer accounting specialist program is designed to prepare students for a career in which they would maintain and prepare records, post details of transactions, and reconcile bank statements in both large and small businesses in many industries.

Business Administrative Specialist

The business administrative specialist program is designed to prepare students for a career in which they would need office skills such as preparing reports and documents, bookkeeping, keeping schedules, answering telephones, taking messages and providing information.

Integrity College of Health

Integrity offers start dates throughout the year for its various programs. The programs currently offered as of March 31, 2024, are as follows:

Current Programs Offered

Area of Study	Program	Program Length	Estimated Total Fees, Charges and Expenses
Vocational Nursing	Diploma	56-68 weeks	$ 35,311
Medical Assisting	Diploma	34-42 weeks	$ 19,340
Diagnostic Medical Sonography	Diploma	84-99 weeks	$ 46,965
Medical Billing and Coding	Diploma	35-42 weeks	$ 19,335
Bachelor of Science in Nursing (RN to BSN)	BS Degree	46 weeks	$ 11,143
Veterinary Assistant	Certificate	35-43 weeks	$ 19,340
Vocation Nursing AAS	Associate of Applied Science	48 weeks	$ 19,735

Healthcare Career Training Programs

Vocational Nursing

The VN program provides students with nursing skills for direct patient care. Graduates should be able to function as part of the interdisciplinary healthcare team in selected healthcare settings with individuals, families and communities across the life span.

Medical Assistant

The medical assistant program is designed to prepare students for entry-level positions as a medical assistant in either clinical and/or administrative capacity.

Medical assistants are multi-skilled health professionals who perform a wide range of roles in physician's offices and other health care settings. Medical assistants may also be employed by medical centers, medical specialty clinics, insurance billing agencies, laboratories, and emergency rooms.

Diagnostic Medical Sonography

The diagnostic medical sonography program is designed to prepare graduates for employment as an ultrasound technologist in the general abdomen, OB/GYN, small body parts and vascular. The graduate can work in imaging centers, physician's offices, clinics, mobile units or hospitals that do not require a certification to be employed. The ultra-sonographer plays an important role in today's modern diagnosis and treatment team. Ultra-sonographer produces two-dimensional ultrasonic recordings of internal organs using ultrasound equipment for use by physicians in diagnosing certain diseases and malfunctions of certain organs. The program includes a 960-hour externship.

Medical Insurance Coding and Billing Specialist

The medical insurance coding and billing program provides theory and clinical training geared to prepare the student for an entry level position in a hospital, medical or dental office, and medical insurance/billing companies. The program provides all the necessary training to enable the students to acquire the necessary skills and demonstrate competencies in a variety of medical office procedures and billing and coding techniques. Instruction combines theory and practice to meet the competencies needed to be a medical biller and coder. Students learn to prepare various health claim forms using medical billing software. In doing so, they acquire a working knowledge of human anatomy and medical terminology, as well as comprehension of the legal, ethical and regulatory standards of medical records management. Students learn to accurately interpret medical records, including diagnoses and procedures of health care providers, as well as to document and code the information for submission to insurance companies. Graduates receive CPR and first aid certification from American Red Cross and a diploma in medical billing and coding.

Bachelor of Science in Nursing

The RN–BSN degree program is designed students who possess an associate degree and Diploma Registered Nurse license. The blended or online method of delivery is offered for working nurses who require greater flexibility in the education schedule in order to complete their Bachelor's degree in nursing.

Veterinary Assistant Certificate Program

The veterinary assistant (VA) program is based on theory and clinical training geared to prepare the students for entry level as veterinary assistants in veterinary offices, veterinary hospitals, research facilities, animal shelters, wildlife refuges and zoos. The veterinary assistant program consists of five areas of training: career and personal development, clinical experience, anatomy and terminology, veterinary assistant duties and species and breeds of animals commonly seen in veterinary clinics. The program provides knowledge of veterinary front and back-office procedures to prepare the students to work under the supervision of a veterinarian or registered veterinary technician.

Vocational Nursing Associate of Applied Science Program

The vocational nursing associate of applied science (VN AAS) program consists of one hundred and one-half credits, of which sixty-eight and one-half credits are transferred into the program. Students must provide a current LVN license to receive these sixty-eight and one-half credits. The remaining credits are completed during the AAS program. The VN AAS degree program builds on the vocational nursing diploma by adding the same one hundred percent online general education and science courses required for graduates of the pre-licensure associate degree registered nursing program. The goal of this post-licensure program is to educate and develop vocational nurses to become more well-rounded professionals through undergraduate general education.

Job Placement

We believe that assisting our graduates in securing employment after completing their program of study is critical to our ability to attract high quality students and enhancing our reputation in the industry. Accordingly, we dedicate significant resources to maintaining an effective graduate placement program. We provide placement assistance to all qualified graduates at no additional charge. Our institutions work closely with local employers to ensure that we are training students with skills that employers need. Our placement department maintains databases of potential employers throughout the country, allowing us to more effectively assist our graduates in securing employment in their career field upon graduation. The placement department also assists with locating current job openings and scheduling interviews for graduates in their career field through personal contact with employers, review and investigation of advertised openings and memberships and attendance in local organizations to market our graduates to local employers. Throughout the year, we hold numerous job fairs at our facilities where we provide the opportunity for our students to meet and interact with potential employers. In addition, all of our programs (except for VN) have an externship as part of their course curriculum, which provides our students with opportunities to work with employers prior to graduation. We also assist students with resume writing, interviewing and other job search skills.

Intellectual Property

Intellectual property is important to our business. We rely on a combination of copyrights, trademarks, service marks, trade secrets, domain names and agreements with third parties to protect our proprietary rights. In many instances, our course content is produced for us by faculty and other content experts under work-for-hire agreements pursuant to which we own the course content in return for a fixed development fee.

Properties

We do not own any property. We lease property in California for academic operations, corporate functions, enrollment services and student support services. Below is a table summarizing our leased properties as of March 31, 2024:

Number of Buildings	Location	Total Square Footage	Lease Expiration
1	Bakersfield, CA	26,515	2026
1	Lancaster, CA	29,096	2026

1	Temecula, CA	15,703	2026
2	Salinas, CA	22,693	2026 & 2027
1	Pasadena, CA	8,879	2025 & 2027

Our facilities are utilized consistent with management's expectations, and we believe such facilities are suitable and adequate for current requirements and that additional space can be obtained on commercially reasonable terms to meet any future requirements.

Legal Proceedings

From time to time, we may become involved in various lawsuits and legal proceedings, which arise in the ordinary course of business. Litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our business. Except as set forth below, we are currently not aware of any such legal proceedings or claims that will have, individually or in the aggregate, a material adverse effect on our business, financial condition or operating results.

Pre-IPO Reorganization Transaction

Legacy Education, L.L.C. was formed on October 19, 2009 in the state of California as a limited liability company. Legacy Education Inc. was formed on March 18, 2020. Legacy Education Inc. then formed Legacy Education Merger Sub, LLC, a California limited liability company and wholly owned subsidiary of Legacy Education Inc. Pursuant to an Agreement and Plan of Merger and Reorganization, dated September 1, 2021, effective as of September 3, 2021, Merger Sub merged with and into Legacy Education, L.L.C., with Legacy Education, L.L.C. surviving the Reorganization Merger and becoming a wholly owned subsidiary of Legacy Education Inc. On the Effective Date of the Reorganization Merger, in exchange for each Class A Unit owned in Legacy Education, L.L.C., the members of Legacy Education, L.L.C. received one share of common stock in Legacy Education Inc. The members immediately prior to the Reorganization Merger became the 100% owners of Legacy Education Inc. immediately following the Reorganization Merger.

MANAGEMENT

Directors and Executive Officers

Our directors and executive officers as of August 1, 2024 are as follows:

Name	*Age*	*Position(s) Presently Held*
LeeAnn Rohmann	56	Chief Executive Officer, Chairman and Founder
Brandon Pope	60	Chief Financial Officer
Ragheb Milad	43	Chief Academic Officer
Gerald Amato	73	Director
Blaine Faulkner	61	Director
Peggy Tiderman	66	Director

Executive Officers and Directors

LeeAnn Rohmann, Chief Executive Officer Chairman and Founder

LeeAnn Rohmann has served our Chief Executive Officer since July 2010 and Chairman of our board of directors since October 2009. From 2004 until 2008, she served as Chief Sales Officer, Student Loan Xpress at CIT, a national bank, and from 2001 until 2004, she served as Vice President, Sales of Edfinancial Services, a financial company that provides student loan servicing. From 1997 until 2001, Ms. Rohmann served as Senior Vice President, Sales of American Express. We believe Ms. Rohmann is qualified to serve as a member of our board of directors because she has more than 25 years of higher education industry experience.

Brandon Pope, Chief Financial Officer

Brandon Pope served as Chief Financial Officer of Legacy Education, L.L.C. from June 2018 until the Reorganization and our Chief Financial Officer since the Reorganization. From October 2017 until June 2018, he served as Controller of Squar Milner, an accounting and advisory firm, and from December 2014 until April 2017, he served as Senior Vice President, Corporate Controller of International Education Corporation, a provider of career education. From January 2014 until October 2017, Mr. Pope also served as Principal of Pope Consulting Group, LLP, and from 2008 until 2014 he served in various capacities including Vice President, Chief Accounting Officer and Vice President, Corporate Controller at Bridgepoint Education, Inc., a higher education company. Mr. Pope also previously served as Assistant Vice President, Assistant Controller of Corinthian Colleges, Inc.; Assistant Controller of Stater Bros. Markets; and Senior Manager of Financial Reporting and Control, Manager of Financial Reporting and Senior Accountant at Ingram Micro, Inc. Mr. Pope is a certified public account in the state of California, and received his Bachelor of Science in Business Administration and MBA from the University of Phoenix.

Ragheb Milad, Chief Academic Officer

Dr. Ragheb Milad has served as our Chief Academic Officer since June 2021. From January 2019 to January 2021, Dr. Milad served as the Corporate Director of Education for Legacy Education and Campus President of HDMC's Lancaster, California campus, and from January 2014 to January 2018 he served as the Director of Academics for HDMC. Dr. Milad also served as an instructor from in both the Vocational Nursing and Ultrasound Technician Programs for HDMC from 2011 to 2014. During his roles as Director of Academics and Corporate Director of Legacy Education, Dr. Milad developed many of Legacy Education's existing programs. In addition, from 2008 to July 2021, Dr. Milad served as the Sales Director of 3D Diagnostix, a dental computer guided surgery company. In July 2021, he co-founded ITX PROS, a digital dentistry company that supports dentist with dental implant cases, and since its inception he has served as a member of the board of directors of ITX PROS. Dr. Milad also serves as a member on the Board of St. Athanasius and St. Cyril Theological School, a Coptic Orthodox theological school since 2015. Furthermore, from 2008 to 2011 Dr. Milad was a practicing physician in Cairo Egypt. He graduated from Ain Shams University in Cairo, Egypt from the Faculty of Medicine where he received his Medical Degree.

Gerald Amato, Director

Gerald Amato has served as our director since the Reorganization. Since March 2014, Mr. Amato has served as the President of Amato and Partners, LLC, a full-service investor relations advisory firm. Mr. Amato received a Bachelor of Science in Finance from St. Francis College. We believe Mr. Amato is qualified to serve as a member of our board of directors because of his investor relations experience.

Blaine Faulkner, Director

Blaine Faulkner has served as our director since December 2023. Since December 2022, Mr. Faulkner has served as the CFO of Lightfully Behavioral Health, a mental healthcare treatment provider with multiple locations throughout California. From July 2018 to July 2022, Mr. Faulkner served as the CFO of Alsana, an eating disorder treatment provider. In addition, from 2012 to 2017, Mr. Faulkner served as the CEO and President of First Health Group Corp. Mr. Faulkner also serves as an Advisory Board Member for the Lamden School of Accountancy at San Diego State University, where he graduated with a Bachelor's degree in Business Administration with an emphasis in accounting. Mr. Faulkner also received an MBA from the University of San Diego. Mr.Faulkner is a CPA (inactive) and spent seven years with Ernst & Young. We believe Mr. Faulkner is qualified to serve as a member of our board of directors because of his over 30 years of executive experience, broad understanding of business management and significant accounting experience.

Peggy Tiderman, Director

Peggy Tiderman has served as our director since December 2023. Since 2017, Ms. Tiderman has served as the Co-Founder and Executive Leadership Coach of Streamlined Coaching, a leadership development and coaching firm with a focus on operational effectiveness and efficiencies. From December 2011 to August 2020, Ms. Tiderman served as a Commissioner of the Accrediting Council for Continuing Education and Training (ACCET), an institutional accreditation provider for non-collegiate continuing education and training organizations. Ms. Tiderman received an associates of applied science in business from the Community College of Beaver Country. We believe Ms. Tiderman is qualified to serve as a member of our board of directors because she has over 27 years of experience in the private post-secondary educational sector.

Family Relationships

There are no family relationships between any director, executive officer or person nominated to become a director or executive officer.

Independence of Directors

Certain phase-in periods with respect to director independence are available to us under the applicable NYSE American rules. These phase-in periods allow for smaller reporting companies such as our company a period of one year from our listing date to have a board of directors which is composed of 50% of independent directors. Our Board of Directors will have a board of directors composed of 50% of independent directors within one year of our listing on the NYSE American. "Independent director," is defined generally as a person other than an officer or employee of the company or its subsidiaries or any other individual having a relationship, which, in the opinion of the company's board of directors would interfere with the director's exercise of independent judgment in carrying out the responsibilities of a director. The Board has determined that Messrs. are "independent". Our board currently consists of independent directors and non-independent directors.

Board Committees

Our board of directors directs the management of our business and affairs, as provided by Nevada law, and conducts its business through meetings of the board of directors and its standing committees. We will have a standing audit committee, compensation committee and nominating and corporate governance committee. In addition, from time to time, special committees may be established under the direction of the board of directors when necessary to address specific issues.

Audit Committee. The audit committee is appointed by the Board to assist the Board in its duty to oversee the Company's accounting, financial reporting and internal control functions and the audit of the Company's financial statements. The role of the audit committee is to oversee management in the performance of its responsibility for the integrity of the Company's accounting and financial reporting and its systems of internal controls, the performance and qualifications of the Company's independent auditor, including the auditor's independence, the performance of the Company's internal audit function; and the Company's compliance with legal and regulatory requirements.

Upon the consummation of this offering, our audit committee will consist of , with serving as chair.We intend to rely on the phase-in provisions of Rule 10A-3 of the Exchange Act and the NYSE American transition rules applicable to companies completing an initial listing, and we plan to have an audit committee comprised of a majority of independent members within 90 days after our listing date and an audit committee comprised of entirely of at least three directors that are independent for purposes of serving on an audit committee within one year after our listing date. Our board of directors has affirmatively determined that each of meet the definition of "independent director" under NYSE American rules, and that they meet the independence standards under Rule 10A-3. Each member of our audit committee meets the financial literacy requirements of the NYSE American rules. In addition, our board of directors has determined that will qualify as an "audit committee financial expert," as such term is defined in Item 407(d)(5) of Regulation S-K. Our board of directors will adopt a written charter for the audit committee, which will be available on our website at *www.legacyed.com* substantially concurrently with the consummation of this offering.

Nominating and Corporate Governance Committee. Our nominating and corporate governance committee is responsible for, among other things:

- identifying individuals qualified to become members of our board of directors and recommending director candidates for election or re-election to our board of directors;
- maintaining oversight of our board of directors and our governance functions and effectiveness;
- considering and making recommendations to our board of directors regarding board size and composition, committee composition and structure and procedures affecting directors, and each director's independence;
- establishing standards for service on our board of directors; and
- advising the board of directors on candidates for our executive offices, and conducting appropriate investigation of such candidates.

Upon the consummation of this offering, our nominating and corporate governance committee will consist of , with serving as chair.We intend to rely on the NYSE American transition rules applicable to companies completing an initial listing, and we plan to have a nominating and corporate governance committee comprised of a majority of independent members within 90 days after our listing date and a nominating and corporate governance committee comprised entirely of independent directors within one year after our listing date. Our board of directors will adopt a written charter for the nominating and corporate governance committee, which will be available on our website at *www.legacyed.com* substantially concurrently with the consummation of this offering.

Compensation Committee. The compensation committee is responsible for reviewing and recommending, among other things:

- the adequacy and form of compensation of the board;
- the compensation of Chief Executive Officer, including base salary, incentive bonus, stock option and other grant, award and benefits upon hiring and on an annual basis;
- the compensation of other senior management upon hiring and on an annual basis; and
- our incentive compensation and other equity-based plans and recommending changes to such plans to our board of directors, when necessary.

Upon the consummation of this offering, our compensation committee will consist of , with serving as chair.We intend to rely on the NYSE American

transition rules applicable to companies completing an initial listing, and we plan to have a compensation committee comprised of a majority of independent members within 90 days after our listing date and a compensation committee comprised entirely of independent directors within one year after our listing date.Our board of directors will adopt a written charter for the compensation committee, which will be available on our principal corporate website at *www.legacyed.com* substantially concurrently with the consummation of this offering.

Code of Business Conduct and Ethics

Prior to the completion of this offering, we will adopt a written code of business conduct and ethics that applies to our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. A copy of the code will be posted on our website, *www.legacyed.com*. In addition, we intend to post on our website all disclosures that are required by law or the NYSE American rules concerning any amendments to, or waivers from, any provision of the code.

EXECUTIVE AND DIRECTOR COMPENSATION

Our principal executive officer, and other most highly compensated executive officers who were serving at the end of our fiscal year ended June 30, 2024 (whom we collectively refer to as our "named executive officers") are:

- LeeAnn Rohmann, our Chief Executive Officer;
- Brandon Pope, our Chief Financial Officer, and
- Ragheb Milad, our Chief Academic Officer

Summary Compensation Table

The following table presents the compensation awarded to, earned by or paid to each of our named executive officers for the years ended June 30, 2024 and 2023:

Name and Principal Position	Year	Salary ($)	Bonus ($)	Total ($)
LeeAnn Rohmann	2024	$ 295,769	$ 369,683	$ 983,442
Chief Executive Officer	2023	275,000	270,000	550,000
Brandon Pope	2024	$ 228,116	$ 168,750	$ 684,872
Chief Financial Officer	2023	211,000	150,000	361,538
Ragheb Milad	2024	$ 124,908	$ 157,500	$ 652,637
Chief Academic Officer	2023	204,615	120,000	324,615

Employment Agreements

LeeAnn Rohmann Employment Agreement

On July 1, 2023, we entered into an employment agreement with LeeAnn Rohmann (the "Rohmann Employment Agreement. Pursuant to the Rohmann Employment Agreement, Ms. Rohmann shall receive a base salary of $275,000 per annum. In addition, Ms. Rohmann shall be entitled to participate in employee benefit plans such as medical, vision, basic life and dental insurance. The Rohmann Employment Agreement may be terminated by the Company without cause upon 30 days prior written notice to Ms. Rohmann or immediately for cause. In addition, Ms. Rohmann may terminate her employment at any time without cause upon 30 days prior written notice to the Company. Furthermore, the Rohmann Employment Agreement will terminate upon Ms. Rohmann's death. Upon termination of the Rohmann Employment Agreement, Ms. Rohmann shall receive all sums due to her under the Employment Agreement as compensation or expense reimbursements.

We intend to enter into employment agreements with our management upon the closing of this offering.

Non-Employee Director Compensation

The following table presents the total compensation for each person who served as a non-employee member of our board of directors and received compensation for such service during the fiscal year ended June 30, 2024. Other than as set forth in the table and described more fully below, we did not pay any compensation, make any equity awards or non-equity awards to, or pay any other compensation to any of the non-employee members of our board of directors in 2024.

Name	Fees earned or paid in cash ($)	Stock awards ($)	Option awards ($)	Non-equity incentive plan compensation ($)	Nonqualified deferred compensation earnings ($)	All other compensation ($)	Total ($)
Gerald Amato	$ 18,000	-	$ 100,000	-	-		$ 118,000
Peggy Tiderman	$ 4,500	-	$ 100,000	-	-		$ 104,500
Blaine Faulkner	$ 4,500	-	$ 100,000	-	-	-	$ 104,500

Outstanding Equity Awards at June 30, 2024

The following table sets forth information concerning outstanding equity awards held by our named executive officers as of June 30, 2024.

	Option Awards			
	Number of Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date

	346,016	346,016	$ 1.87	4/1/2034
LeeAnn Rohmann				
Brandon Pope	100,000	100,000	0.90	6/18/2028
Brandon Pope	313,392	313,392	$ 1.87	4/1/2034
Ragheb Milad	307,105	307,105	1.87	4/1/2034

2021 Equity Incentive Plan

On February 23, 2021, we adopted the Legacy Education Inc. 2021 Equity Incentive Plan (the "2021 Plan") which has been approved by our stockholders.

The 2021 Equity Incentive Plan provides for grants of incentive stock options ("ISO"), nonstatutory stock options ("NQSO"), stock appreciation rights ("SARs"), restricted stock, restricted stock units ("RSUs"), and other stock-based awards. Directors, officers and other employees of ours and our subsidiaries, as well as others performing consulting or advisory services for us, are eligible for grants under the 2021 Plan.

The purpose of the 2021 Plan is to provide incentives that will attract, retain and motivate high performing officers, directors, employees and consultants by providing them with appropriate incentives and rewards through their acquisition of a proprietary interest in our long-term success. Set forth below is a summary of the material terms of the 2021 Plan.

Background and Purpose of the 2021 Plan. The purpose of the 2021 Plan is to promote our long-term success and the creation of stockholder value by:

- Offering selected service providers an opportunity to acquire an interest in the success of the Company;
- Encouraging selected service providers to continue to provide services to the Company and attract new service providers with outstanding qualifications; and
- Further aligning participants' interests with the interests of our stockholders through the award of equity compensation grants which increases their interest in the Company.

The 2021 Plan permits the grant of the following types of equity-based incentive awards: (i) stock options (which can be either ISOs or NQSOs), (ii) SARs, (iii) restricted stock, (iv) RSUs, and (v) other equity awards. The vesting of equity awards can be based on either continuous service and/or performance goals. Awards are evidenced by a written agreement between the participant and the Company.

Eligibility to Receive Awards. Our employees, consultants and board members and certain of our affiliated companies are eligible to receive awards under the 2021 Plan. The 2021 Plan Committee determines, in its discretion, the selected participants who will be granted awards under the 2021 Plan. As of December 31, 2021, five individuals, serving as executive officers and/or directors, were eligible to participate in the 2021 Plan. Provided that the board affirmatively acts to implement such a process, the 2021 Plan also provides that non-employee directors may elect to receive stock grants or stock units (which would be issued under the 2021 Plan) in lieu of fees that would otherwise be paid in cash.

Shares Subject to the 2021 Plan. The maximum number of common shares that can be issued under the 2021 Plan is 2,000,000 shares. In addition, on August 1st of each calendar year from 2022 through 2030, this share limit shall be increased by the lesser of (i) 5% of the outstanding common shares of the Company (rounded down to the nearest whole number) as of the close of business on the preceding June 30th (ii) 1,500,000 shares or (iii) some lesser whole number than the lesser number determined under clauses (i) and (ii) as determined by the board of directors (which may be zero). A share that is issued pursuant to 2021 Plan award shall count as the issuance of one share and thereby reduce the remaining number of shares available for future issuance under the 2021 Plan. The shares underlying forfeited or terminated awards (without payment of consideration), or unexercised awards become available again for issuance under the 2021 Plan. But in all other cases, regardless of the actual number of shares issued to the award holder, the gross number of shares for which compensation is being provided (including any shares used to pay an award's exercise price or tax withholding obligations) count against the 2021 Plan's share limit. No fractional shares may be issued under the 2021 Plan. No shares will be issued with respect to a participant's award unless applicable tax withholding obligations have been satisfied by the participant.

Administration of the 2021 Plan. The 2021 Plan will be administered by our board or a committee or committees appointed by our board, acting as the 2021 Plan Committee, which shall consist of independent Board members as specified under rules. With respect to certain awards issued under the 2021 Plan, the members of the 2021 Plan Committee also must be "Non-Employee Directors" under Rule 16b-3 of the Exchange Act. Subject to the terms of the 2021 Plan, the 2021 Plan Committee has the sole discretion, among other things, to:

- Select the individuals who will receive awards;
- Determine the terms and conditions of awards (for example, performance conditions, if any, and vesting schedule, if any);
- Correct any defect, supply any omission, or reconcile any inconsistency in the 2021 Plan or any award agreement;
- Accelerate the vesting, extend the post-termination exercise term or waive restrictions of any awards at any time and under such terms and conditions as it deems appropriate, subject to the limitations set forth in the 2021 Plan;
- Permit a participant to defer compensation to be provided by an award; and
- Interpret the provisions of the 2021 Plan and outstanding awards.

The 2021 Plan Committee (or the Board) may suspend vesting, settlement, or exercise of awards pending a determination of whether a participant's service should be terminated for cause (in which case outstanding awards would be forfeited). Awards may be subject to any policy that the Board may implement on the recoupment of compensation (referred to as a "clawback" policy). The members of the Board, the 2021 Plan Committee and their delegates shall be indemnified by the Company to the maximum extent permitted by applicable law for actions taken or not taken regarding the 2021 Plan. In addition, the 2021 Plan Committee may use the 2021 Plan to issue shares under other plans or sub-plans as may be deemed necessary or appropriate, such as to provide for participation by non-U.S. employees and those of any of our subsidiaries and affiliates.

Types of Awards.

Stock Options. A stock option is the right to acquire common shares at a fixed exercise price over a fixed period of time. The 2021 Plan Committee will determine, among other terms and conditions, the number of shares covered by each stock option and the exercise price of the shares subject to each stock option, but such per share exercise price generally will not be less than the fair market value of a common share on the date of grant of the stock option. The fair market value of a common share for the purposes of pricing our awards shall be equal to the regular session closing price for our shares as reported by the NYSE American on the date of determination. Stock options may not be repriced or exchanged without stockholder approval, and no re-load options may be granted under the 2021 Plan.

Stock options granted under the 2021 Plan may be either ISOs or NQSOs. As required by the Code and applicable regulations, ISOs are subject to various limitations not imposed on NQSOs. For example, the exercise price for any ISO granted to any employee owning more than 10% of our common shares may not be less than 110% of the fair market value of a common share on the date of grant, and such ISO must expire no later than five years after the grant date. The aggregate fair market value (determined at the date of grant) of common shares subject to all ISOs held by a participant that are first exercisable in any single calendar year cannot exceed $100,000. ISOs may not be transferred other than upon death, or to a revocable trust where the participant is considered the sole beneficiary of the stock option while it is held in trust. In order to comply with Treasury Regulation Section 1.422-2(b), the 2021 Plan provides that no more than 2,000,000 shares may be issued pursuant to the exercise of ISOs.

A stock option granted under the 2021 Plan generally cannot be exercised until it becomes vested. The 2021 Plan Committee establishes the vesting schedule of each stock option at the time of grant. The maximum term for stock options granted under the 2021 Plan may not exceed ten years from the date of grant although the 2021 Plan Committee may establish a shorter period at its discretion. The exercise price of each stock option granted under the 2021 Plan must be paid in full at the time of exercise, either with cash, or through a broker-assisted "cashless" exercise and sale program, or net exercise, or through another method approved by the 2021 Plan Committee. The optionee must also make arrangements to pay any taxes that we are required to withhold at the time of exercise.

SARs. A SAR is the right to receive, upon exercise, an amount equal to the difference between the fair market value of the shares on the date of the SAR's exercise and the aggregate exercise price of the shares covered by the exercised portion of the SAR. The 2021 Plan Committee determines the terms of SARs, including the exercise price (provided that such per share exercise price generally will not be less than the fair market value of a common share of on the date of grant), the vesting and the term of the SAR. The maximum term for SARs granted under the 2021 Plan may not exceed ten years from the date of grant, subject to the discretion of the 2021 Plan Committee to establish a shorter period. Settlement of a SAR may be in common shares or in cash, or any combination thereof, as the 2021 Plan Committee may determine. SARs may not be repriced or exchanged without stockholder approval.

Restricted Stock. A restricted stock award is the grant of common shares to a participant and such shares may be subject to a substantial risk of forfeiture until specific conditions or goals are met. The restricted shares may be issued with or without cash consideration being paid by the participant as determined by the 2021 Plan Committee. The 2021 Plan Committee also will determine any other terms and conditions of an award of restricted stock. In determining whether an award of restricted stock should be made, and/or the vesting schedule for any such award, the 2021 Plan Committee may impose whatever conditions to vesting it determines to be appropriate. During the period of vesting, the participant will not be permitted to transfer the restricted shares but will generally have voting and dividend rights (subject to vesting) with respect to such shares.

RSUs. RSUs are the right to receive an amount equal to the fair market value of the shares covered by the RSU at some future date after the grant. The 2021 Plan Committee will determine all of the terms and conditions of an award of RSUs, including the vesting period. Upon each vesting date of a RSU, a Participant will become entitled to receive an amount equal to the number of shares indicated in the grant notice, or, if expressed in dollar terms, the fair market value of the shares on the settlement date. Payment for vested RSUs may be in common shares or in cash, or any combination thereof, as the 2021 Plan Committee may determine. Settlement of vested stock units will generally occur at or around the time of vesting but the 2021 Plan Committee may permit a participant to defer such compensation until a later point in time. Stock units represent an unfunded and unsecured obligation for us, and a holder of a stock unit has no rights other than those of a general creditor.

Other Awards. The 2021 Plan also provides that other equity awards, which derive their value from the value of our shares or from increases in the value of our shares, may be granted. Substitute awards may be issued under the 2021 Plan in assumption of or substitution for or exchange for awards previously granted by an entity which we (or an affiliate) acquire.

Limited Transferability of Awards. Awards granted under the 2021 Plan generally are not transferrable other than by will or by the laws of descent and distribution. However, the 2021 Plan Committee may in its discretion permit the transfer of awards other than ISOs. Generally, where transfers are permitted, they will be permitted only by gift to a member of the participant's immediate family or to a trust or other entity for the benefit of the participant and/or member(s) of his or her immediate family.

Termination of Employment, Death or Disability. The 2021 Plan generally determines the effect of the termination of employment on awards, which determination may be different depending on the nature of the termination, such as terminations due to cause, resignation, death, or disability and the status of the award as vested or unvested, unless the award agreement or a participant's employment agreement or other agreement provides otherwise.

Dividends and Dividend Equivalents. Any dividends or dividend equivalents distributed in the form of shares under the 2021 Plan will count against the 2021 Plan's maximum share limit. The 2021 Plan also provides that dividend equivalents will not be paid or accrue on unexercised stock options or unexercised SARs. Dividends and dividend equivalents that may be paid or accrue with respect to unvested awards shall be subject to the same vesting conditions as the underlying award and shall only be distributed to the extent that such vesting conditions are satisfied.

Adjustments upon Changes in Capitalization.

In the event of the following actions:

- stock split of our outstanding common shares;
- stock dividend;
- dividend payable in a form other than shares in an amount that has a material effect on the price of the shares;
- consolidation;
- combination or reclassification of the shares;
- recapitalization;
- spin-off; or
- other similar occurrences,

Then the following shall each be equitably and proportionately adjusted by the 2021 Plan Committee:

- then the following shall each be equitably and proportionately adjusted by the 2021 Plan Committee:
- maximum number of shares that can be issued under the 2021 Plan (along with the ISO share issuance limit);
- number and class of shares issued under the 2021 Plan and subject to each award;
- exercise prices of outstanding awards; and
- number and class of shares available for issuance under the 2021 Plan.

Change in Control. In the event that we are a party to a merger or other reorganization or similar transaction, outstanding 2021 Plan awards will be subject to the agreement pertaining to such merger or reorganization. Such agreement may provide for (i) the continuation of the outstanding awards by us if we are a surviving corporation, (ii) the assumption or substitution of the outstanding awards by the surviving entity or its parent, (iii) full exercisability and/or full vesting of outstanding awards, or (iv) cancellation of outstanding awards either with or without consideration, in all cases with or without consent of the participant. The 2021 Plan Committee need not adopt the same rules for each award or participant.

The 2021 Plan Committee will decide the effect of a change in control of the Company on outstanding awards. The 2021 Plan Committee may, among other things, provide that awards will fully vest and/or be canceled upon a change in control, or fully vest upon an involuntary termination of employment following a change in control. The 2021 Plan Committee may also include in an award agreement provisions designed to minimize potential negative income tax consequences for the participant or the Company that could

be imposed under the golden parachute tax rules of Code Section 280G.

Term of the 2021 Plan. The 2021 Plan is in effect until February 22, 2031 or until earlier terminated by the Board. Outstanding awards shall continue to be governed by their terms after the termination of the Plan.

Governing Law. The 2021 Plan shall be governed by the laws of the state of Nevada except for conflict of law provisions.

Amendment and Termination of the 2021 Plan. The Board generally may amend or terminate the 2021 Plan at any time and for any reason, except that it must obtain stockholder approval of material amendments to the extent required by applicable laws, regulations or rules. The 2021 Plan expressly provides that the Board can amend the 2021 Plan to take into account changes in securities laws (including, without limitation, Rule 16b-3 of the Exchange Act), federal income tax laws and other laws as well as to change the dates upon which the potential annual increases to the share limit and ISO limit are based upon in the event the Company changes its fiscal year end date without obtaining stockholder approval.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The following includes a summary of transactions during our fiscal years ended June 30, 2024 and June 30, 2023 to which we have been a party, including transactions in which the amount involved in the transaction exceeds the lesser of $120,000 or 1% of the average of our total assets at year-end for the last two completed fiscal years, and in which any of our directors, executive officers or, to our knowledge, beneficial owners of more than 5% of our capital stock or any member of the immediate family of any of the foregoing persons had or will have a direct or indirect material interest, other than equity and other compensation, termination, change in control and other arrangements, which are described elsewhere in this registration statement. We are not otherwise a party to a current related party transaction, and no transaction is currently proposed, in which the amount of the transaction exceeds the lesser of $120,000 or 1% of the average of our total assets at year-end for the last two completed fiscal years and in which a related person had or will have a direct or indirect material interest.

Gerald Amato, a director of the Company was paid $83,000 and $87,000 in consulting fees for the years ended June 30, 2024 and 2023, respectively.

Peggy Tiderman, a director of the Company was paid $132,988 in consulting fees for the year ended June 30, 2024.

As of June 30, 2023 and 2022, the Company has a balance due from LeeAnn Rohmann, the Chief Executive Officer and Chairman of the Board of Director, totaling $69,975 and $69,975, respectively.

Related Party Transaction Policy

Prior to this offering, we have not had a formal policy regarding approval of transactions with related parties. We expect to adopt a related person transaction policy that sets forth our procedures for the identification, review, consideration and approval or ratification of related person transactions. The policy will become effective immediately upon the execution of the underwriting agreement for this offering. For purposes of our policy only, a related person transaction is a transaction, arrangement or relationship, or any series of similar transactions, arrangements, or relationships, in which we and any related person are, were or will be participants in which the amount involved exceeds the lesser of $120,000 or 1% of the average of our total assets at year-end for the last two completed fiscal years. Transactions involving compensation for services provided to us as an employee or director are not covered by this policy. A related person is any executive officer, director, director nominee, or beneficial owner of more than 5% of any class of our voting securities, including any of their immediate family members and any entity owned or controlled by such persons.

Under the policy, if a transaction has been identified as a related person transaction, including any transaction that was not a related person transaction when originally consummated or any transaction that was not initially identified as a related person transaction prior to consummation, our management must present information regarding the related person transaction to our audit committee, or, if audit committee approval would be inappropriate, to another independent body of our board of directors, for review, consideration and approval or ratification. The presentation must include a description of, among other things, the material facts, the interests, direct and indirect, of the related persons, the benefits to us of the transaction and whether the transaction is on terms that are comparable to the terms available to or from, as the case may be, an unrelated third party or to or from employees generally. Under the policy, we will collect information that we deem reasonably necessary from each director, executive officer and, to the extent feasible, significant shareholder to enable us to identify any existing or potential related-person transactions and to effectuate the terms of the policy. In addition, under our code of business conduct and ethics, our employees and directors will have an affirmative responsibility to disclose any transaction or relationship that reasonably could be expected to give rise to a conflict of interest. In considering related person transactions, our audit committee, or other independent body of our board of directors, will take into account the relevant available facts and circumstances including, but not limited to:

- the risks, costs and benefits to us;
- the impact on a director's independence in the event that the related person is director, immediate family member of a director or an entity with which a director is affiliated;
- the availability of other sources for comparable services or products; and the availability of other sources for comparable services or products; and
- the terms available to or from, as the case may be, unrelated third parties or to or from employees generally.

The policy requires that, in determining whether to approve, ratify or reject a related person transaction, our audit committee, or other independent body of our board of directors, must consider, in light of known circumstances, whether the transaction is in, or is not inconsistent with, our best interests and those of our stockholders, as our audit committee, or other independent body of our board of directors, determines in the good faith exercise of its discretion.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information with respect to the beneficial ownership of our common stock at August 1, 2024, and as adjusted to reflect the sale of our common stock in this offering, for:

- each of our directors;
- each of our named executive officers;
- all of our current directors and executive officers as a group; and
- each person, or group of affiliated persons, who beneficially owned more than 5% of our common stock.

The number of shares of our common stock beneficially owned by each entity, person, director or executive officer is determined in accordance with the rules of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose. Under such rules, beneficial ownership includes any shares over which the individual has sole or shared voting power or investment power as well as any shares that the individual has the right to acquire within 60 days of August 1, 2024, through the exercise of

any stock option, warrants or other rights. Except as otherwise indicated, and subject to applicable community property laws, the persons named in the table have sole voting and investment power with respect to all shares of common stock held by that person. The percentage of shares beneficially owned is computed on the basis of 18,582,298 shares of our common stock outstanding as of August 1, 2024. The "After Offering" columns reflects the sale and issuance by us of shares of common stock in this offering at the initial public offering price of $ per share (the midpoint of the price range set forth on the cover page of this prospectus). Shares of our common stock that a person has the right to acquire within 60 days of August 1, 2024, are deemed outstanding for purposes of computing the percentage ownership of the person holding such rights, but are not deemed outstanding for purposes of computing the percentage ownership of any other person, except with respect to the percentage ownership of all directors and executive officers as a group. The address of each holder listed below, except as otherwise indicated, is Legacy Education Inc., 701 W Avenue K, Suite 123, Lancaster, CA 93534.

Name	Shares Beneficially owned before offering	Percentage of shares Beneficially owned	
		Before offering	After Offering
Directors and Named Executive Officers			
LeeAnn Rohmann	2,132,262(1)	11.26%	
Brandon Pope	412,392(2)	2.18%	
Ragheb Milad	307,105(3)	1.6%	
Gerald Amato	600,000(4)	3.13 %	
Blaine Faulkner	171,066(5)	*%	
Peggy Tiderman	9,066(6)	* %	
All Directors and Named Executive Officers as a group (6 persons)	3,325,786	17.54%	
5% or Greater Shareholders			
Michael Garnick	1,888,707	10.16%	
RMH Consultants, Inc.	1,291,746	6.95%	
deRose Family Trust 11/18/86 (7)	2,062,614	11.10%	

***** Represents beneficial ownership of less than 1%.

(1) Represents (i) 1,786,246 shares of common stock and (ii) 346,016 shares of common stock issuable upon exercise of options.

(2) Represents 412,392 shares of common stock issuable upon exercise of options.

(3) Represents 307,105 shares of common stock issuable upon exercise of options.

(4) Represents 600,000 shares of common stock issuable upon exercise of options.

(5) Represents (i) 162,000 shares of common stock held through Faulkner Family Trust DTD 2/11/1999 and (ii) 9,066 shares of common stock issuable upon exercise of options. Excludes options to purchase up to 99,748 shares of common stock, which options vest in 36 equal monthly installments.

(6) Represents 9,066 shares of common stock issuable upon exercise of options. Excludes options to purchase 99,748 shares of common stock, which options vest in 36 equal monthly installments.

(7) Robert deRose is the Trustee of the deRose Family Trust 11/18/86 and in such capacity has the right to vote and dispose of the securities held by such trust. The address of deRose Family Trust 11/18/86 is P.O. Box 8167, Ranch Santa Fe, CA 92067.

DESCRIPTION OF SECURITIES

General

Immediately prior to the effectiveness of the registration statement of which this prospectus forms a part, we will have authorized capital stock consisting of 100,000,000 shares of common stock and 10,000,000 shares of preferred stock, with 18,582,298 shares of common stock issued and outstanding, and no shares of preferred stock issued and outstanding. Unless stated otherwise, the following discussion summarizes the term and provisions of our Articles of Incorporation and our Bylaws. This description is summarized from, and qualified in its entirety by reference to, our Articles of Incorporation and Bylaws which are filed as exhibits to the registration statement of which this prospectus forms a part.

Common Stock

As of August 1, 2024, there were 18,582,298 shares of our common stock outstanding and held by approximately 84 stockholders of record.

The holders of shares of our common stock are entitled to one vote per share on all matters to be voted upon by our stockholders, provided, however, that, except as otherwise required by law, holders of our common stock shall not be entitled to vote on any amendment to our Articles of Incorporation that relates solely to the terms of one or more outstanding series of our preferred stock if the holders of such affected series of preferred stock are entitled, either separately or together as a class with the holders of one or more other series of preferred stock, to vote thereon by law or pursuant to our Articles of Incorporation. There are no cumulative rights with respect to our common stock. Subject to preferences that may be applicable to any outstanding preferred stock, the holders of shares of our common stock are entitled to receive ratably any dividends that may be declared from time to time by our board of directors out of funds legally available for that purpose. In the event of our liquidation, dissolution or winding up, the holders of shares of our common stock are entitled to share ratably in all assets remaining after payment of liabilities, subject to prior distribution rights of preferred stock then outstanding. Our common stock has no preemptive or conversion rights or other subscription rights. There are no redemption or sinking fund provisions applicable to our common stock.

We paid cash dividends on our capital stock in 2023, however, we do not anticipate paying periodic cash dividends on our common stock for the foreseeable futureAny future determination about the payment of dividends will be made at the discretion of our board of directors and will depend upon our earnings, if any, capital requirements, operating and financial conditions and on such other factors as our board of directors deems relevant. For a discussion of provisions in our charter that would have an effect of delaying or preventing a change of control, see "*Anti-Takeover Effects of Provisions of Our Charter Documents*."

Preferred Stock

The following description of our preferred stock and the description of the terms of any particular series of our preferred stock that we choose to issue are not complete. These descriptions are qualified in their entirety by reference to our Articles of Incorporation and a certificate of designation, if and when adopted by our board of directors, relating to

that series. The rights, preferences, privileges and restrictions of the preferred stock of each series will be fixed by the certificate of designation relating to that series.

We currently have no shares of preferred stock outstanding. Our board of directors has the authority, without further action by the stockholders, to issue up to 10,000,000 shares of preferred stock in one or more series and to fix the rights, preferences, privileges and restrictions granted to or imposed upon the preferred stock. Any or all of these rights may be greater than the rights of our common stock.

Our board of directors, without stockholder approval, can issue preferred stock with voting, conversion or other rights that could negatively affect the voting power and other rights of the holders of our common stock. Preferred stock could thus be issued quickly with terms calculated to delay or prevent a change in control of us or make it more difficult to remove our management. Additionally, the issuance of preferred stock may have the effect of decreasing the market price of our common stock.

Our board of directors may specify the following characteristics of any preferred stock, which may affect the rights of holders of our common stock:

- the annual dividend rate, if any, whether the dividend rate is fixed or variable, the date or dates on which dividends will accrue, the dividend payment dates, and whether dividends will be cumulative;
- the liquidation preference, if any, and any accumulated dividends upon the liquidation, dissolution or winding up of our affairs;
- the voting rights; and
- any or all other preferences and relative, participating, optional or other special rights, privileges or qualifications, limitations or restrictions.

Investor Rights Agreement

In connection with the Reorganization, we entered into an investor rights agreement with the former members of Legacy Education L.L.C. (the "Holders"), pursuant to which we provided the Holders with certain demand registration rights. Pursuant to the investors' rights agreement and subject to certain exceptions set forth therein, if at any time after six months after the effective date of a registration statement for our initial underwritten public offering of our common stock under the Securities Act (which we refer to as an IPO), we determine to register any of our common stock under the Securities Act in connection with the public offering of such securities solely for cash, then we must promptly give each Holder notice of such registration. Upon the request of each Holder given within ten days after such notice is given by us, we shall cause to be registered all of the registrable securities that each such Holder has requested to be included in such registration. All expenses incurred in connection with registrations, filings, or qualifications, including all registration, filing, and qualification fees, printers' and accounting fees and fees and disbursements of our counsel shall be borne and paid by us.

Such registration rights will terminate upon the earliest to occur of (i) such time after consummation of the IPO as Rule 144 or another similar exemption under the Securities Act is available for the sale of all of such Holder's and (ii) the second anniversary of the IPO.

Each Holder also agreed that they will enter into customary lock-up agreements during the period commencing on the date of the final prospectus relating to the registration by us for our own behalf of shares of our common stock or any other equity securities under the Securities Act on a registration statement on Form S-1 or Form S-3, and ending on the date specified by us and the managing underwriter (such period not to exceed 180 days in the case of an IPO, or 90 days in the case of any registration other than an IPO).

Stockholders Agreement

In connection with the Reorganization, we entered a stockholders agreement with the Holders. Pursuant to the stockholders agreement, the Holders provided us with a right of first refusal to purchase any shares of capital stock that such stockholders propose to transfer and also provided the non-selling Holders with a secondary refusal right to purchase any such shares that we do not elect to purchase.

If Holders constituting a majority vote of the holders (such approving Holders, the "Dragging Holders") have agreed to accept a bona fide offer ("Buy-Out Offer") from an independent third party ("Buy-Out Offeror") to purchase or otherwise acquire for arm's length consideration all or a lesser portion of the shares of the Dragging Holders, then the Dragging Holders shall have the right to require all other Holders (the "Drag-Along Holders") to sell or otherwise transfer a percentage of such Holder's respective shares equal to the percentage of shares being sold or otherwise transferred to such Buy-Out Offeror by the Dragging Holders compared to the total shares held by the Dragging Holder.

Options

As of June 1, 2024, there were 3,647,988 outstanding options to purchase shares of common stock, with a weighted average exercise price of $1.63 per share.

Warrants

As of August 1, 2024, there were no outstanding warrants to purchase our common stock.

Anti-Takeover Provisions

Anti-Takeover Effects of Provisions of Our Charter Documents

Removal of Directors and Director Vacancies

Our Articles of Incorporation provide that directors may be removed from office at any time, but only for cause and only by the affirmative vote of holders of 66 and 2/3% of the voting power of all then-outstanding shares of capital stock of the Company entitled to vote generally in the election of directors, voting together as a single class. In addition, our Articles of Incorporation authorize only our board of directors to fill vacant directorships. In addition, the number of directors constituting our board of directors may be set only by resolution of the majority of the incumbent directors.

Special Meeting of Stockholders

Our Articles of Incorporation provide that special meetings of our stockholders may be called by the board of directors, the chairman of the board or by our President. Notwithstanding the foregoing, whenever holders of one or more series of preferred stock shall have the right, voting separately as a class or series, to elect directors, such holders may call, pursuant to the terms of the resolution or resolutions adopted by the board of directors, special meetings of holders of such preferred stock.

Advance Notice Requirements for Stockholder Proposals and Director Nominations

Our Bylaws provide that stockholders seeking to bring business before our annual meeting of stockholders, or to nominate candidates for election as directors at our annual meeting of stockholders, must provide timely notice of their intent in writing. To be timely, a stockholder's notice must be delivered to the secretary at our principal executive offices not later than the close of business on the 90th day nor earlier than the close of business on the 120th day prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event the date of the annual meeting is not within 25 days before or after such anniversary date, notice by the stockholder to be timely must be so delivered not later than the close of business on the 10th day following the day on which such notice of the date of annual meeting was mailed or public disclosure of the date of the annual meeting was made, whichever occurs first. These provisions may preclude our stockholders from bringing matters before our annual meeting of stockholders or from making nominations for directors at our annual meeting of stockholders.

Authorized but Unissued Shares

Our authorized but unissued shares of common stock and preferred stock are available for future issuance without stockholder approval and may be utilized for a variety of corporate purposes, including future public offerings to raise additional capital, corporate acquisitions and employee benefit plans. The existence of authorized but unissued and unreserved common stock and preferred stock could render more difficult or discourage an attempt to obtain control of us by means of a proxy contest, tender offer, merger or otherwise. If we issue such shares without stockholder approval and in violation of limitations imposed by the NYSE American or any stock exchange on which our stock may then be trading, our stock could be delisted.

Amendment, Alteration or Repeal of Bylaws

Any amendment, alteration or repeal of our bylaws requires the approval of 66 and 2/3% of the voting power of all of our issued and outstanding shares. These provisions could discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of our company and could delay changes in management.

Elimination of Stockholder Action by Written Consent

Our Articles of Incorporation do not permit our stockholders to act by written consent without a meeting.

Exclusive Forum

Our Articles of Incorporation provide that unless the Company consents in writing to the selection of an alternative forum, the Eighth Judicial District Court of Clark County, Nevada shall be the sole and exclusive forum for state law claims with respect to: (i) any derivative action or proceeding brought in the name or right of the Company or on its behalf, (ii) any action asserting a claim for breach of any fiduciary duty owed by any director, officer, employee or agent of the Company to the Company or the Company's stockholders, (iii) any action arising or asserting a claim arising pursuant to any provision of NRS Chapters 78 or 92A or any provision of the Company's Articles of Incorporation or Bylaws or (iv) any action asserting a claim governed by the internal affairs doctrine, including, without limitation, any action to interpret, apply, enforce or determine the validity of the Company's Articles of Incorporation or Bylaws. This exclusive forum provision would not apply to suits brought to enforce any liability or duty created by the Securities Act or the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. To the extent that any such claims may be based upon federal law claims, Section 27 of the Exchange Act creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. Furthermore, Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. The enforceability of similar exclusive forum provisions in other corporations' articles of incorporation and bylaws has been challenged in legal proceedings, and it is possible that a court could rule that this provision in our Articles of Incorporation is inapplicable or unenforceable.

Anti-Takeover Effects of Nevada Law

Acquisition of Controlling Interest Statutes. Nevada's "acquisition of controlling interest" statutes contain provisions governing the acquisition of a controlling interest in certain Nevada corporations. These "control share" laws provide generally that any person that acquires a "controlling interest" in certain Nevada corporations may be denied certain voting rights, unless a majority of the disinterested stockholders of the corporation elects to restore such voting rights. These statutes provide that a person acquires a "controlling interest" whenever a person acquires shares of a subject corporation that, but for the application of these provisions of the Nevada Revised Statutes, would enable that person to exercise (1) one-fifth or more, but less than one-third, (2) one-third or more, but less than a majority or (3) a majority or more, of all of the voting power of the corporation in the election of directors. Once an acquirer crosses one of these thresholds, shares which it acquired in the transaction taking it over the threshold and within the 90 days immediately preceding the date when the acquiring person acquired or offered to acquire a controlling interest become "control shares" to which the voting restrictions described above apply. Our Articles of Incorporation and Bylaws currently contain no provisions relating to these statutes, and unless our Articles of Incorporation and Bylaws in effect on the tenth day after the acquisition of a controlling interest were to provide otherwise, these laws would apply to us if we were to (i) have 200 or more stockholders of record (at least 100 of which have addresses in the State of Nevada appearing on our stock ledger) and (ii) do business in the State of Nevada directly or through an affiliated corporation. As of February 1, 2022, we have 70 record stockholders and do not have 100 stockholders of record with Nevada addresses appearing on our stock ledger. If these laws were to apply to us, they might discourage companies or persons interested in acquiring a significant interest in or control of the Company, regardless of whether such acquisition may be in the interest of our stockholders.

Combination with Interested Stockholders Statutes. Nevada's "combinations with interested stockholders" statutes prohibit certain business "combinations" between certain Nevada corporations and any person deemed to be an "interested stockholder" for two years after such person first becomes an "interested stockholder" unless (i) the corporation's board of directors approves the combination (or the transaction by which such person becomes an "interested stockholder") in advance, or (ii) the combination is approved by the board of directors and 60% of the corporation's voting power not beneficially owned by the interested stockholder, its affiliates and associates. Furthermore, in the absence of prior approval certain restrictions may apply even after such two-year period. For purposes of these statutes, an "interested stockholder" is any person who is (x) the beneficial owner, directly or indirectly, of 10% or more of the voting power of the outstanding voting shares of the corporation, or (y) an affiliate or associate of the corporation and at any time within the two previous years was the beneficial owner, directly or indirectly, of 10% or more of the voting power of the then outstanding shares of the corporation. The definition of the term "combination" is sufficiently broad to cover most significant transactions between the corporation and an "interested stockholder". Subject to certain timing requirements set forth in the statutes, a corporation may elect not to be governed by these statutes. We have not included any such provision in our Articles of Incorporation.

The effect of these statutes may be to potentially discourage parties interested in taking control of the Company from doing so if it cannot obtain the approval of our board of directors.

Transfer Agent

Our transfer agent for our common stock is Equiniti Trust COmpany, LLC.

Listing

We intend to apply to have our shares of common stock listed for trading on the NYSE American under the trading symbol "LGCY." No assurance can be given that our listing

application will be approved.

SHARES ELIGIBLE FOR FUTURE SALE

Immediately before this offering, there was no public market for our common stock. Future sales of substantial amounts of common stock in the public market, or the perception that such sales may occur, could adversely affect the market price of our common stock. Although we intend to apply to have our common stock listed on the NYSE American, we cannot assure you that there will be an active public market for our common stock.

Upon the closing of this offering, we will have outstanding an aggregate shares of our common stock, assuming the issuance of shares of our common stock offered by us in this offering. Of these shares, all shares sold in this offering will be freely tradable without restriction or further registration under the Securities Act, except that any shares of our common stock purchased in this offering by our "affiliates," as that term is defined in Rule 144 under the Securities Act, would only be able to be publicly sold in compliance with the conditions of Rule 144 described below other than the holding period requirement.

The remaining shares of our common stock will be "restricted securities," as that term is defined in Rule 144 under the Securities Act. These restricted securities are eligible for public sale only if they are registered under the Securities Act or if they are sold in compliance with Rule 144 under the Securities Act, which is summarized below.

Subject to the lock-up agreements described below and the provisions of Rule 144 under the Securities Act, these restricted securities will be available for sale in the public market as follows:

Date	Number of Shares
On the date of this prospectus	
180 days after the date of this prospectus	

Rule 144

Rule 144, as currently in effect, generally provides that, once we have been subject to the public company reporting requirements of Section 13 or Section 15(d) of the Exchange Act for at least 90 days, a stockholder who is not deemed to have been one of our affiliates at any time during the preceding 90 days and who has beneficially owned the shares of our common stock proposed to be sold for at least six months is entitled to sell such shares in reliance upon Rule 144 without complying with the volume limitation, manner of sale or notice conditions of Rule 144. If such stockholder has beneficially owned the shares of our common stock proposed to be sold for at least one year, then such person is entitled to sell such shares in reliance upon Rule 144 without complying with any of the conditions of Rule 144.

Rule 144 also provides that a stockholder who is deemed to have been one of our affiliates at any time during the preceding 90 days and who has beneficially owned the shares of our common stock proposed to be sold for at least six months is entitled to sell, in reliance upon Rule 144, within any three-month period beginning 90 days after the date of this prospectus, a number of shares that does not exceed the greater of the following:

- 1% of the number of shares of our common stock then outstanding; or
- the average weekly trading volume of our common stock during the four calendar weeks preceding the filing of a notice on Form 144 with respect to such sale.

Sales of our common stock made in reliance upon Rule 144 by a stockholder who is deemed to have been one of our affiliates at any time during the preceding 90 days are also subject to the current public information, manner of sale, and notice conditions of Rule 144. Rule 144 also provides that affiliates relying on Rule 144 to sell shares of our common stock that are not restricted shares must nonetheless comply with the same restrictions applicable to restricted shares, other than the holding period requirement.

Rule 701

In general, under Rule 701 of the Securities Act as currently in effect, each of our employees, consultants or advisors who purchases common stock from us in connection with a compensatory share plan or other written agreement is eligible to resell such shares in reliance on Rule 144, but without compliance with some of the restrictions, including the holding period, contained in Rule 144.

Lock-Up Agreements

We, each of our directors and officers and certain of our significant stockholders have agreed not to offer, sell, agree to sell, directly or indirectly, or otherwise dispose of any shares of common stock or any securities convertible into or exchangeable for shares of common stock without the prior written consent of Northland Securities, Inc. for a period of 180 days after the date of this prospectus. These lock-up agreements provide limited exceptions and their restrictions may be waived at any time by Northland Securities, Inc. Upon the expiration of the applicable lock-up periods, substantially all of the shares subject to such lock-up restrictions will become eligible for sale, subject to the limitations discussed above. See "Underwriting – No Sales of Common Stock."

Equity Incentive Plans

We intend to file a registration statement on Form S-8 under the Securities Act after the closing of this offering to register the common shares that are issuable pursuant to our 2021 Plan. The registration statement is expected to be filed and become effective as soon as practicable after the completion of this offering. Accordingly, shares registered under the registration statements will be available for sale in the open market following their effective dates, subject to Rule 144 volume limitations and the lock-up arrangement described above, if applicable.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES TO NON-U.S. HOLDERS OF OUR COMMON STOCK

The following is a summary of the material U.S. federal income tax consequences to non-U.S. holders (as defined below) of the ownership and disposition of our common stock but does not purport to be a complete analysis of all the potential tax considerations relating thereto. This summary is based upon the provisions of the Internal Revenue Code of 1986, as amended, or the Internal Revenue Code, Treasury regulations promulgated thereunder, administrative rulings and judicial decisions, all as of the date hereof. These authorities may be changed, possibly retroactively, so as to result in U.S. federal income tax consequences different from those set forth below. No ruling on the U.S. federal, state, or local tax considerations relevant to our operations or to the purchase, ownership or disposition of our shares, has been requested from the IRS or other tax authority. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax consequences described below.

This summary also does not address the tax considerations arising under the laws of any non-U.S., state or local jurisdiction, or under U.S. federal gift and estate tax laws. In

addition, this discussion does not address tax considerations applicable to an investor's particular circumstances or to investors that may be subject to special tax rules, including, without limitation:

- banks, insurance companies or other financial institutions, regulated investment companies or real estate investment trusts;
- persons subject to the alternative minimum tax or Medicare contribution tax on net investment income;
- tax-exempt organizations or governmental organizations;
- controlled foreign corporations, passive foreign investment companies and corporations that accumulate earnings to avoid U.S. federal income tax;
- brokers or dealers in securities or currencies;
- traders in securities that elect to use a mark-to-market method of accounting for their securities holdings;
- persons that own, or are deemed to own, more than five percent of our capital stock (except to the extent specifically set forth below);
- U.S. expatriates and certain former citizens or long-term residents of the United States;
- partnerships or entities classified as partnerships for U.S. federal income tax purposes or other pass-through entities (and investors therein);
- persons who hold our common stock as a position in a hedging transaction, "straddle," "conversion transaction" or other risk reduction transaction or integrated investment;
- persons who hold or receive our common stock pursuant to the exercise of any employee stock option or otherwise as compensation;
- persons who do not hold our common stock as a capital asset within the meaning of Section 1221 of the Internal Revenue Code; or
- persons deemed to sell our common stock under the constructive sale provisions of the Internal Revenue Code.

Non-U.S. holders are urged to consult their own tax advisors with respect to the application of the U.S. federal income tax laws to their particular situation, as well as any tax consequences of the purchase, ownership and disposition of our common stock arising under the U.S. federal estate or gift tax rules or under the laws of any state, local, non-U.S., or other taxing jurisdiction or under any applicable tax treaty.

Non-U.S. Holder Defined

For purposes of this discussion, a non-U.S. holder (other than a partnership) is any holder of our common stock other than:

- an individual citizen or resident of the United States (for U.S. federal income tax purposes);
- a corporation or other entity taxable as a corporation created or organized in the United States or under the laws of the United States, any state thereof, or the District of Columbia, or other entity treated as such for U.S. federal income tax purposes;
- an estate whose income is subject to U.S. federal income tax regardless of its source; or
- a trust (x) whose administration is subject to the primary supervision of a U.S. court and which has one or more "U.S. persons" (within the meaning of Section 7701(a)(30) of the Internal Revenue Code) who have the authority to control all substantial decisions of the trust or (y) which has made a valid election to be treated as a U.S. person.

In addition, if a partnership or entity classified as a partnership for U.S. federal income tax purposes holds our common stock, the tax treatment of a partner generally will depend on the status of the partner and upon the activities of the partnership. Accordingly, partnerships that hold our common stock, and partners in such partnerships, should consult their tax advisors.

Distributions

As described in "Dividend Policy," while we paid a dividend on our common stock in 2023, we do not anticipate paying any dividends on our common stock in the foreseeable future. However, if we do make distributions on our common stock, those payments will constitute dividends for U.S. tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. To the extent those distributions exceed both our current and our accumulated earnings and profits, they will constitute a non-taxable return of capital and will first reduce a non-U.S. holder's basis in our common stock, but not below zero, and then will be treated as gain from the sale of stock as described below under "— Gain on Disposition of Common Stock."

Subject to the discussion below on effectively connected income, backup withholding and foreign accounts, any dividend paid to a non-U.S. holder generally will be subject to U.S. withholding tax either at a rate of 30% of the gross amount of the dividend or at such lower rate as may be specified by an applicable income tax treaty. In order to receive a reduced treaty rate, a non-U.S. holder must provide us (or the applicable withholding agent) with an IRS Form W-8BEN, IRS Form W-8BEN-E or other appropriate version of IRS Form W-8 certifying qualification for the reduced rate. A non-U.S. holder of shares of our common stock eligible for a reduced rate of U.S. withholding tax pursuant to an income tax treaty may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS. If the non-U.S. holder holds the stock through a financial institution or other agent acting on the non-U.S. holder's behalf, the non-U.S. holder will be required to provide appropriate documentation to the agent, which then will be required to provide certification to us or our paying agent, either directly or through other intermediaries.

Dividends received by a non-U.S. holder that are effectively connected with the non-U.S. holder's conduct of a U.S. trade or business (and, if required by an applicable income tax treaty, attributable to a permanent establishment maintained by the non-U.S. holder in the United States) are generally exempt from such withholding tax. In order to obtain this exemption, a non-U.S. holder must provide us with an IRS Form W-8ECI or other applicable IRS Form W-8 properly certifying such exemption. Such effectively connected dividends, although not subject to withholding tax, are taxed at the same graduated rates applicable to U.S. persons, net of certain deductions and credits. In addition, dividends received by a non-U.S. holder that is a corporation that are effectively connected with such non-U.S. holder's conduct of a U.S. trade or business may also be subject to a branch profits tax at a rate of 30% or at such lower rate as may be specified by an applicable income tax treaty. Non-U.S. holders should consult their own tax advisors regarding any applicable tax treaties that may provide for different rules.

Gain on Disposition of Common Stock

Subject to the discussion below regarding backup withholding and foreign accounts, a non-U.S. holder generally will not be required to pay U.S. federal income tax on any gain realized upon the sale or other disposition of our common stock unless:

- the gain is effectively connected with the non-U.S. holder's conduct of a U.S. trade or business (and, if required by an applicable income tax treaty, the gain is attributable to a permanent establishment maintained by the non-U.S. holder in the United States);
- the non-U.S. holder is a non-resident alien individual who is present in the United States for a period or periods aggregating 183 days or more during the taxable year in which the sale or disposition occurs and certain other conditions are met; or
- our common stock constitutes a United States real property interest by reason of our status as a "United States real property holding corporation," ("USRPHC") for U.S. federal income tax purposes at any time within the shorter of (i) the five-year period preceding the non-U.S. holder's disposition of our common stock, or (ii) the non-U.S. holder's holding period for our common stock.

Generally, a corporation is a USRPHC if the fair market value of its U.S. real property interests equals or exceeds 50% of the sum of the fair market value of its worldwide real property interests and its other assets used or held for use in a trade or business. We believe that we are not currently and will not become a USRPHC for U.S. federal income tax purposes, and the remainder of this discussion so assumes. However, because the determination of whether we are a USRPHC depends on the fair market value of our U.S. real property relative to the fair market value of our other business assets, there can be no assurance that we will not become a USRPHC in the future. Even if we become a USRPHC, however, a non-U.S. holder would not be subject to U.S. federal income tax on a sale, exchange or other taxable disposition of shares of our common stock by reason of our status as a USRPHC so long as (i) our common stock is regularly traded on an established securities market during the calendar year in which such sale, exchange or other tax disposition of shares of our common stock occurs and (ii) such non-U.S. holder does not own and is not deemed to own (directly, indirectly or constructively) more than 5% of our common stock at any time during the relevant period.

Non-U.S. holders described in the first bullet above will be required to pay tax on the net gain derived from the sale under regular graduated U.S. federal income tax rates, and a corporate non-U.S. holder described in the first bullet above also may be subject to the branch profits tax at a 30% rate, or such lower rate as may be specified by an applicable income tax treaty. Non-U.S. holders described in the second bullet above will be required to pay a flat 30% tax (or such lower rate specified by an applicable income tax treaty) on the gain derived from the sale, which gain may generally be offset by U.S. source capital losses for the year (provided such non-U.S. holders have timely filed U.S. federal income tax returns with respect to such losses). Non-U.S. holders should consult their own tax advisors with respect to the application of the foregoing rules to their ownership and disposition of our common stock.

Backup Withholding and Information Reporting

Generally, we must report annually to the IRS the amount of dividends paid to non-U.S. holders, their names and addresses and the amount of tax withheld, if any. A similar report will be sent to non-U.S. holders. Pursuant to applicable income tax treaties or other agreements, the IRS may make these reports available to tax authorities in a non-U.S. holder's country of residence.

Payments of dividends or of proceeds on the disposition of stock made to non-U.S. holders may be subject to information reporting and backup withholding at a current rate of 28% unless such non-U.S. holders establish an exemption, for example, by properly certifying their non-U.S. status on an IRS Form W-8BEN, IRS Form W-8BEN-E or another appropriate version of IRS Form W-8.

Backup withholding is not an additional tax; rather, the U.S. federal income tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund or credit may generally be obtained from the IRS, provided that the required information is furnished to the IRS in a timely manner.

Foreign Account Tax Compliance

The Foreign Account Tax Compliance Act ("FATCA") imposes withholding tax at a rate of 30% on dividends on and gross proceeds from the sale or other disposition of our common stock paid to "foreign financial institutions" (as specially defined under these rules), unless such institution enters into an agreement with the U.S. government to withhold on certain payments and to collect and provide to the U.S. tax authorities substantial information regarding the U.S. account holders of such institution (which includes certain equity and debt holders of such institution, as well as certain account holders that are foreign entities with U.S. owners) or otherwise establishes an exemption. FATCA also generally imposes a U.S. federal withholding tax of 30% on dividends on and gross proceeds from the sale or other disposition of our common stock paid to a "non-financial foreign entity" (as specially defined for purposes of these rules) unless such entity provides the withholding agent with a certification identifying certain substantial direct and indirect U.S. owners of the entity, certifies that there are none or otherwise establishes an exemption. An intergovernmental agreement between the United States and an applicable foreign country may modify the requirements described in this paragraph. Non-U.S. holders should consult their tax advisors regarding the possible implications of this legislation on their investment in our common stock.

Each prospective investor should consult its tax advisor regarding the particular U.S. federal, state and local and non-U.S. tax consequences of purchasing, holding and disposing of our common stock, including the consequences of any proposed change in applicable laws.

UNDERWRITING

We are offering the shares of common stock described in this prospectus through the underwriters listed below. Subject to the terms of the underwriting agreement, the underwriters named below have agreed to buy, severally and not jointly, the number of shares of common stock listed opposite their names below. The underwriters are committed to purchase and pay for all of the shares if any are purchased, other than those shares covered by the over-allotment option described below. Northland Securities, Inc. ("Northland") is acting as the book-running manager of this offering and representatives of the underwriters.

Underwriter	Number of Shares
Northland Securities, Inc.	
Total	

The underwriters have advised us that they propose to initially offer the shares of common stock to the public at the public offering price set forth on the cover page of this prospectus. The underwriters propose to offer the shares of common stock to certain dealers at the same price less a concession of not more than $ per share. After the initial offering, these figures may be changed by the underwriters.

The shares sold in this offering are expected to be ready for delivery against payment in immediately available funds on or about , 2024, subject to customary closing conditions. The underwriters may reject all or part of any order.

We have granted to the underwriters an option to purchase up to an additional shares of common stock from us at the same price to the public, and with the same underwriting discount, as set forth in the table below. The underwriters may exercise this option any time during the 30-day period after the date of this prospectus, but only to cover over-allotments, if any. To the extent the underwriters exercise the option, the underwriters will become obligated, subject to certain conditions, to purchase the shares for which they exercise the option.

Commissions and Discounts

The table below summarizes the underwriting discounts that we will pay to the underwriters. These amounts are shown assuming both no exercise and full exercise of the over-allotment option. In addition to the underwriting discount, we have agreed to pay up to $350,000 of the fees and expenses of the underwriters, which may include the fees and expenses of counsel to the underwriters.

Except as disclosed in this prospectus, the underwriters have not received and will not receive from us any other item of compensation or expense in connection with this offering considered by FINRA to be underwriting compensation under FINRA Rule 5110. The underwriting discount was determined through an arms' length negotiation between us and the underwriters.

	Per Share	Total with No Over-Allotment	Total with Over-Allotment
Underwriting discount to be paid by us[(1)]	$	$	$

(1) This amount excludes the value of the underwriter's warrant.

We estimate that the total expenses of this offering, excluding underwriting discounts, will be $. This includes $ of fees and expenses of the underwriters. These expenses are payable by us.

Underwriter's Warrants

We have agreed to, upon the closing of this offering, including upon the closing of any offering of shares of common stock sold to cover over allotments, issue to the underwriter or the underwriter's designee(s) to purchase a number of shares of common stock equal to 5% of the total number of shares of common stock sold in this offering. The underwriter's warrants will be exercisable at 115% of the initial public offering price to the public and may be exercised on a cashless basis. The underwriter's warrants are exercisable at any time and from time to time, in whole or in part, during the five-year period commencing with the effective date of the registration statement related to this offering.

The underwriter's warrants and the shares of common stock underlying the underwriter's warrants will be deemed compensation by the Financial Industry Regulatory Authority, or FINRA, and are therefore subject to a 180-day lock-up pursuant to Rule 5110(e)(1) of FINRA. The underwriter, or permitted assignees under such rule, may not sell, transfer, assign, pledge, or hypothecate the underwriter's warrants or the securities underlying the underwriter's warrants, nor will the underwriters engage in any hedging, short sale, derivative, put, or call transaction that would result in the effective economic disposition of the underwriter's warrants or the underlying shares for a period of 180 days from the effective date of the registration statement. Additionally, the underwriter's warrants may not be sold transferred, assigned, pledged or hypothecated for a 180-day period following the effective date of the registration statement except to any underwriter and selected dealer participating in this offering and their bona fide officers or partners. The underwriter's warrants will provide for adjustment in the number and price of the underwriter's warrants and the shares of common stock underlying such underwriter's warrants in the event of recapitalization, merger, stock split or other structural transaction, or a future financing undertaken by us.

Right of First Refusal

Until one year from the expiration of the term of our engagement letter with Northland, so long as this offering is completed, Northland shall have an irrevocable right of first refusal to act as placement agent (in the case of a private offering) or lead bookrunner (in the case of a public offering) in any public of private offering by us or our stockholders.

Indemnification

We also have agreed to indemnify the underwriters against certain liabilities, including civil liabilities under the Securities Act, or to contribute to payments that the underwriters may be required to make in respect of those liabilities.

Lock-Up Agreements

We and each of our directors, executive officers, and certain holders of our common stock outstanding (collectively, the "Lock-Up Parties") have agreed, or will agree, with the underwriter, subject to certain exceptions, that, without the prior written consent of the underwriter, we and they will not, directly or indirectly, during the period ending 180 days after the date of this prospectus, (1) offer, pledge, sell, contract to sell, grant, lend, or otherwise transfer or dispose of, directly or indirectly, any shares of our common stock or any securities convertible into or exercisable or exchangeable for shares of our common stock whether now owned or hereafter acquired by the Lock-Up Parties or with respect to which the Lock-Up Parties have or hereafter acquire the power of disposition; (2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of shares of our common stock or any securities convertible into or exercisable or exchangeable for shares of our common stock whether any such transaction described in clause (1) or (2) above is to be settled by delivery of shares of our common stock or any securities convertible into or exercisable or exchangeable for shares of our common stock, in cash or otherwise; (3) make any demand for or exercise any right with respect to the registration of any shares of our common stock or any securities convertible into or exercisable or exchangeable for shares of our common stock; or (4) publicly disclose the intention to make any offer, sale, pledge or disposition, or to enter into any transaction, swap, hedge or other arrangement relating to any shares of our common stock or any securities convertible into or exercisable or exchangeable for shares of our common stock. This agreement does not apply, in our case, to securities issued pursuant to existing employee benefit plans or securities issued upon exercise of options and other exceptions, and in the case the Lock-Up Parties, exercise of stock options issued pursuant to a stock option or similar plans, and other exceptions.

Determination of Offering Price

The underwriters have advised us that they propose to offer the shares of common stock directly to the public at the initial public offering price set forth on the cover page of this prospectus. Prior to this offering, no public market existed for our common stock. The initial public offering price of the shares was determined by negotiation between us and the underwriters. The principal factors considered in determining the initial public offering price of the shares included:

- the information in this prospectus and otherwise available to the underwriters, including our financial information;
- the history and the prospects for the industry in which we compete;
- the ability and experience of our management;
- the prospects for our future earnings;
- the present state of our development and our current financial condition;
- the general condition of the economy and the securities markets in the United States at the time of this initial public offering;
- the recent market prices of, and the demand for, publicly-traded securities of generally comparable companies; and
- other factors as were deemed relevant.

We cannot be sure that the initial public offering price will correspond to the price at which the shares of common stock will trade in the public market following this offering or that an active trading market for the shares of common stock will develop or continue after this offering.

Price Stabilization, Short Positions and Penalty Bids

To facilitate this offering, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of our common stock during and after the offering. Specifically, the underwriters may create a short position in our common stock for their own accounts by selling more shares of common stock than we have sold to the underwriters. The underwriters may close out any short position by purchasing shares in the open market.

In addition, the underwriters may stabilize or maintain the price of our common stock by bidding for or purchasing shares in the open market and may impose penalty bids. If penalty bids are imposed, selling concessions allowed to broker-dealers participating in this offering are reclaimed if shares previously distributed in this offering are repurchased, whether in connection with stabilization transactions or otherwise. The effect of these transactions may be to stabilize or maintain the market price of our common stock at a level above that which might otherwise prevail in the open market. The imposition of a penalty bid may also affect the price of our common stock to the extent that it discourages resales of our common stock. The magnitude or effect of any stabilization or other transactions is uncertain. These transactions may be effected on the NYSE American or otherwise and, if commenced, may be discontinued at any time.

In connection with this offering, the underwriters and selling group members may also engage in passive market making transactions in our common stock on the NYSE American. Passive market making consists of displaying bids on the NYSE American limited by the prices of independent market makers and effecting purchases limited by those prices in response to order flow. Rule 103 of Regulation M promulgated by the SEC limits the amount of net purchases that each passive market maker may make and the displayed size of each bid. Passive market making may stabilize the market price of our common stock at a level above that which might otherwise prevail in the open market and, if commenced, may be discontinued at any time.

Neither we nor the underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of our common stock. In addition, neither we nor the underwriters make any representation that the underwriters will engage in these transactions or that any transaction, if commenced, will not be discontinued without notice.

Electronic Offer, Sale and Distribution of Shares

The underwriters or syndicate members may facilitate the marketing of this offering online directly or through one of their respective affiliates. In those cases, prospective investors may view offering terms and a prospectus online and place orders online or through their financial advisors. Such websites and the information contained on such websites, or connected to such sites, are not incorporated into and are not a part of this prospectus.

Other Relationships

The underwriters and their affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. The underwriters have in the past, and may in the future, engage in investment banking and other commercial dealings in the ordinary course of business with us or our affiliates. The underwriters have in the past, and may in the future, receive customary fees and commissions for these transactions.

In the ordinary course of their various business activities, the underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments of the issuer. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that it acquires, long and/or short positions in such securities and instruments.

Additional Information

Northland Capital Markets is the trade name for certain capital markets and investment banking services of Northland Securities, Inc., member FINRA/SIPC.

Selling Restrictions

No action has been taken in any jurisdiction except the United States that would permit a public offering of our common stock, or the possession, circulation or distribution of this prospectus or any other material relating to us or our common stock in any jurisdiction where action for that purpose is required. Accordingly, the shares may not be offered or sold, directly or indirectly, and neither this prospectus nor any other offering material or advertisements in connection with the shares may be distributed or published, in or from any country or jurisdiction except in compliance with any applicable rules and regulations of any such country or jurisdiction.

Notice to Prospective Investors in Canada (Alberta, British Columbia, Manitoba, Ontario and Québec Only)

This document constitutes an “exempt offering document” as defined in and for the purposes of applicable Canadian securities laws. No prospectus has been filed with any securities commission or similar regulatory authority in Canada in connection with the offer and sale of the shares of common stock described herein (the “Securities”). No

securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon this document or on the merits of the Securities and any representation to the contrary is an offence.

Canadian investors are advised that this document has been prepared in reliance on section 3A.3 of National Instrument 33-105*Underwriting Conflicts* ("NI 33-105"). Pursuant to section 3A.3 of NI 33-105, this document is exempt from the requirement that the issuer and the underwriters in the offering provide Canadian investors with certain conflicts of interest disclosure pertaining to "connected issuer" and/or "related issuer" relationships as may otherwise be required pursuant to subsection 2.1(1) of NI 33-105.

Resale Restrictions

The offer and sale of the Securities in Canada are being made on a private placement basis only and are exempt from the prospectus requirement under applicable Canadian securities laws. Any resale of Securities acquired by a Canadian investor in this offering must be made in accordance with applicable Canadian securities laws, which may vary depending on the relevant jurisdiction, and which may require resales to be made in accordance with Canadian prospectus requirements, a statutory exemption from the prospectus requirements, in a transaction exempt from the prospectus requirements or otherwise under a discretionary exemption from the prospectus requirements granted by the applicable local Canadian securities regulatory authority. These resale restrictions may under certain circumstances apply to resales of the Securities outside of Canada.

Representations of Purchasers

Each Canadian investor who purchases the Securities will be deemed to have represented to us and each dealer from whom a purchase confirmation is received, as applicable, that the investor (i) is purchasing as principal, or is deemed to be purchasing as principal in accordance with applicable Canadian securities laws, for investment only and not with a view to resale or redistribution; (ii) is an "accredited investor" as such term is defined in section 1.1 of National Instrument 45-106 *Prospectus Exemptions* or, in Ontario, as such term is defined in section 73.3(1) of the *Securities Act* (Ontario); and (iii) is a "permitted client" as such term is defined in section 1.1 of National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations.*

Taxation and Eligibility for Investment

Any discussion of taxation and related matters contained in this document does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a Canadian investor when deciding to purchase the Securities and, in particular, does not address any Canadian tax considerations. No representation or warranty is hereby made as to the tax consequences to a resident, or deemed resident, of Canada of an investment in the Securities or with respect to the eligibility of the Securities for investment by such investor under relevant Canadian federal and provincial legislation and regulations.

Rights of Action for Damages or Rescission

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Language of Documents

Upon receipt of this document, each Canadian investor hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the Securities described herein (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*

United Kingdom

Each of the underwriters has, separately and not jointly, represented and agreed that:

- it has not made or will not make an offer of the securities to the public in the United Kingdom within the meaning of section 102B of the Financial Services and Markets Act 2000 (as amended), or the FSMA, except to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities or otherwise in circumstances which do not require the publication by us of a prospectus pursuant to the Prospectus Rules of the Financial Services Authority, or FSA;

- it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) to persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 or in circumstances in which section 21 of FSMA does not apply to us; and

- it has complied with and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to the securities in, from or otherwise involving the United Kingdom.

Switzerland

The securities will not be offered, directly or indirectly, to the public in Switzerland and this prospectus does not constitute a public offering prospectus as that term is understood pursuant to article 652a or 1156 of the Swiss Federal Code of Obligations.

Israel

In the State of Israel this prospectus shall not be regarded as an offer to the public to purchase shares of common stock under the Israeli Securities Law, 5728—1968, which requires a prospectus to be published and authorized by the Israel Securities Authority, if it complies with certain provisions of Section 15 of the Israeli Securities Law, 5728—1968, including, *inter alia*, if: (i) the offer is made, distributed or directed to not more than 35 investors, subject to certain conditions (the "*Addressed Investors*"); or (ii) the offer is made, distributed or directed to certain qualified investors defined in the First Addendum of the Israeli Securities Law, 5728—1968, subject to certain conditions (the "Qualified Investors"). The Qualified Investors shall not be taken into account in the count of the Addressed Investors and may be offered to purchase securities in addition to the 35 Addressed Investors. The Company has not and will not take any action that would require it to publish a prospectus in accordance with and subject to the Israeli Securities Law, 5728—1968. We have not and will not distribute this prospectus or make, distribute or direct an offer to subscribe for our common stock to any person within the State of Israel, other than to Qualified Investors and up to 35 Addressed Investors.

Qualified Investors may have to submit written evidence that they meet the definitions set out in of the First Addendum to the Israeli Securities Law, 5728—1968. In particular, we may request, as a condition to be offered common stock, that Qualified Investors will each represent, warrant and certify to us and/or to anyone acting on our behalf: (i) that it is an investor falling within one of the categories listed in the First Addendum to the Israeli Securities Law, 5728—1968; (ii) which of the categories listed in the First

Addendum to the Israeli Securities Law, 5728—1968 regarding Qualified Investors is applicable to it; (iii) that it will abide by all provisions set forth in the Israeli Securities Law, 5728—1968 and the regulations promulgated thereunder in connection with the offer to be issued common stock; (iv) that the shares of common stock that it will be issued are, subject to exemptions available under the Israeli Securities Law, 5728—1968: (a) for its own account; (b) for investment purposes only; and (c) not issued with a view to resale within the State of Israel, other than in accordance with the provisions of the Israeli Securities Law, 5728—1968; and (v) that it is willing to provide further evidence of its Qualified Investor status. Addressed Investors may have to submit written evidence in respect of their identity and may have to sign and submit a declaration containing, *inter alia*, the Addressed Investor's name, address and passport number or Israeli identification number.

European Economic Area

In relation to each Member State of the European Economic Area (each, a "Relevant Member State"), no offer of shares of common stock may be made to the public in that Relevant Member State other than:

(a) to any legal entity which is a "qualified investor" as defined in the Prospectus Directive;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the representatives; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of shares shall require the Company or the representatives to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive,

Each person in a Relevant Member State who initially acquires any shares or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with each of the representatives and the Company that it is a "qualified investor" within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive. In the case of any shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, each such financial intermediary will be deemed to have represented, acknowledged and agreed that the shares acquired by it in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any shares to the public other than their offer or resale in a Relevant Member State to qualified investors as so defined or in circumstances in which the prior consent of the representatives has been obtained to each such proposed offer or resale.

For the purposes of this provision, the expression an "offer of shares to the public" in relation to any shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the shares to be offered so as to enable an investor to decide to purchase or subscribe the shares, as the same may be varied in the Relevant Member State by any measure implementing the Prospectus Directive in the Relevant Member State and the expression "Prospectus Directive" means Directive 2003/71/EC (as amended by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

Hong Kong

The contents of this document have not been reviewed or approved by any regulatory authority in Hong Kong. This document does not constitute an offer or invitation to the public in Hong Kong to acquire shares. Accordingly, unless permitted by the securities laws of Hong Kong, no person may issue or have in its possession for the purposes of issue, this document or any advertisement, invitation or document relating to the shares, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong other than in relation to shares which are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" (as such term is defined in the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) ("SFO") and the subsidiary legislation made thereunder); or in circumstances which do not result in this document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong) ("CO"); or which do not constitute an offer or an invitation to the public for the purposes of the SFO or the CO. The offer of the shares is personal to the person to whom this document has been delivered, and a subscription for shares will only be accepted from such person. No person to whom a copy of this document is issued may issue, circulate or distribute this document in Hong Kong, or make or give a copy of this document to any other person. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor pursuant to Section 274 of the Securities and Futures Act, Chapter 289 of Singapore ("SFA"), (ii) to a relevant person (as defined in Section 275(2) of the SFA), or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the shares are subscribed or purchased pursuant to an offer made in reliance on Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor;

shares, debentures and units of shares, and debentures of that corporation, or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferable for six months after that corporation or that trust has acquired the shares under Section 275 except

(1) to an institutional investor or to a relevant person (as defined in Section 275(2) of the SFA), or any person pursuant to Section 275(1A) of the SFA (in the case of that corporation) or Section 276(4)(i)(B) of the SFA (in the case of that trust);

(2) where no consideration is or will be given for the transfer; or

(3) where the transfer is by operation of law.

LEGAL MATTERS

The validity of the shares of our common stock offered hereby will be passed upon for us by Sheppard, Mullin, Richter & Hampton LLP, New York, New York. Faegre Drinker Biddle & Reath LLP has acted as counsel for the underwriter in connection with certain legal matters related to this offering.

EXPERTS

The financial statements of Legacy Education, Inc., a Nevada corporation, at June 30, 2023 and 2022, and for each of the two years in the period ended June 30, 2023, appearing in this Prospectus and Registration Statement have been audited by L J Soldinger Associates, LLC, independent auditors, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon such report given on the authority of such firm as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the Securities and Exchange Commission a registration statement on Form S-1 under the Securities Act with respect to the shares of common stock offered hereby. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement or the exhibits and schedules filed therewith. For further information about us and the common stock offered hereby, we refer you to the registration statement and the exhibits and schedules filed thereto. Statements contained in this prospectus regarding the contents of any contract or any other document that is filed as an exhibit to the registration statement are not necessarily complete, and each such statement is qualified in all respects by reference to the full text of such contract or other document filed as an exhibit to the registration statement. Upon the completion of this offering, we will be required to file periodic reports, proxy statements, and other information with the Securities and Exchange Commission pursuant to the Exchange Act. You may obtain information on the operation of the public reference rooms by calling the Securities and Exchange Commission at 1-800-SEC-0330. The Securities and Exchange Commission maintains an Internet website that contains reports, proxy statements and other information about offerors, like us, that file electronically with the Securities and Exchange Commission. The address of that site is *www.sec.gov*.

LEGACY EDUCATION INC.

INDEX TO FINANCIAL STATEMENTS

LEGACY EDUCATION INC.

CONSOLIDATED FINANCIAL STATEMENTS
for the years ended June 30, 2023 and 2022

Legacy Education Inc.
(dba High Desert Medical College)
(dba Central Coast College)
(dba Integrity College of Health)
for the years ended June 30, 2023 and 2022

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Members of the Board of Directors of
Legacy Education Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Legacy Education Inc. (the "Company") as of June 30, 2023 and 2022, and the related consolidated income statements, consolidated statements of changes in stockholders' equity, and consolidated cash flows for each of the years in the two-year period ended June 30, 2023, and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2023 and 2022, and the results of its operations and its cash flows for each of the years in the two years ended June 30, 2023, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

L J Soldinger Associates, LLC
Deer Park, IL
PCAOB ID: 0000318
December 8, 2023

We have served as the Company's auditor since 2018.

Legacy Education Inc.
Consolidated Balance Sheets
June 30, 2023 and 2022

	2023	2022
ASSETS		
Current assets		
Cash and cash equivalents	$ 9,291,224	$ 8,768,182
Accounts receivable, net of $340,060 and $492,951 allowance for doubtful accounts as of June 30, 2023 and 2022, respectively	7,184,788	5,526,506
Prepaid expenses	661,559	656,050
Other receivables	141,454	722,886
Related party receivable	69,975	69,975
Total current assets	17,349,000	15,743,599
Property and equipment, net	680,073	704,474
Restricted cash	98,382	98,382
Operating lease of Right-of-use asset	4,433,202	-
Intangible assets	1,060,458	1,065,469
Goodwill	1,929,326	1,929,326
Accounts receivable, long-term	1,143,410	654,064
Deferred income tax assets	168,000	92,208
Security deposits	383,545	320,182
Total assets	$ 27,245,396	$ 20,607,704
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	$ 2,582,173	$ 2,418,762
Accrued income tax payable	147,055	3,835
Deferred, unearned tuition	3,473,726	3,100,456
Other current liabilities	30,434	30,331
Current portion of debt	678,257	675,802
Debt owed, related party	50,000	150,000
Current portion of operating lease liability	1,531,624	-
Total current liabilities	8,493,269	6,379,186
Debt, net of current portion	45,325	127,441
Other liabilities, net of current portion	33,774	37,637
Deferred rent	-	461,957
Operating lease liability, net of current portion	3,250,944	-
Total liabilities	11,823,312	7,006,221

Commitments and contingencies		
Stockholders' equity		
Preferred stock: $0.001 par value, 10,000,000 shares authorized; no shares issued and outstanding		
Common stock: $0.001 par value, 100,000,000 shares authorized, 18,582,298 and 18,408,965 shares issued and outstanding as at June 30, 2023 and 2022, respectively	18,582	18,409
Additional paid in capital	14,294,884	14,249,990
Retained earnings (accumulated deficit)	1,108,618	(666,916)
Total stockholders' equity	15,422,084	13,601,483
Total liabilities and stockholders' equity	$ 27,245,396	$ 20,607,704

The accompanying notes are an integral part of these consolidated financial statements.

Legacy Education Inc.
Consolidated Income Statements
for the Years ended June 30, 2023 and 2022

	2023	2022
Revenues		
Tuition and related income, net	$ 35,455,948	$ 30,704,058
Operating expenses		
Educational services	20,785,421	18,115,854
General and administrative	10,651,402	8,952,201
General and administrative – related party	173,000	172,000
Depreciation and amortization	224,488	239,639
Total costs and expenses	31,834,311	27,479,694
Operating income	3,621,637	3,224,364
Interest expense	(96,259)	(104,990)
Interest income	339,102	204,263
Income before income taxes	3,864,480	3,323,637
Income tax expense	(1,197,741)	(986,351)
Net income	$ 2,666,739	$ 2,337,286
Basic net income per share	$ 0.14	$ 0.13
Diluted net income per share	$ 0.14	$ 0.12
Basic weighted average shares outstanding	18,433,897	18,438,435
Diluted weighted average shares outstanding	19,233,897	19,444,268

The accompanying notes are an integral part of these consolidated financial statements.

Legacy Education Inc.
Consolidated Statements of Changes in Stockholders' Equity
for the Years ended June 30, 2023 and 2022

	Preferred Stock		Common Stock		Additional paid in	Retained Earnings (Accumulated	
	Shares	Amount	Shares	Amount	capital	Deficit)	Total
Balance, June 30, 2021	-	$ -	18,232,298	$ 18,232	$ 13,985,167	$ (3,004,202)	$ 10,999,197
Private placement of units issued			216,667	217	324,783		325,000
Return of shares			(40,000)	(40)	(59,960)		(60,000)
Net income						2,337,286	2,337,286
Balance, June 30, 2022	-	$ -	18,408,965	$ 18,409	$ 14,249,990	$ (666,916)	$ 13,601,483
Stock option exercised			173,333	173	44,894		45,067
Cumulative-effect adjustment (ASC 842)						37,911	37,911
Dividends paid						(929,116)	(929,116)
Net income						2,666,739	2,666,739
Balance, June 30, 2023	-	$ -	18,582,298	$ 18,582	$ 14,294,884	$ 1,108,618	$ 15,422,084

The accompanying notes are an integral part of these consolidated financial statements.

Legacy Education Inc.
Consolidated Statements of Cash Flows
for the Years ended June 30, 2023 and 2022

	2023	2022
Cash flows provided by (used in) operating activities:		
Net income	$ 2,666,739	$ 2,337,286
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation & amortization	224,488	239,639
Deferred income tax	(75,792)	232,968
Provision for allowance for doubtful accounts for accounts receivable and contracts receivable	(152,891)	(42,610)
Changes in assets and liabilities:		
Accounts receivable	(1,994,737)	(2,559,321)
Prepaid expenses	(5,510)	246,790
Other receivables	569,040	487,042
Other assets	(141,802)	-
Accounts payable and accrued liabilities	163,411	204,123
Income tax payable	143,220	(1,189,085)
Other current liabilities	-	(149,753)
Deferred unearned tuition	373,270	1,295,461
Deferred rent	-	(13,948)
Net cash provided by operating activities	1,769,436	1,088,592
Cash flows used in investing activities:		
Purchases of property and equipment	(195,076)	(294,866)
Net cash used in investing activities	(195,076)	(294,866)
Cash flows provided by financing activities:		
Proceeds from private placements	-	325,000
Payment of return shares	-	(60,000)
Proceeds from exercise of options	33,800	-
Dividends paid in cash	(916,724)	-
Principal payments on capital lease obligations	-	(44,367)
Principal payments on debt	(168,394)	(91,598)
Net cash (used in) provided by financing activities	(1,051,318)	129,035
Net increase cash and cash equivalents and restricted cash	523,042	922,761
Cash and cash equivalents and restricted cash, beginning of year	8,866,564	7,943,803
Cash and cash equivalents and restricted cash, end of year	$ 9,389,606	$ 8,866,564
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	$ 96,259	$ 104,990
Cash paid during the year for income taxes	$ 1,030,364	$ 1,942,217
Supplemental disclosure of noncash activities		
Non-cash purchase of capitalized lease assets	$ -	$ 49,613
Non-cash dividends paid	$ 12,392	$ -
Non-cash repayment of debt	$ 11,267	$ -

The accompanying notes are an integral part of these consolidated financial statements.

Legacy Education Inc.
Notes to Consolidated Financial Statements
June 30, 2023 and 2022

Note–1 - Nature of Business

For purposes of these financial statements, “Legacy,”, the “Company,” “we,” “our,” “us,” or similar references refers to Legacy Education Inc. and its consolidated subsidiaries, unless the context requires otherwise. Legacy Education, LLC was formed on October 19, 2009 in the state of California as a limited liability company. The Company operates as career institution that focuses on real-life training by utilizing educational practices in different job markets. The Company offers programs in career paths such as healthcare, veterinary, medical information technology, business management, and green technology. The Company is accredited by the Accrediting Council for Continuing Education and Training (“ACCET”), and the Accrediting Bureau of Health Education Schools (“ABHES”) and approved to operate in the state of California by the Bureau for Private Postsecondary Education (“BPPE”). The consolidated financial statements include accounts of Legacy Education Inc. d/b/a High Desert Medical College (“HDMC”) and its wholly owned subsidiary, Legacy Education Monterey LLC (“Monterey”) d/b/a Central Coast College (“CCC”), and its wholly owned subsidiary, Advanced Health Services, LLC d/b/a Integrity College of Health (“Integrity”). Pursuant to an Agreement and Plan of Merger and Reorganization (the “Reorganization Merger”), dated September 1, 2021, effective as of September 3, 2021 (the “Effective Date”), Legacy Education Merger Sub, LLC, a wholly owned subsidiary of Legacy Education Inc. formed solely for the purpose of implementing the Reorganization Merger, merged with and into Legacy Education, LLC, with Legacy Education, LLC surviving the merger and becoming a wholly owned subsidiary of Legacy Education Inc., a corporation formed on March 18, 2020 in the State of Nevada for the sole purpose of restructuring the Company from a member-owned Limited Liability Corporation to a shareholder-owned C-Corporation. On the Effective Date, in exchange for each Class A Unit owned in Legacy Education, LLC, the members of Legacy Education, LLC received one share of common stock in Legacy Education Inc. in a one for one exchange. The members immediately prior to the Reorganization Merger became the 100% owners of Legacy Education Inc. immediately following the Reorganization Merger.

The impact of the Reorganization Merger has been retroactively applied in accordance with ASC 250-10-45-21. ASC 250-10-45-21 states in part that, “When an accounting change results in financial statements that are, in effect, the statements of a different reporting entity, the change shall be retrospectively applied to the financial statements of all prior periods presented to show financial information for the new reporting entity for those periods.”

ASC 250-10-45-21 requires entities to reflect a change in the reporting entity (i.e., financial statements that are, in effect, the statements of a different reporting entity), by retrospective application to the financial statements of all prior periods presented to show financial information for the new reporting entity. Legacy Education Inc. became the new reporting entity when the Reorganization Merger occurred effective September 3, 2021, which subjected the Company to the retrospective application described above.

This retrospective treatment is consistent with the treatment of a business combination related shell company under SEC regulations. A "business combination related shell company" is defined in Rule 405 under the Securities Act as a shell company that is (a) formed by an entity that is not a shell company solely for the purpose of changing the corporate domicile of that entity solely within the United States or (b) formed by an entity that is not a shell company solely for the purpose of completing a business combination transaction (as defined in Rule 165(f) under the Securities Act) among one or more entities other than the shell company, none of which is a shell company.

Legacy Education Inc. had essentially no operations nor assets as of September 3, 2021, the effective date of the Reorganization Merger, and was formed by Legacy Education, LLC for the sole purpose of restructuring the Company from a member-owned Limited Liability Corporation, with that ownership in the form of membership interest, to a shareholder-owned C-Corporation, with that ownership in the form of shares of stock in the corporation. Accordingly, Legacy Education Inc. meets the criteria to be a business combination related shell company, as defined above. When this occurs, the appropriate presentation of financial statements for the business combination related shell company (Legacy Education Inc.) is to include the financial data for the related entity (Legacy Education, LLC) consistent with ASC 250-10-45-21.

HDMC offers instruction in eight programs: ultrasound technician, ultrasound technician associate of applied science degree, medical billing and coding, vocational nursing, clinical medical assisting, pharmacy technician, dental assisting and medical administrative vocational nursing associate of applied science degree.

CCC, a wholly-owned subsidiary of HDMC, offers instruction in healthcare career training programs, business career training programs and veterinary career training and offers occupational associates degrees.

Integrity, a wholly-owned subsidiary of HDMC, is an accredited college offering instruction in medical assisting, vocational nursing, medical insurance coding and billing, diagnostic medical sonography (ultrasound technician) and Bachelors of Science in nursing (RN to BSN).

Note–2 - Summary of Significant Accounting Policies

Principal of Consolidation

The consolidated financial statements include the accounts of HDMC and its wholly-owned subsidiaries, CCC and Integrity. All significant intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include the assumptions used in the evaluation of the Company's distinct performance obligation, the valuation of equity instruments and valuation allowances related to accounts receivable.

Reclassifications

Certain amounts in the prior period financial statements have been reclassified to conform to the current period presentation. These reclassifications had no effect on reported consolidated net income.

Cash and Cash Equivalents

The Company considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents. These investments are stated at cost, which approximates fair value.

Letter of Credit and Restricted Cash

In October 2018, Integrity received a notice from the U.S. Department of Education ("ED") requiring Integrity to post a letter of credit in the amount of $138,977 due to the deficient composite score for the year ended December 31, 2017. During the fiscal year ended June 30, 2020, the Company received notice from ED permitting the Company to decrease the letter of credit to $98,382. Integrity maintained passing scores on its composite score since 2019. The letter of credit is secured by cash on deposit with the issuing bank and was extended through August 2023, when the ED released the Company from the letter of credit requirement.

Under *Accounting Standards Update ("ASU") 2016-18, Statements of Cash Flows – Restricted Cash,* a statement of cash flows explaining the change during the period in the total cash, cash equivalents, and amount generally described as restricted cash or restricted cash equivalents is required. The accompanying balance sheets as of June 30, 2023 and 2022 have been presented in accordance with the guidance provided by ASU 2016-18.

Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation. Depreciation is computed using the straight-line method. Normal repairs and maintenance are expensed as incurred. Expenditures that materially extend the useful life of an asset are capitalized. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. Furniture and fixtures, machinery, computer equipment, and vehicles generally have estimated useful lives of ten, seven, four, and five years, respectively. Leasehold improvements are depreciated over the shorter of their lease term or their useful life.

Leases

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842) in order to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet for those leases classified as operating leases under current GAAP. ASU 2016-02 requires that a lessee should recognize a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term on the balance sheet. ASU 2016-02 is effective for fiscal years beginning after December 15, 2021, using a modified retrospective approach and early adoption is permitted. The Company adopted ASU 2016-02 on July 1, 2022.

The Company has elected to apply the short-term scope exception for leases with terms of 12 months or less at the inception of the lease and will continue to recognize rent expense on a straight-line basis. As a result of the adoption, on July 1, 2022, the Company recognized a lease liability of approximately $5.7 million, which represented the

present value of the remaining minimum lease payments using an estimated incremental borrowing rate of 3.98%. As of July 1, 2022, the Company recognized a right-to-use asset of approximately $5.3 million. Lease expense did not change materially as a result of the adoption of ASU 2016-02.

Note–2 - Summary of Significant Accounting Policies (Continued)

Goodwill and Intangibles

Goodwill represents the excess of the purchase price over the fair market value of the net assets (including intangibles) acquired on December 31, 2019 and January 15, 2019. The Company has implemented the Business Combinations Topic of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 350, *Intangibles - Goodwill and Other.*

Goodwill, tradename, and accreditation are deemed to have an indefinite life, and course curriculum has a definite life of approximately 18 years. Goodwill and indefinite life intangible assets are not amortized but are subject to, at a minimum, annual impairment tests. The Company expenses costs to maintain or extend intangible assets as incurred.

The Company reviews intangible assets (with a definite life), excluding goodwill, accreditation and tradenames, for impairment when events or changes in circumstances indicate the carrying amount may not be recoverable. We measure the recoverability of these assets by comparing the carrying amounts to the future undiscounted cash flows that the assets are expected to generate. If the carrying value of the assets are not recoverable, the impairment recognized is measured as the amount by which the carrying value of the asset exceeds its fair value. There were no impairments for the periods presented.

The Company tests goodwill, accreditation and trade names for impairment at least annually, or more frequently if events or changes in circumstances indicate that the asset may be impaired. There were no goodwill, accreditation or trade names impairments for the periods presented.

The Company amortizes intangible assets with definite lives on a straight-line basis.

Long-Lived Assets

The Company evaluates the recoverability of its long-lived assets for impairment, other than goodwill, whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to undiscounted future net cash flows expected to be generated by the assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Fair value estimates are based on assumptions concerning the amount and timing of estimated future cash flows. The Company had no long-lived asset impairments as of June 30, 2023 and 2022, respectively.

Revenue Recognition

Revenue is recognized when control of promised goods or services is transferred to the Company's customers in an amount of consideration to which the Company expects to be entitled to in exchange for those goods or services. The Company follows the five steps approach for revenue recognition under ASC 606: (i) identify the contract(s) with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract, and (v) recognize revenue when (or as) the Company satisfies a performance obligation.

The Company identifies a contract for revenue recognition when there is approval and commitment from both parties, the rights of the parties and payment terms are identified, the contract has commercial substance and the collectability of consideration is probable. The Company evaluates each contract to determine the number of distinct performance obligations in the contract, which requires the use of judgment. The Company's contracts include promises for educational services and course materials which are distinct performance obligations.

Tuition revenue is primarily derived from postsecondary education services provided to students. Generally, tuition and other fees are paid upfront and recorded in contract liabilities in advance of the date when education services are provided to the student. A tuition receivable is recorded for the portion of tuition not paid in advance. In some instances, installment billing is available to students which reduces the amount of cash consideration received in advance of performing the service. The contractual terms and conditions associated with installment billing indicate that the student is liable for the total contract price, therefore mitigating the Company's exposure to losses associated with nonpayment. Tuition revenue is recognized ratably over the instruction period. The Company generally uses the time elapsed method, an input measure, as it best depicts the simultaneous consumption and delivery of tuition services. Revenue associated with distinct course materials is recognized at the point of time when control transfers to the student, generally when the materials are delivered to the student. Revenue associated with lab services is recognized over the period of time when the service is performed.

The Company's refund policy may permit students who do not complete a course to be eligible for a refund for the portion of the course they did not attend. Refunds generally result in a reduction of deferred revenue during the period that the student drops or withdraws from a class.

Note–2 - Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

The transaction price is stated in the contract and known at the time of contract inception, as such there is variable consideration for situations when a student drops from a program based on the Company's refund policy and additional charges if a student requires additional hours to complete the program beyond the contracted end date. The Company believes that its experience with these situations is of little predictive value because the future performance of students is dependent on each individual and the amount of variable consideration is highly susceptible to factors outside of the Company's influence. Accordingly, no variable consideration has been included in the transaction price or recognized as income until the constraint has been eliminated. Revenue is allocated to each performance obligation based on its standalone selling price. Any discounts within the contract are allocated across all performance obligations unless observable evidence exists that the discount relates to a specific performance obligation or obligations in the contract. The Company generally determines standalone selling prices based on prices charged to students.

The Company excludes from revenue taxes assessed by a governmental authority as these are agency transactions collected on their behalf from the customer. Significant judgments include the allocation of the contract price across performance obligations, the methodology for earning tuition ratably over the instruction period, estimates for the

amount of variable consideration included in the transaction price as well as the determination of the impact of the constraints preventing the variable consideration from being recognized in revenue.

Disaggregation of Revenue

The tuition and related revenue consist of the following as of June 30, 2023 and 2022:

	2023	2022
Tuition and lab fees (recognized over time)	32,305,664	27,834,256
Books, registration and other fees (recognized at a point in time)	3,150,284	2,869,802
Total revenue	$ 35,455,948	$ 30,704,058

Allowance for Doubtful Accounts

The Company records an allowance for doubtful accounts for estimated losses resulting from the inability, failure or refusal of its students to make required payments, which includes the recovery of financial aid funds advanced to a student for amounts in excess of the student's cost of tuition and related fees. The Company determines the adequacy of its allowance for doubtful accounts based on an analysis of its historical bad debt experience, current economic trends, and the aging of the accounts receivable and student status. The Company applies reserves to its receivables based upon an estimate of the risk presented by the age of the receivables and student status. The Company writes off account receivable balances of inactive students at the earlier of the time the balances were deemed uncollectible, or one year after the revenue is generated. Bad debt expense is recorded as a general and administrative expense in the accompanying statements of operations. The Company performs an analysis annually to determine which accounts are uncollectable and then writes them off.

Refunds

The Company pays or credits refunds within 45 days of a student's cancellation or withdrawal for students who have completed 60% or less of the period of attendance based on a pro rata calculation. Once the student has completed more than 60% of a period of attendance, all Title IV funds are considered earned and no refunds are due to ED.

Advertising

The Company expenses advertising cost as incurred. Advertising costs amounted to $3,589,432 and $2,657,899 for the years ended June 30, 2023, and 2022, respectively.

Share-Based Compensation

The Company measures and recognizes compensation expense for share-based payment awards made to employees, directors and consultants. The fair value of the Company's restricted membership interest awards is based on its membership units on the date of grant or the date of approval by the Board. The fair value of awards to outside consultants is computed at each reporting date with the final valuation on the date the warrants are fully vested. Stock-based compensation expense related to restricted membership interest grants is expensed over the vesting period using the straight-line method for Company employees, the Company's Officers and outside consultants.

Note–2 - Summary of Significant Accounting Policies (Continued)

Share-Based Compensation (Continued)

The Company adopted ASU 2018-07 effective July 2020 that simplifies the accounting for share based payments granted to non-employees. Under the ASU the guidance on such payments to non-employees would be aligned with the share-based payments granted to employees. The Company's adoption of the policy had no material effect of its financials.

Fair Value of Financial Instruments

The Company's financial instruments primarily consist of cash and cash equivalents, accounts receivable, contracts receivable, accounts payable and accrued liabilities, contracts receivable recourse, deferred, unearned tuition, debt and a capital lease obligation. The carrying values of the Company's financial instruments approximate fair value.

FASB ASC 820, *Fair Value Measurements and Disclosures* ("ASC 820") establishes a framework for all fair value measurements and expands disclosures related to fair value measurement and developments. ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

ASC 820 requires that assets and liabilities measured at fair value are classified and disclosed in one of the following three categories:

Level 1—Quoted market prices for identical assets or liabilities in active markets or observable inputs;
Level 2—Significant other observable inputs that can be corroborated by observable market data; and
Level 3—Significant unobservable inputs that cannot be corroborated by observable market data.

Concentration of Credit Risk

A substantial portion of revenues and ending accounts receivable at June 30, 2023 and 2022 are a direct result of the Company's participation in Financial Student Aid ("FSA") programs, which represents a primary source of student tuition. The FSA programs are subject to political budgetary considerations. There is no assurance that funding will be maintained at current levels. The FSA programs are subject to significant regulatory requirements. Any regulatory violation could have a material effect on the Company.

The Company maintains its cash and cash equivalents in various financial institutions. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation up to $250,000. The Company performs ongoing evaluations of these institutions to limit concentration risk exposure. The Company maintains cash balances in excess of these limits from time to time.

As of June 30, 2023, $6.1 million was maintained in a redeemable money market account bearing interest at 2.88% per annum.

Commitments and Contingencies

The Company accrues for a contingent obligation when it is probable that a liability has been incurred and the amount is reasonably estimable. When the Company becomes aware of a claim or potential claim, the likelihood of any loss exposure is assessed. If it is probable that a loss will result and the amount of the loss is estimable, the Company

records a liability for the estimated loss. If the loss is not probable or the amount of the potential loss is not estimable, the Company will disclose the claim if the likelihood of a potential loss is reasonably possible and the amount of the potential loss could be material. Estimates that are particularly sensitive to future changes include tax, legal, and other regulatory matters, which are subject to change as events evolve, and as additional information becomes available during the administrative and litigation process. The Company expenses legal fees as incurred.

Income Taxes

GAAP requires management to evaluate tax positions taken by the Company and recognize a tax liability if the Company has taken an uncertain position that is more likely than not would be sustained upon examination by the Internal Revenue Service. Management has analyzed the Company's tax positions and believes there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statement.

The Company accounts for income taxes payable or refundable for the current year and deferred tax assets and liabilities for future tax consequences of events that have been recognized in the Company's financial statements or tax returns. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which the temporary differences are expected to be realized.

Note–2 - Summary of Significant Accounting Policies (Continued)

Income Taxes (Continued)

The Company expenses penalties and interest related to federal and state income taxes as incurred. Penalties, if any, are included in general and administration expenses on the income statement.

Emerging Growth Company

The Company has elected to be an emerging growth company as defined under the Jumpstart Our Business Startups Act of 2012 ("JOBS Act"). Included with this election, the Company has also elected to use the provisions within the JOBS Act that allow companies that go public to continue to use the private company adoption date rules for new accounting policies. The Company will remain an emerging growth company until the earlier of (i) the last day of the Company's fiscal year following the fifth anniversary of the closing of the Company's initial public offering of its securities, (ii) the last day of the fiscal year (a) in which the Company total annual gross revenue of at least $1.07 billion or (b) in which the Company is deemed to be a large accelerated filer under the rules of the Securities and Exchange Commission, and (iii) the date on which the Company has issued more than $1.0 billion of non-convertible debt in any three-year period.

Earnings Per Share

ASC 260, Earnings Per Share, requires dual presentation of basic and diluted earnings per share ("EPS") with a reconciliation of the numerator and denominator of the basic EPS computation to the numerator and denominator of the diluted EPS computation. Basic EPS excludes dilution. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the earnings of the entity.

The following table provides a reconciliation of the numerators and denominators used to determine basic and diluted net income per common share for the years ended June 30, 2023 and 2022:

	Year ended June 30,	
	2023	**2022**
Numerator		
Net income	$ 2,666,739	$ 2,337,286
Denominator		
Weighted-average shares outstanding, basic	18,433,897	18,438,435
Dilutive impact of share-based instruments	800,000	1,005,833
Weighted-average shares outstanding, diluted	19,233,897	19,444,268
Net income per share		
Basic	$ 0.14	$ 0.13
Diluted	$ 0.14	$ 0.12

Recent Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments ("ASU 2016-13"). ASU 2016-13 provides guidance for recognizing credit losses on financial instruments based on an estimate of current expected credit losses model. The amendments are effective for fiscal years beginning after December 15, 2019. Recently, the FASB issued the final ASU to delay adoption for emerging growth companies to fiscal years beginning after December 15, 2022. The Company is currently assessing the impact of the adoption of this ASU on its financial statements.

Note–3 - Intangible Assets

The intangibles consisted of the following as of June 30, 2023 and 2022:

	June 30,	
	2023	2022

Goodwill	$ 1,929,326	$ 1,929,326
Trade name	796,600	796,600
Accreditation	88,200	88,200
Course curriculum	198,000	198,000
Total cost of intangibles	$ 3,012,126	$ 3,012,126
Less accumulated amortization	(22,342)	(17,331)
Intangibles net	$ 2,989,784	$ 2,994,795

As of June 30, 2023 and 2022, no impairment of the Company's goodwill, nor other intangibles with an indefinite life was required related to its previous acquisitions of CCC and Integrity. Although the ACCET accreditation has an indefinite life, the accreditation requires renewal every five years. CCC's ACCET accreditation was most recently renewed in April 2020 and its next renewal is in April 2025. The Company recognized $5,011 and $5,012 in amortization expense for the fiscal year ended June 30, 2023 and 2022. Although the Accrediting Bureau of Health Education Schools ("ABHES") has an indefinite life, the accreditation requires renewal every five years. Integrity's next ABHES accreditation renewal is in February 28, 2026. 100% of goodwill is expected to be deductible for federal income tax purposes and will be amortized over 15 years on a straight-line basis.

Note–4 - Property and Equipment

Property and equipment consist of the following:

	June 30,	
	2023	2022
Leasehold improvements	$ 397,598	$ 345,340
Equipment under capital leases	-	225,142
Machinery and equipment	788,726	721,864
Computer equipment	566,973	263,189
Furniture, fixtures and other equipment	252,975	250,650
	2,006,272	1,806,185
Less accumulated depreciation and amortization	(1,326,199)	(1,101,711)
Property and equipment, net	$ 680,073	$ 704,474

Depreciation and amortization expense associated with property and equipment totaled $219,477 and $239,639 for the years ended June 30, 2023 and 2022, respectively.

Note 5 – Accounts Receivable, Long-Term

TuitionFlex

The TuitionFlex Program is designed to create a flexible tuition credit program for students and families to help bridge the financial gap, all in accordance with applicable federal Truth-In-Lending regulations. Through this program, we offer payment plans to all students, regardless of financial need, for up to 5 years. The long-term portion of student receivables utilizing the Tuition Flex program was $1,143,410 and $654,064 as of June 30, 2023 and 2022, respectively.

Note 6 – Prepaid Expenses

The prepaid expenses consist of the following as of June 30, 2023 and 2022:

	June 30,	
	2023	2022
Books	$ 190,815	$ 213,192
Supplies and other prepaid expenses	470,744	442,858
Total prepaid expenses	$ 661,559	$ 656,050

Note 7 – Other Receivables

The other receivables consist of the following as of June 30, 2023 and 2022:

	June 30,	
	2023	2022
Other advance	94,454	106,846
Employee retention credit	47,000	616,040
Total other receivables	$ 141,454	$ 722,886

The Company paid $106,846 federal income taxes on behalf of a foreign investor in Legacy, and the amount due back to the Company was $94,454 as of June 30, 2023.

During the fiscal year ended June 30, 2021, the Company applied for certain Employee Retention Credits ("ERTC") under the CARES Act in the approximate amount of $2.9 million. The remaining balance of the ERTC receivable as of June 30, 2023 and 2022 was $47,000 and $616,040, respectively.

Note 8 – Accounts Payable and Accrued Liabilities

Accounts payable and accrued expenses as of June 30, 2023 and 2022 consist of the following:

	June 30, 2023	June 30, 2022
Accounts payable	$ 722,709	$ 668,267
Accrued payroll and payroll taxes	450,388	464,408
Accrued vacation	453,397	307,723

Accrued bonuses	824,821	933,304
Accrued other expenses	130,858	45,060
Total	$ 2,582,173	$ 2,418,762

Note–9 - Debts and Other Liabilities

(1) Promissory Notes

The Company received $750,000 in proceeds from several debtors, including $150,000 from related parties. Under the unsecured promissory notes, the principal shall be due and payable on the earlier to occur (i) the 9-month anniversary of the first advance under each promissory note; or (ii) the completion of an initial public offering by payee ("Maturity Date"), and the promissory note shall bear interest at a monthly rate of 1% based upon the amount outstanding as of any calculation date. Interest shall be payable monthly commencing on the 15th day of each calendar month following the date funds are first advanced. The maturity dates on these promissory notes were extended to March 31, 2021. The noteholders agreed to defer the repayment of the principal balance until the completion of a future Initial Public Offering.

	June 30,	
	2023	2022
Promissory note issued on November 12, 2019	$ 500,000	$ 500,000
Promissory note issued on December 30, 2019 related party	50,000	50,000
Promissory note issued on December 30, 2019 related party	-	100,000
Promissory note issued on February 6, 2020	100,000	100,000
Total other debt	$ 650,000	$ 750,000

A promissory note issued on December 30, 2019 to a related party was repaid during the fiscal year ended June 30, 2023. The note was repaid via a cash payment for principal amounting to $88,733, and $11,267 was satisfied as an exercise of 43,333 common stock options at $0.26 per share.

In September 2023, the promissory note issued on February 6, 2020 for $100,000 was repaid in full.

(2) Equipment Loan

In June 2019, the Company entered into an equipment loan for $26,647. The note accrues interest at a rate of 6.5% per annum and requires 60 equal monthly payments. As of June 30, 2023 and 2022, the principal balance of the promissory note was $6,042 and $11,251, respectively.

Note–9 - Debts and Other Liabilities (Continued)

(2) Equipment Loan (Continued)

In August 2019, the Company entered into an equipment loan for $26,997. The note accrues interest at a rate of 6.95% per annum and requires 60 equal monthly payments. As of June 30, 2023 and 2022, the principal balance of the promissory note was $7,652 and $12,854, respectively.

(3) Bank Loan

On December 31, 2019, the Company acquired Integrity, assuming its two bank loans, which are secured by all business assets of the Company.

	June 30,	
	2023	2022
Bank loan #1, monthly payment $803.69, due in 110 months, effective interest rate 6.44%	$ 31,356	$ 37,034
Bank loan #2, monthly payment $5,672.86 start on November 23, 2020, due in 48 months	78,532	139,006
Total bank loans	$ 109,888	$ 176,040

Future maturities over the remaining term of total debt for (1) to (3) are as follows:

2024 (1)	$ 728,257
2025	30,281
2026	7,752
2027	6,836
Thereafter	456
	773,582
Less: current portion (1)	(728,257)
Long-term portion of debt	$ 45,325

(1) Includes $50,000 related party debt

Note 10 - CARES ACT HEERF Disbursement

Due to COVID-19, HEERF was established to provide funding to institutions to provide emergency financial aid grants to students whose lives have been disrupted, many of whom are facing financial challenges and struggling to make ends meet.

The Company has signed and returned the Certification and Agreement to ED with the assurance that the Company has used no less than 50% of the funds received under Section 18004(a)(1) of the CARES Act to provide Emergency Financial Aid Grants to students.

Total amount of funds that the Company has received from ED pursuant to the Certification and Agreement for Emergency Financial Aid Grants to Students is as follows: $0 for the fiscal years ended June 30, 2023 and 2022.

Total amount of Emergency Financial Aid Grants distributed to students under Section 18004(a) (1) of the CARES Act during the fiscal years ended June 30, 2023 and 2022

was $0 and $149,752, respectively.

As of June 30, 2023 and 2022, the balance of HEERF under other current liabilities was $0 and $6,944, respectively.

Note 11 - Related Party Transactions

A shareholder of the Company was paid $90,000 and $85,000 as consulting fees in the years ended June 30, 2023 and 2022, respectively.

A director of the Company was paid $83,000 and $87,000 in consulting fees in the years ended June 30, 2023 and 2022, respectively.

In December 2019, the Company received $50,000 of proceeds from a promissory note, entered into with an executive of the Company, which bears interest at the rate of 12% per annum and matures on the earlier of the nine-month anniversary of the loan or the completion of an initial public offering. The balance of this note was $50,000 as of June 30, 2023 and 2022.

Note 12 - Related Party Transactions (Continued)

In December 2019, the Company received $100,000 of proceeds evidenced by a promissory note that was entered into with a shareholder. The note bears interest at the rate of 12% per annum and matures on the earlier of the nine-month anniversary of the loan or the completion of an initial public offering. The balance of this note was $0 and $100,000 as of June 30, 2023 and 2022.

As of June 30, 2023 and 2022, the Company had a balance due from a shareholder, who is also the President of the Company, totaling $69,975. This amount is included in the related party receivable on the balance sheet.

Note 13 – Lease Commitments

Operating Leases

The Company leases its instructional facilities under non-cancelable operating leases expiring at various dates through 2026. In most cases, the facility leases require the Company to pay various operating expenses of the facilities in addition to base monthly lease payments. In certain cases, the Company has options available under its leases to renew, and certain leases contain ordinary rental escalations on the space. Rent expense for the certain leases described above is recorded evenly over each lease term. The difference between rent expense recorded and the amount paid is reflected as deferred rent on the accompanying balance sheets for those leases with rent escalation clauses.

Because the rate implicit in each lease is not readily determinable, the Company uses its incremental borrowing rate to determine the present value of the lease payments. The Company has elected the practical expedient to use the risk-free rate as its incremental borrowing rate.

Information related to the Company's right-of-use assets and related lease liabilities for the fiscal year ended June 30, 2023 were as follows:

Weighted-average remaining lease term	3.16 years
Weighted-average discount rate	3.98%

Future minimum lease payments under the non-cancelable operating leases with an original maturity greater than one year at June 30, 2023 are as follows:

2024	$ 1,662,222
2025	1,657,814
2026	1,254,003
2027	341,511
2028	123,736
Total future minimum operating lease payments	5,039,286
Less: imputed interest	(256,718)
Total	4,782,568
Current portion of operating lease	1,531,624
Long term portion of operating lease	$ 3,250,944

Total rent expense and related taxes and operating expenses under operating leases for the fiscal years ended June 30, 2023 and 2022 were $3,066,341 and $2,629,386, respectively.

Supplemental balance sheet information related to leases was as follows:

	June 30, 2023	July 1, 2022
Operating lease right-of-use assets	$ 4,433,202	$ 5,271,562
Operating lease liability - current	$ 1,531,624	$ 1,358,407
Operating lease liability – non-current	3,250,944	4,337,201
Total operating lease liability	$ 4,782,568	$ 5,695,608

Note 13 – Lease Commitments (Continued)

Other supplemental information:

	Fiscal year ended June 30 2023
Cash paid for operating lease	$ 1,520,021

Note 14 – Stockholders' Equity

Pursuant to an Agreement and Plan of Merger and Reorganization, dated September 1, 2021, effective as of September 3, 2021 (the "Effective Date"), Legacy Education Merger Sub, LLC merged with and into Legacy Education Inc., with Legacy Education Inc. surviving the merger and becoming a wholly owned subsidiary of Legacy Education Inc. (the "Reorganization Merger"). On the Effective Date, in exchange for each Class A Unit owned in Legacy Education Inc., the members of Legacy Education, LLC received one share of common stock in Legacy Education Inc. in a one for one exchange. The members immediately prior to the Reorganization Merger became the 100% owners of Legacy Education Inc. immediately following the Reorganization Merger. The impact of the Reorganization Merger has been retroactively applied in accordance with ASC 250-10-45-21.

As of June 30, 2023, the Company had 110,000,000 shares of authorized capital, par value $0.001, of which 100,000,000 shares are designated as common stock, and 10,000,000 shares are designated as preferred stock, which have liquidation preference over the common stock and are non-voting.

Equity Transactions

During the fiscal year ended June 30, 2023, the Company issued 173,333 Class A Units at $0.26 per Unit under notice of exercise of options.

During the fiscal year ended June 30, 2023, the Company paid dividends amounting to $929,116 to its shareholders.

During the fiscal year ended June 30, 2022, the Company accepted subscriptions for a total 216,667 Class A Units (reflected as common shares due to the retrospective application of the Reorganization Merger) at $1.50 per Unit and received cash proceeds of $325.000.

During the fiscal year ended June 30, 2022, the Company accepted the return of subscriptions for a total 40,000 Class A Units (reflected as common shares due to the retrospective application of the Reorganization Merger) at $1.50 per Unit and paid out cash of $60.000.

As of June 30, 2023 and June 30, 2022 the Company had 18,582,298 and 18,408,965 common shares of stock outstanding, respectively, and no shares of preferred stock issued and outstanding, respectively.

Warrants

A summary of warrant activity for the years ended June 30, 2023 and 2022 is presented as follows:

	Number of Warrants	Exercise Price
Warrants Outstanding at June 30, 2021	349,382	0.151
Issued	-	-
Exercised	-	-
Forfeited/expired/canceled	(349,382)	0.151
Warrants Outstanding at June 30, 2022	-	$ -
Warrants Outstanding at June 30, 2023	-	$ -

Note 15 - Share-Based Compensation Plans

Stock Options

Except as noted below, we do not have a qualified stock option plan, but have issued Unit purchase options on a discretionary basis to employees, directors, service providers, private placement participants and outside consultants.

Note 15 - Share-Based Compensation Plans (Continued)

The Company utilizes ASC 718, *Stock Compensation,* related to accounting for share-based payments and, accordingly, records compensation expense for share-based awards based upon an assessment of the grant date fair value for stock options and restricted stock awards. The Black Scholes option pricing model was used to estimate the fair value of the options granted. This option pricing model requires a number of assumptions, of which the most significant are: expected stock price volatility, the expected pre-vesting forfeiture rate, and the expected option term (the amount of time from the grant date until the options are exercised or expire). The Company estimated a volatility factor utilizing a weighted average of comparable published volatilities. The Company applied the simplified method to determine the expected term of all stock-based compensation grants.

In prior years, the Company had granted time vested options to purchase Class A member units with exercise prices ranging from $0.26 - $0.90 on the date of grant by the Board. These options vest ratably over a period of three years and expire ten years from the date of grant and the fair value of these options were calculated using the Black-Scholes-Merton model.

A summary of the activity related to stock option units granted is as follows:

	Summary of Stock Options Outstanding

	Total Options	Weighted Average Exercise Price per Option	Weighted Average Remaining Contractual Term (Years)
Outstanding as of June 30, 2021	1,005,833	0.67	5.18
Granted	-	-	-
Exercised	-	-	-
Forfeited, canceled, or expired	-	-	-
Outstanding as of June 30, 2022	1,005,833	0.67	4.16
Granted	-		
Exercised	(173,333)	0.26	-
Forfeited, canceled, or expired	(32,500)	0.26	-
Outstanding as of June 30, 2023	800,000	0.77	4.14
Exercisable as of June 30, 2023	800,000	0.77	4.14

A summary of the activity related to vested and unvested stock option units granted is as follows:

	Options Outstanding	Weighted Average Exercise Price	Weighted Average Grant Date Fair Value	Average Remaining Contractual Life (Years)
Balance – June 30, 2021, unvested	-	$ -	-	-
Options issued	-	-	-	-
Options vested	-	-	-	-
Options expired	-	-	-	-
Options exercised	-	-	-	-
Balance – June 30, 2022, unvested	-	$ -	-	-
Balance – June 30, 2023, unvested	-	$ -	-	-

Note 16 - Income Tax

The Company has deferred tax assets and liabilities that reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets are subject to periodic recoverability assessments. Realization of the deferred tax assets, net of deferred tax liabilities is principally dependent upon achievement of projected future taxable income.

Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more likely than not that the Company will realize the benefits of these deductible differences. The Company has no valuation allowance as of June 30, 2023.

On December 22, 2017, the Tax Cuts and Jobs Act (the "Act") was signed into law. For businesses, the Act reduces the corporate federal tax rate from a maximum of 35% to a flat 21% rate. The rate reduction took effect on January 1, 2018. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted though income tax expense.

Note 16 - Income Tax (Continued)

The components of income tax expense (benefit) are as follows:

	June 30, 2023	June 30, 2022
Current:		
Federal	$ 764,827	$ 522,822
State	357,122	230,309
	1,121,949	753,131
Deferred:		
Federal	53,339	212,985
State	22,453	19,984
	75,792	232,969
Total income tax expense	$ 1,197,741	$ 986,100

Income tax expense differed from the amount computed using the U.S. federal income tax rate of 21% for June 30, 2023 and 2022 as follows:

	June 30, 2023	June 30, 2022
Statutory U.S. federal income tax	$ 811,540	$ 697,964
Non-deductible items	9,714	33,000
Change in deferred items	(26,154)	233,000
Provision to return	157,338	(163,000)
State income taxes, net of federal benefit	310,511	238,225
Other	(65,208)	(53,089)
Income tax expense	$ 1,197,741	$ 986,100

Significant components of the Company's deferred income tax assets included in deferred income taxes, non-current on the balance sheets are as follows:

	June 30, 2023	June 30, 2022
Deferred tax assets:		
Deferred rent, right-of-use asset and lease liability	$ 104,000	$ 138,000
Allowance for doubtful accounts	101,000	147,000
Accrued bonuses and vacation	355,000	97,000
Non-cash compensation	-	43,000
Professional fees	-	26,000
	560,000	451,000
Valuation allowance	-	-
Deferred tax assets	560,000	451,000
Deferred tax liability:		
Property and equipment and intangible assets	(392,000)	(344,000)
Deferred state	-	(14,000)
Deferred tax liability	(392,000)	(358,000)
Net deferred tax asset	$ 168,000	$ 93,000

The Company is subject to taxation in the United States and the state of California. As of June 30, 2023, the earliest tax year still subject to examination for federal and state purposes is the fiscal year ended June 30, 2020.

Note 17 - Other Commitments and Contingency

Regulatory

In order for students to participate in Title IV federal financial aid programs, the Company is required to maintain certain standards of financial responsibility and administrative capability. In addition, the Company is accredited with ACCET and ABHES and approved by other agencies and must comply with rules and regulations of the accrediting body. As a result, the Company may be subject from time to time to audits, investigations, claims of noncompliance or lawsuits by governmental agencies, regulatory bodies, or third parties. While there can be no assurance that such matters will not occur and if they do occur will not have a material adverse effect on these financial statements, management believes that the Company has complied with all regulatory requirements as of the date of the financial statements.

The Company is subject to extensive regulation by federal and state governmental agencies and accrediting bodies. In particular, the Higher Education Act of 1965, as amended (the "Higher Education Act"), and the regulations promulgated thereunder by ED, subject the Company to significant regulatory scrutiny on the basis of numerous standards that schools must satisfy in order to participate in the various federal student financial assistance programs under Title IV of the Higher Education Act.

Borrowers Defense to Repayment

On October 28, 2016, ED published its new regulations with an effective date of July 1, 2017. The new regulations allow a borrower to assert a defense to repayment on the basis of a substantial misrepresentation, any other misrepresentation in cases where certain other factors are present, a breach of contract or a favorable non-default contested judgment against a school for its act or omission relating to the making of the borrower's loan or the provision of educational services for which the loan was provided. In addition, the financial responsibility standards contained in the new regulations establish the conditions or events that trigger the requirement for an institution to provide ED with financial protection in the form of a letter of credit or other security against potential institutional liabilities. Triggering conditions or events include, among others, certain state, federal or accrediting agency actions or investigations. The new regulations also prohibits schools from requiring that students agree to settle future disputes through arbitration. Management believes no misrepresentations have occurred nor has any agency actions or investigations occurred as of the date of these financial statements.

Composite Score

As described above, ED requires institutions to meet standards of financial responsibility. ED deems an institution financially responsible when the composite score is at least 1.5. The Company's composite score was 3.0 for the fiscal year ended June 30, 2022. The Company's composite score calculation for the fiscal year ended June 30, 2023 has not been completed as of the date of these financial statements and is due on December 31, 2023.

90/10 Disclosure

The Company derives a substantial portion of its revenues from student financial aid received by its students under the Title IV programs administered by ED pursuant to the Higher Education Act. To continue to participate in the student financial aid programs, the Company must comply with the regulations promulgated under the Higher Education Act. The regulations restrict the proportion of cash receipts for tuition and fees from eligible programs to not more than 90% from Title IV programs (the "90/10 revenue test"). If an institution fails to satisfy the test for one year, its participation status becomes provisional for two consecutive fiscal years. If the test is not satisfied for two consecutive years, eligibility to participate in Title IV programs is lost for at least two fiscal years. Using ED's cash-basis, regulatory formula under the 90/10 Rule, as in effect for its 2023 fiscal year, HDMC, CCC and Integrity derived 84.53%, 74.48% and 88.14% for its 90/10 revenue from Title IV program funds, respectively.

Litigation

The Company does not believe it is a party to any other pending or threatened litigation arising from services currently or formerly performed by the Company. To the extent that there may be other pending or threatened litigation that management is unaware of, they do not believe there to be any possible claims that could have a material adverse effect on their business, results of operations or financial condition.

Note 18 - Other Matters

Asher Acquisition

On August 13, 2021, the Company had entered into an agreement and plan of merger (the "Merger Agreement") with Legacy Education Elevation, L.L.C., a California limited liability company and the Company's wholly-owned subsidiary, MDDV, Inc., a California Corporation, DVMD LLC, a Colorado Limited liability company, and David G. Vice and Amelie V. Rider, the sole shareholders of MDDV, Inc. pursuant to which MDDV, Inc. would be merged with and into Legacy Education Elevation, L.L.C. with Legacy

Education Elevation, L.L.C. surviving the merger. In May 2023, the agreement was mutually terminated.

Note 19 – Subsequent Events

The Company has evaluated events or transactions for potential recognition or disclosure through December 8, 2023, the date the financial statements were available to be issued.

LEGACY EDUCATION INC.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
for the nine months ended March 31, 2024 and 2023

Legacy Education Inc.
(dba High Desert Medical College)
(dba Central Coast College)
(dba Integrity College of Health)
Condensed Consolidated Financial Statements for the nine months ended March 31, 2024 and 2023

Table of Contents

Legacy Education Inc.
Condensed Consolidated Balance Sheets

	(Unaudited) March 31, 2024	June 30, 2023*
ASSETS		
Current assets		
Cash and cash equivalents	$ 11,411,483	$ 9,291,224
Accounts receivable, net of $1,768,958 and $340,060 allowance for doubtful accounts as of March 31, 2024 and June 30, 2023, respectively	9,526,120	7,184,788
Prepaid expenses	847,542	661,559
Other receivables	140,894	141,454
Related party receivable	-	69,975
Total current assets	21,926,039	17,349,000
Property and equipment, net	999,771	680,073
Restricted cash	-	98,382
Right-of-use asset– operating leases	3,897,885	4,433,202
Right-of-use asset – finance leases	340,048	-
Intangible assets	1,056,199	1,060,458
Goodwill	1,929,326	1,929,326
Accounts receivable, long-term	1,249,612	1,143,410
Deferred income tax assets	168,000	168,000
Security deposits	319,145	383,545
Total assets	$ 31,886,025	$ 27,245,396
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	$ 2,396,823	$ 2,582,173
Accrued income tax payable	497,238	147,055
Deferred, unearned tuition	4,213,136	3,473,726
Other current liabilities	35,062	30,434
Current portion of debt	580,905	678,257
Debt owed, related party	50,000	50,000
Current portion of financing lease	55,696	-
Current portion of operating lease liability	1,780,989	1,531,624
Total current liabilities	9,609,849	8,493,269

Debt, net of current portion	72,285	45,325
Financing lease, net of current portion	209,524	-
Other liabilities, net of current portion	26,941	33,774
Operating lease liability, net of current portion	2,388,634	3,250,944
Total liabilities	12,307,233	11,823,312
Commitments and contingencies		
Stockholders' equity		
Preferred stock: $0.001 par value, 10,000,000 shares authorized; no shares issued and outstanding		
Common stock: $0.001 par value, 100,000,000 shares authorized, 18,582,298 shares issued and outstanding	18,582	18,582
Additional paid in capital	14,294,884	14,294,884
Retained earnings (accumulated deficit)	5,265,326	1,108,618
Total stockholders' equity	19,578,792	15,422,084
Total liabilities and stockholders' equity	$ 31,886,025	$ 27,245,396

*Derived from audited information.

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Legacy Education Inc.
Condensed Consolidated Income Statements
for the Three and Nine Months ended March 31, 2024 and 2023
(Unaudited)

	For the Three Months Ended March 31,		For the Nine Months Ended March 31,	
	2024	**2023**	**2024**	**2023**
Revenue				
Tuition and related income, net	$ 12,329,665	$ 9,307,555	$ 33,247,896	$ 25,946,084
Operating expenses				
Educational services	6,544,156	5,510,867	17,802,629	15,184,871
General and administrative	3,310,191	2,742,266	9,745,797	7,928,783
General and administrative – related party	42,000	42,000	126,000	126,000
Depreciation and amortization	68,010	58,066	189,172	169,182
Total costs and expenses	9,964,357	8,353,199	27,863,598	23,408,836
Operating income	2,365,308	954,356	5,384,298	2,537,248
Interest expenses	(39,763)	(26,842)	(103,298)	(79,316)
Interest income	205,311	44,984	527,020	148,665
Total other income/(expenses)	165,548	18,142	423,722	69,349
Income from continuing operations before income tax expenses	2,530,856	972,498	5,808,020	2,606,597
Income tax expenses	(736,905)	(314,000)	(1,654,512)	(734,621)
Net income after income tax expense for the period	$ 1,793,951	$ 658,498	$ 4,153,508	$ 1,871,976
Net income per share				
Basic net income per share	$ 0.10	$ 0.04	$ 0.22	$ 0.10
Diluted net income per share	$ 0.09	$ 0.03	$ 0.21	$ 0.10
Weighted average number of common stock outstanding				
Basic weighted average shares outstanding	18,582,298	18,408,965	18,582,298	18,408,965
Diluted weighted average shares outstanding	19,382,298	19,414,798	19,382,298	19,414,798

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Legacy Education Inc.
Condensed Consolidated Statements of Changes in Stockholders' Equity
for the nine Months ended March 31, 2024 and 2023
(Unaudited)

	Preferred Stock		Common Stock		Additional paid in	Retained Earnings (Accumulated	
	Shares	**Amount**	**Shares**	**Amount**	**capital**	**Deficit)**	**Total**
Balance, June 30, 2022	-	$ -	18,408,965	$ 18,409	$ 14,249,990	$ (666,916)	$ 13,601,483
Cumulative-effect adjustment (ASC 842)						37,911	37,911
Net income						880,244	880,244
Balance, September 30, 2022	-	$ -	18,408,965	$ 18,409	$ 14,249,990	$ 251,239	$ 14,519,638

Net income						333,234	333,234
Balance, December 31, 2022	-	$ -	18,408,965	$ 18,409	$ 14,249,990	$ 584,473	$ 14,852,872
Net income						658,498	658,498
Balance, March 31, 2023	-	$ -	18,408,965	$ 18,409	$ 14,249,990	$ 1,242,971	$ 15,511,370

	Preferred Stock		Common Stock		Additional paid in	Retained Earnings (Accumulated	
	Shares	Amount	Shares	Amount	capital	Deficit)	Total
Balance, June 30, 2023	-	$ -	18,582,298	$ 18,582	$ 14,294,884	$ 1,108,618	$ 15,422,084
Net income						1,069,594	1,069,594
Balance, September 30, 2023	-	$ -	18,582,298	$ 18,582	$ 14,294,884	$ 2,178,212	$ 16,491,678
Net income						1,289,963	1,289,963
Balance, December 31, 2023	-	$ -	18,582,298	$ 18,582	$ 14,294,884	$ 3,468,175	$ 17,781,641
Dividend						3,200	3,200
Net income						1,793,951	1,793,951
Balance, March 31, 2024	-	$ -	18,582,298	$ 18,582	$ 14,294,884	$ 5,265,326	$ 19,578,792

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Legacy Education Inc.
Condensed Consolidated Statements of Cash Flows
for the Nine Months ended March 31, 2024 and 2023
(Unaudited)

	2024	2023
Cash flows provided by (used in) operating activities:		
Net income	$ 4,153,508	$ 1,871,976
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation & amortization	189,672	169,182
Deferred income tax	-	-
Provision for allowance for doubtful accounts for accounts receivable and contracts receivable	1,428,898	1,008,713
Changes in assets and liabilities:		
Accounts receivable	(3,876,432)	(2,099,946)
Prepaid expenses	(185,983)	(351,044)
Other receivables	560	449,390
Other assets	69,975	13,843
Accounts payable and accrued liabilities	(185,350)	(557,624)
Income tax payable	350,183	(282,298)
Other current liabilities	64,400	56,072
Deferred unearned tuition	739,410	79,021
Deferred rent	(77,628)	(52,731)
Net cash provided by operating activities	2,671,213	304,554
Cash flows used in investing activities:		
Purchases of property and equipment	(408,388)	(148,959)
Net cash used in investing activities	(408,388)	(148,959)
Cash flows provided by financing activities:		
Return uncleared dividend payment	3,200	-
Principal payment on financing lease	(54,469)	-
Principal payments on debt	(189,679)	(86,961)
Net cash (used in) provided by financing activities	(240,948)	(86,961)
Net increase cash and cash equivalents and restricted cash	2,021,877	68,634
Cash and cash equivalents and restricted cash, beginning of year	9,389,606	8,866,564
Cash and cash equivalents and restricted cash, end of year	$ 11,411,483	$ 8,935,198
Supplemental disclosure of cash flow information		
Cash paid during the periods for interest	$ 81,601	$ 71,132
Cash paid during the periods for income taxes	$ 1,500,889	$ 1,022,536
Supplemental disclosure of noncash activities		
Non-cash purchase of financed lease assets	$ 340,048	$ -
Non-cash purchase of debt	$ 61,110	$ -

The accompanying notes are an integral part of these unaudited consolidated financial statements.

Note–1 - Nature of Business

For purposes of these financial statements, "Legacy,", the "Company," "we," "our," "us," or similar references refers to Legacy Education Inc. and its consolidated subsidiaries, unless the context requires otherwise. Legacy Education, LLC was formed on October 19, 2009 in the state of California as a limited liability company. The Company operates as career institution that focuses on real-life training by utilizing educational practices in different job markets. The Company offers programs in career paths such as healthcare, veterinary, medical information technology, business management, and green technology. The Company is accredited by the Accrediting Council for Continuing Education and Training ("ACCET"), and the Accrediting Bureau of Health Education Schools ("ABHES") and approved to operate in the state of California by the Bureau for Private Postsecondary Education ("BPPE"). The consolidated financial statements include accounts of Legacy Education Inc. d/b/a High Desert Medical College ("HDMC") and its wholly owned subsidiary, Legacy Education Monterey LLC ("Monterey") d/b/a Central Coast College ("CCC"), and its wholly owned subsidiary, Advanced Health Services, LLC d/b/a Integrity College of Health ("Integrity"). Pursuant to an Agreement and Plan of Merger and Reorganization (the "Reorganization Merger"), dated September 1, 2021, effective as of September 3, 2021 (the "Effective Date"), Legacy Education Merger Sub, LLC, a wholly owned subsidiary of Legacy Education Inc. formed solely for the purpose of implementing the Reorganization Merger, merged with and into Legacy Education, LLC, with Legacy Education, LLC surviving the merger and becoming a wholly owned subsidiary of Legacy Education Inc., a corporation formed on March 18, 2020 in the State of Nevada for the sole purpose of restructuring the Company from a member-owned Limited Liability Corporation to a shareholder-owned C-Corporation. On the Effective Date, in exchange for each Class A Unit owned in Legacy Education, LLC, the members of Legacy Education, LLC received one share of common stock in Legacy Education Inc. in a one for one exchange. The members immediately prior to the Reorganization Merger became the 100% owners of Legacy Education Inc. immediately following the Reorganization Merger.

The impact of the Reorganization Merger has been retroactively applied in accordance with ASC 250-10-45-21. ASC 250-10-45-21 states in part that, "When an accounting change results in financial statements that are, in effect, the statements of a different reporting entity, the change shall be retrospectively applied to the financial statements of all prior periods presented to show financial information for the new reporting entity for those periods."

ASC 250-10-45-21 requires entities to reflect a change in the reporting entity (i.e., financial statements that are, in effect, the statements of a different reporting entity), by retrospective application to the financial statements of all prior periods presented to show financial information for the new reporting entity. Legacy Education Inc. became the new reporting entity when the Reorganization Merger occurred effective September 3, 2021, which subjected the Company to the retrospective application described above.

This retrospective treatment is consistent with the treatment of a business combination related shell company under SEC regulations. A "business combination related shell company" is defined in Rule 405 under the Securities Act as a shell company that is (a) formed by an entity that is not a shell company solely for the purpose of changing the corporate domicile of that entity solely within the United States or (b) formed by an entity that is not a shell company solely for the purpose of completing a business combination transaction (as defined in Rule 165(f) under the Securities Act) among one or more entities other than the shell company, none of which is a shell company.

Legacy Education Inc. had essentially no operations nor assets as of September 3, 2021, the effective date of the Reorganization Merger, and was formed by Legacy Education, LLC for the sole purpose of restructuring the Company from a member-owned Limited Liability Corporation, with that ownership in the form of membership interest, to a shareholder-owned C-Corporation, with that ownership in the form of shares of stock in the corporation. Accordingly, Legacy Education Inc. meets the criteria to be a business combination related shell company, as defined above. When this occurs, the appropriate presentation of financial statements for the business combination related shell company (Legacy Education Inc.) is to include the financial data for the related entity (Legacy Education, LLC) consistent with ASC 250-10-45-21.

HDMC offers instruction in eight programs: ultrasound technician, ultrasound technician associate of applied science degree, medical billing and coding, vocational nursing, clinical medical assisting, pharmacy technician, dental assisting and medical administrative vocational nursing associate of applied science degree.

CCC, a wholly-owned subsidiary of HDMC, offers instruction in healthcare career training programs, business career training programs and veterinary career training and offers occupational associates degrees.

Integrity, a wholly-owned subsidiary of HDMC, is an accredited college offering instruction in medical assisting, vocational nursing, medical insurance coding and billing, diagnostic medical sonography (ultrasound technician) and Bachelors of Science in nursing (RN to BSN).

These financial statements should be read together with the consolidated financial statements and related notes as of June 30, 2023 and 2022 and for each of the respective two years then ended.

Principal of Consolidation

The consolidated financial statements include the accounts of HDMC and its wholly-owned subsidiaries, CCC and Integrity.

All significant intercompany balances and transactions have been eliminated in consolidation.

Note–2 - Summary of Significant Accounting Policies

Basis of Presentation Unaudited Interim Financial Information

The accompanying interim condensed consolidated financial statements are unaudited. In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all the normal recurring adjustments necessary to present fairly the financial position and results of operations as of and for the periods presented. The interim results are not necessarily indicative of the results to be expected for the full year or any future period.

Certain information and footnote disclosures normally included in the consolidated financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). The Company believes that the disclosures are adequate to make the interim information presented not misleading. These consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and the notes thereto included elsewhere in this Form S-1, for the years ended June 30, 2023 and 2022.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include the assumptions used in the evaluation of the Company's distinct performance obligation, the valuation of equity instruments and valuation allowances related to accounts receivable.

Reclassifications

Certain amounts in the prior period financial statements have been reclassified to conform to the current period presentation. These reclassifications had no effect on reported

consolidated net income.

Cash and Cash Equivalents

The Company considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents. These investments are stated at cost, which approximates fair value.

Letter of Credit and Restricted Cash

In October 2018, Integrity received a notice from the U.S. Department of Education ("ED") requiring Integrity to post a letter of credit in the amount of $138,977 due to the deficient composite score for the year ended December 31, 2017. During the fiscal year ended June 30, 2020, the Company received notice from ED permitting the Company to decrease the letter of credit to $98,382. Integrity maintained passing scores on its composite score since 2019. The letter of credit is secured by cash on deposit with the issuing bank and was extended through August 2023, when the ED released the Company from the letter of credit requirement.

Under *Accounting Standards Update ("ASU") 2016-18, Statements of Cash Flows – Restricted Cash,* a statement of cash flows explaining the change during the period in the total cash, cash equivalents, and amount generally described as restricted cash or restricted cash equivalents is required. The accompanying balance sheets as of March 31, 2024 and June 30, 2023 have been presented in accordance with the guidance provided by ASU 2016-18.

Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation. Depreciation is computed using the straight-line method. Normal repairs and maintenance are expensed as incurred. Expenditures that materially extend the useful life of an asset are capitalized. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. Furniture and fixtures, machinery, computer equipment, and vehicles generally have estimated useful lives of ten, seven, four, and five years, respectively. Leasehold improvements are depreciated over the shorter of their lease term or their useful life.

Leases

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842) in order to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet for those leases classified as operating leases under current GAAP. ASU 2016-02 requires that a lessee should recognize a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term on the balance sheet. ASU 2016-02 is effective for fiscal years beginning after December 15, 2021, using a modified retrospective approach and early adoption is permitted. The Company adopted ASU 2016-02 on July 1, 2022.

The Company has elected to apply the short-term scope exception for leases with terms of 12 months or less at the inception of the lease and will continue to recognize rent expense on a straight-line basis. As a result of the adoption, on July 1, 2022, the Company recognized a lease liability of approximately $5.7 million, which represented the present value of the remaining minimum lease payments using an estimated incremental borrowing rate of 3.98%. As of July 1, 2022, the Company recognized a right-to-use asset of approximately $5.3 million. Lease expense did not change materially as a result of the adoption of ASU 2016-02.

Goodwill and Intangibles

Goodwill represents the excess of the purchase price over the fair market value of the net assets (including intangibles) acquired on December 31, 2019 and January 15, 2019. The Company has implemented the Business Combinations Topic of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 350, *Intangibles - Goodwill and Other.*

Goodwill, tradename, and accreditation are deemed to have an indefinite life, and course curriculum has a definite life of approximately 18 years. Goodwill and indefinite life intangible assets are not amortized but are subject to, at a minimum, annual impairment tests. The Company expenses costs to maintain or extend intangible assets as incurred.

The Company reviews intangible assets (with a definite life), excluding goodwill, accreditation and tradenames, for impairment when events or changes in circumstances indicate the carrying amount may not be recoverable. We measure the recoverability of these assets by comparing the carrying amounts to the future undiscounted cash flows that the assets are expected to generate. If the carrying value of the assets are not recoverable, the impairment recognized is measured as the amount by which the carrying value of the asset exceeds its fair value. There were no impairments for the periods presented.

The Company tests goodwill, accreditation and trade names for impairment at least annually, or more frequently if events or changes in circumstances indicate that the asset may be impaired. There were no goodwill, accreditation or trade names impairments for the periods presented.

The Company amortizes intangible assets with definite lives on a straight-line basis.

Long-Lived Assets

The Company evaluates the recoverability of its long-lived assets for impairment, other than goodwill, whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to undiscounted future net cash flows expected to be generated by the assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Fair value estimates are based on assumptions concerning the amount and timing of estimated future cash flows. The Company had no long-lived asset impairments as of March 31, 2024 and 2023, respectively.

Revenue Recognition

Revenue is recognized when control of promised goods or services is transferred to the Company's customers in an amount of consideration to which the Company expects to be entitled to in exchange for those goods or services. The Company follows the five steps approach for revenue recognition under ASC 606: (i) identify the contract(s) with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract, and (v) recognize revenue when (or as) the Company satisfies a performance obligation.

The Company identifies a contract for revenue recognition when there is approval and commitment from both parties, the rights of the parties and payment terms are identified, the contract has commercial substance and the collectability of consideration is probable. The Company evaluates each contract to determine the number of distinct performance obligations in the contract, which requires the use of judgment. The Company's contracts include promises for educational services and course materials which are distinct performance obligations.

Tuition revenue is primarily derived from postsecondary education services provided to students. Generally, tuition and other fees are paid upfront and recorded in contract liabilities in advance of the date when education services are provided to the student. A tuition receivable is recorded for the portion of tuition not paid in advance. In some instances, installment billing is available to students which reduces the amount of cash consideration received in advance of performing the service. The contractual terms and conditions associated with installment billing indicate that the student is liable for the total contract price, therefore mitigating the Company's exposure to losses associated with nonpayment. Tuition revenue is recognized ratably over the instruction period. The Company generally uses the time elapsed method, an input measure, as it best depicts the

simultaneous consumption and delivery of tuition services. Revenue associated with distinct course materials is recognized at the point of time when control transfers to the student, generally when the materials are delivered to the student. Revenue associated with lab services is recognized over the period of time when the service is performed.

The Company's refund policy may permit students who do not complete a course to be eligible for a refund for the portion of the course they did not attend. Refunds generally result in a reduction of deferred revenue during the period that the student drops or withdraws from a class.

The transaction price is stated in the contract and known at the time of contract inception, as such there is variable consideration for situations when a student drops from a program based on the Company's refund policy and additional charges if a student requires additional hours to complete the program beyond the contracted end date. The Company believes that its experience with these situations is of little predictive value because the future performance of students is dependent on each individual and the amount of variable consideration is highly susceptible to factors outside of the Company's influence. Accordingly, no variable consideration has been included in the transaction price or recognized as income until the constraint has been eliminated. Revenue is allocated to each performance obligation based on its standalone selling price. Any discounts within the contract are allocated across all performance obligations unless observable evidence exists that the discount relates to a specific performance obligation or obligations in the contract. The Company generally determines standalone selling prices based on prices charged to students.

The Company excludes from revenue taxes assessed by a governmental authority as these are agency transactions collected on their behalf from the customer. Significant judgments include the allocation of the contract price across performance obligations, the methodology for earning tuition ratably over the instruction period, estimates for the amount of variable consideration included in the transaction price as well as the determination of the impact of the constraints preventing the variable consideration from being recognized in revenue.

Disaggregation of Revenue

The tuition and related revenue consist of the following during the three and nine months period ended March 31, 2024 and 2023:

	For the Three Months Ended March 31,		For the Nine Months Ended March 31,	
	2024	**2023**	**2024**	**2023**
Tuition and lab fees (recognized over time)	10,099,834	7,853,161	27,554,512	22,298,852
Books, registration and other fees (recognized at a point in time)	2,229,831	1,454,394	5,693,384	3,647,232
Total revenue	12,329,665	9,307,555	33,247,896	25,946,084

Allowance for Doubtful Accounts

The Company records an allowance for doubtful accounts for estimated losses resulting from the inability, failure or refusal of its students to make required payments, which includes the recovery of financial aid funds advanced to a student for amounts in excess of the student's cost of tuition and related fees. The Company determines the adequacy of its allowance for doubtful accounts based on an analysis of its historical bad debt experience, current economic trends, and the aging of the accounts receivable and student status. The Company applies reserves to its receivables based upon an estimate of the risk presented by the age of the receivables and student status. The Company writes off account receivable balances of inactive students at the earlier of the time the balances were deemed uncollectible, or one year after the revenue is generated. Bad debt expense is recorded as a general and administrative expense in the accompanying statements of operations. The Company performs an analysis annually to determine which accounts are uncollectable and then writes them off.

Refunds

The Company pays or credits refunds within 45 days of a student's cancellation or withdrawal for students who have completed 60% or less of the period of attendance based on a pro rata calculation. Once the student has completed more than 60% of a period of attendance, all Title IV funds are considered earned and no refunds are due to ED.

Advertising

The Company expenses advertising cost as incurred. Advertising costs amounted to $3,028,944 and $2,670,295 during the nine months ended March 31, 2024, and 2023, respectively. Advertising costs amounted to $937,440 and $993,431 during the three months ended March 31, 20234, and 2023, respectively.

Share-Based Compensation

The Company measures and recognizes compensation expense for share-based payment awards made to employees, directors and consultants. The fair value of the Company's restricted membership interest awards is based on its membership units on the date of grant or the date of approval by the Board. The fair value of awards to outside consultants is computed at each reporting date with the final valuation on the date the warrants are fully vested. Stock-based compensation expense related to restricted membership interest grants is expensed over the vesting period using the straight-line method for Company employees, the Company's Officers and outside consultants.

The Company adopted ASU 2018-07 effective July 2020 that simplifies the accounting for share based payments granted to non-employees. Under the ASU the guidance on such payments to non-employees would be aligned with the share-based payments granted to employees. The Company's adoption of the policy had no material effect of its financials.

Fair Value of Financial Instruments

The Company's financial instruments primarily consist of cash and cash equivalents, accounts receivable, contracts receivable, accounts payable and accrued liabilities, contracts receivable recourse, deferred, unearned tuition, debt and a capital lease obligation. The carrying values of the Company's financial instruments approximate fair value.

FASB ASC 820, *Fair Value Measurements and Disclosure*s ("ASC 820") establishes a framework for all fair value measurements and expands disclosures related to fair value measurement and developments. ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

ASC 820 requires that assets and liabilities measured at fair value are classified and disclosed in one of the following three categories:

Level 1—Quoted market prices for identical assets or liabilities in active markets or observable inputs;
Level 2—Significant other observable inputs that can be corroborated by observable market data; and
Level 3—Significant unobservable inputs that cannot be corroborated by observable market data.

Concentration of Credit Risk

A substantial portion of revenues and ending accounts receivable at June 30, 2023 and 2022 are a direct result of the Company's participation in Financial Student Aid ("FSA") programs, which represents a primary source of student tuition. The FSA programs are subject to political budgetary considerations. There is no assurance that funding will be maintained at current levels. The FSA programs are subject to significant regulatory requirements. Any regulatory violation could have a material effect on the Company.

The Company maintains its cash and cash equivalents in various financial institutions. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation up to $250,000. The Company performs ongoing evaluations of these institutions to limit concentration risk exposure. The Company maintains cash balances in excess of these limits from time to time.

As of March 31, 2024, $6.34 million was maintained in a redeemable money market account bearing interest at 2.88% per annum.

Commitments and Contingencies

The Company accrues for a contingent obligation when it is probable that a liability has been incurred and the amount is reasonably estimable. When the Company becomes aware of a claim or potential claim, the likelihood of any loss exposure is assessed. If it is probable that a loss will result and the amount of the loss is estimable, the Company records a liability for the estimated loss. If the loss is not probable or the amount of the potential loss is not estimable, the Company will disclose the claim if the likelihood of a potential loss is reasonably possible and the amount of the potential loss could be material. Estimates that are particularly sensitive to future changes include tax, legal, and other regulatory matters, which are subject to change as events evolve, and as additional information becomes available during the administrative and litigation process. The Company expenses legal fees as incurred.

Income Taxes

GAAP requires management to evaluate tax positions taken by the Company and recognize a tax liability if the Company has taken an uncertain position that is more likely than not would be sustained upon examination by the Internal Revenue Service. Management has analyzed the Company's tax positions and believes there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statement.

The Company accounts for income taxes payable or refundable for the current year and deferred tax assets and liabilities for future tax consequences of events that have been recognized in the Company's financial statements or tax returns. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which the temporary differences are expected to be realized.

The Company expenses penalties and interest related to federal and state income taxes as incurred. Penalties, if any, are included in general and administration expenses on the income statement. The estimated federal and state effective tax rates are 21% and 8.84%, respectively.

Emerging Growth Company

The Company has elected to be an emerging growth company as defined under the Jumpstart Our Business Startups Act of 2012 ("JOBS Act"). Included with this election, the Company has also elected to use the provisions within the JOBS Act that allow companies that go public to continue to use the private company adoption date rules for new accounting policies. The Company will remain an emerging growth company until the earlier of (i) the last day of the Company's fiscal year following the fifth anniversary of the closing of the Company's initial public offering of its securities, (ii) the last day of the fiscal year (a) in which the Company total annual gross revenue of at least $1.07 billion or (b) in which the Company is deemed to be a large accelerated filer under the rules of the Securities and Exchange Commission, and (iii) the date on which the Company has issued more than $1.0 billion of non-convertible debt in any three-year period.

Earnings Per Share

ASC 260, Earnings Per Share, requires dual presentation of basic and diluted earnings per share ("EPS") with a reconciliation of the numerator and denominator of the basic EPS computation to the numerator and denominator of the diluted EPS computation. Basic EPS excludes dilution. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the earnings of the entity.

The following table provides a reconciliation of the numerators and denominators used to determine basic and diluted net income per common share for the three and nine months ended March 31, 2024 and 2023:

	For the Three Months Ended March 31,		For the Nine Months Ended March 31,	
	2024	2023	2024	2023
Numerator				
Net income	$ 1,793,951	$ 658,498	$ 4,153,508	$ 1,871,976
Denominator				
Weighted-average shares outstanding, basic	18,582,298	18,408,965	18,582,298	18,408,965
Dilutive impact of share-based instruments	800,000	1,005,833	800,000	1,005,833
Weighted-average shares outstanding, diluted	19,382,298	19,414,798	19,382,298	19,414,798
Net income per share				
Basic	$ 0.10	$ 0.04	$ 0.22	$ 0.10
Diluted	$ 0.09	$ 0.03	$ 0.21	$ 0.10

In June 2016, the FASB issued ASU 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments ("ASU 2016-13"). ASU 2016-13 provides guidance for recognizing credit losses on financial instruments based on an estimate of current expected credit losses model. The amendments are effective for fiscal years beginning after December 15, 2019. Recently, the FASB issued the final ASU to delay adoption for smaller reporting companies for fiscal years beginning after December 15, 2022. We adopted ASU 2016-13 on July 1, 2023 and it did not have a material impact on our consolidated financial statements and related disclosures.

In August 2020, the FASB issued ASU 2020-06, Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity. This ASU amends the guidance on convertible instruments and the derivatives scope exception for contracts in an entity's own equity, and also improves and amends the related earnings per share guidance for both Subtopics. The ASU will be effective for smaller reporting companies for annual reporting periods beginning after December 15, 2023 and interim periods within those annual periods and early adoption is permitted. We are currently evaluating the impact of the new guidance on our consolidated financial statements.

Note–3 - Intangible Assets

The intangibles consisted of the following as of March 31, 2024 and June 30, 2023:

	March 31, 2024	June 30, 2023
Goodwill	$ 1,929,326	$ 1,929,326
Trade name	796,600	796,600
Accreditation	88,200	88,200
Course curriculum	198,000	198,000
Total cost of intangibles	$ 3,012,126	$ 3,012,126
Less accumulated amortization	(26,601)	(22,342)
Intangibles net	$ 2,985,525	$ 2,989,784

As of June 30, 2023 and 2022, no impairment of the Company's goodwill, nor other intangibles with an indefinite life was required related to its previous acquisitions of CCC and Integrity. Although the ACCET accreditation has an indefinite life, the accreditation requires renewal every five years. CCC's ACCET accreditation was most recently renewed in April 2020 and its next renewal is in April 2025. The Company recognized $1,253 and $4,259 in amortization expense for the three and nine months ended March 31, 2024. The Company recognized $1,252 and $3,758 in amortization expense for the three and nine months ended March 31, 2023. Although the Accrediting Bureau of Health Education Schools ("ABHES") has an indefinite life, the accreditation requires renewal every five years. Integrity's next ABHES accreditation renewal is in February 28, 2026. 100% of goodwill is expected to be deductible for federal income tax purposes and will be amortized over 15 years on a straight-line basis.

Note–4 - Property and Equipment

Property and equipment consist of the following:

	March 31, 2024	June 30, 2023
Leasehold improvements	$ 562,834	$ 397,598
Machinery and equipment	1,021,630	788,726
Computer equipment	663,268	566,973
Furniture, fixtures and other equipment	263,651	252,975
	2,511,383	2,006,272
Less accumulated depreciation and amortization	(1,511,612)	(1,326,199)
Property and equipment, net	$ 999,771	$ 680,073

Depreciation and amortization expense associated with property and equipment totaled $62,050 and $118,656 for the three and nine months ended March 31, 2024, respectively. Depreciation and amortization expense associated with property and equipment totaled $56,813 and $165,424 for the three and nine months ended March 31, 2023, respectively.

Note 5 – Accounts Receivable, Long-Term

TuitionFlex

The TuitionFlex Program is designed to create a flexible tuition credit program for students and families to help bridge the financial gap, all in accordance with applicable federal Truth-In-Lending regulations. Through this program, we offer payment plans to all students, regardless of financial need, for up to 5 years. The long-term portion of student receivables utilizing the Tuition Flex program was $1,249,612 and $1,143,410 as of March 31, 2024 and June 30, 2023, respectively.

Note 6 – Prepaid Expenses

The prepaid expenses consist of the following as of March 31, 2024 and June 30, 2023:

	March 31, 2024	June 30, 2023
Books	$ 119,672	$ 190,815
Supplies and other prepaid expenses	727,870	470,744
Total prepaid expenses	$ 847,542	$ 661,559

Note 7 – Other Receivables

The other receivables consist of the following as of March 31, 2024 and Jun 30, 2023:

	March 31, 2024	June 30, 2023
Other advance	94,454	94,454
Employee retention credit	46,440	47,000
Total other receivables	$ 140,894	$ 141,454

The Company paid $106,846 federal income taxes on behalf of a foreign investor in Legacy, and the amount due back to the Company was $94,454 as of March 31, 2024 and June 30, 2023.

During the fiscal year ended June 30, 2021, the Company applied for certain Employee Retention Credits ("ERTC") under the CARES Act in the approximate amount of $2.9 million. The remaining balance of the ERTC receivable as of March 31, 2024 and June 30, 2023 was $46,440 and $47,000, respectively.

Note 8 – Accounts Payable and Accrued Liabilities

Accounts payable and accrued expenses as of March 31, 2024 and June 30, 2023 consist of the following:

	March 31, 2024	June 30, 2023
Accounts payable	$ 713,846	$ 722,709
Accrued payroll and payroll taxes	416,227	450,388
Accrued vacation	426,743	453,397
Accrued bonuses	739,823	824,821

Accrued other expenses	100,184	130,858
Total	$ 2,396,823	$ 2,582,173

Note–9 - Debts and Other Liabilities

(1) Promissory Notes

The Company received $750,000 in proceeds from several debtors, including $150,000 from related parties. Under the unsecured promissory notes, the principal shall be due and payable on the earlier to occur (i) the 9-month anniversary of the first advance under each promissory note; or (ii) the completion of an initial public offering by payee ("Maturity Date"), and the promissory note shall bear interest at a monthly rate of 1% based upon the amount outstanding as of any calculation date. Interest shall be payable monthly commencing on the 15th day of each calendar month following the date funds are first advanced. The maturity dates on these promissory notes were extended to March 31, 2021. The noteholders agreed to defer the repayment of the principal balance until the completion of a future Initial Public Offering.

	March 31, 2024	June 30, 2023
Promissory note issued on November 12, 2019	$ 500,000	$ 500,000
Promissory note issued on December 30, 2019 related party	50,000	50,000
Promissory note issued on February 6, 2020	-	100,000
Total other debt	$ 550,000	$ 650,000

A promissory note issued on December 30, 2019 to a related party was repaid during the fiscal year ended June 30, 2023. The note was repaid via a cash payment for principal amounting to $88,733, and $11,267 was satisfied as an exercise of 43,333 common stock options at $0.26 per share.

In September 2023, the promissory note issued on February 6, 2020 for $100,000 was repaid in full.

(2) Equipment Loan

In June 2019, the Company entered into an equipment loan for $26,647. The note accrues interest at a rate of 6.5% per annum and requires 60 equal monthly payments. As of March 31, 2024 and June 30, 2023, the principal balance of the promissory note was $0 and $6,042, respectively.

In August 2019, the Company entered into an equipment loan for $26,997. The note accrues interest at a rate of 6.95% per annum and requires 60 equal monthly payments. As of March 31, 2024 and June 30, 2023, the principal balance of the promissory note was $1,062 and $7,652, respectively.

In January 2023, the Company entered into an equipment loan for $30,744. The note accrues interest at a rate of 6.0% per annum and requires 48 equal monthly payments. As of March 31, 2024 and June 30, 2023, the principal balance of the promissory note was $22,819 and $28,285, respectively.

In August 2023, the Company entered into an equipment loan for $34,580. The note accrues interest at a rate of 10.14% per annum and requires 48 equal monthly payments. As of March 31, 2024 and June 30, 2023, the principal balance of the promissory note was $29,617 and $0, respectively.

In November 2023, the Company entered into an equipment loan for $14,610. The note accrues interest at a rate of 10.72% per annum and requires 48 equal monthly payments. As of March 31, 2024 and June 30, 2023, the principal balance of the promissory note was $13,358 and $0, respectively.

In December 2023, the Company entered into an equipment loan for $11,920. The note accrues interest at a rate of 13.53% per annum and requires 36 equal monthly payments. As of March 31, 2024 and June 30, 2023, the principal balance of the promissory note was $10,698 and $0, respectively.

(3) Bank Loan

On December 31, 2019, the Company acquired Integrity, assuming its two bank loans, which are secured by all business assets of the Company.

	March 31, 2024	June 30, 2023
Bank loan #1, monthly payment $803, due in 110 months, effective interest rate 6.44%	$ 25,946	$ 31,356
Bank loan #2, monthly payment $5,672 start on November 23, 2020, due in 48 months	49,691	78,532
Total bank loans	$ 75,637	$ 109,888

Future maturities over the remaining term of total debt for (1) to (3) are as follows:

2024 [1]	$ 574,651
2025	64,843
2026	34,252
2027	27,106
Thereafter	2,338
	703,190
Less: current portion [1]	(630,905)
Long-term portion of debt	$ 72,285

[1] Includes $50,000 related party debt

Note 10 - Related Party Transactions

A shareholder of the Company was paid $22,500 as consulting fees in the three months ended March 31, 2024 and 2023; and $67,500 as consulting fees in the nine months ended March 31, 2024 and 2023.

A director of the Company was paid $19,500 in consulting fees in the three months ended March 31, 2024 and 2023; and $58,500 in consulting fees in the nine months ended March 31, 2024 and 2023.

In December 2019, the Company received $50,000 of proceeds from a promissory note, entered into with an executive of the Company, which bears interest at the rate of 12% per annum and matures on the earlier of the nine-month anniversary of the loan or the completion of an initial public offering. The balance of this note was $50,000 as of March 31, 2024 and June 30, 2023.

In December 2019, the Company received $100,000 of proceeds evidenced by a promissory note that was entered into with a shareholder. The note bears interest at the rate of 12% per annum and matures on the earlier of the nine-month anniversary of the loan or the completion of an initial public offering. The balance of this note was $0 as of March 31, 2024 and June 30, 2023.

As of March 31, 2024 and June 30, 2023, the Company had a balance due from a shareholder, who is also the President of the Company, totaling $0 and $69,975. This amount is included in the related party receivable on the balance sheet.

Note 11 – Lease Commitments

Financing Leases

In July 2023, the Company entered into an equipment lease for $340,048. The lease accrues interest at a rate of 11.16% per annum and requires 5 equal annual payment installments due on September 1 of each year.

The present value of future minimum lease payments due at March 31, 2024 was as follows:

2024		-
2025		81,459
2026		81,459
2027		81,459
Thereafter		81,458
Total minimum payments		325,835
Less: amount representing interest		(60,615)
Present value of minimum payments	$	265,220
Less: current portion		(55,696)
Long term portion	$	209,524

Operating Leases

The Company leases its instructional facilities under non-cancelable operating leases expiring at various dates through 2026. In most cases, the facility leases require the Company to pay various operating expenses of the facilities in addition to base monthly lease payments. In certain cases, the Company has options available under its leases to renew, and certain leases contain ordinary rental escalations on the space. Rent expense for the certain leases described above is recorded evenly over each lease term. The difference between rent expense recorded and the amount paid is reflected as deferred rent on the accompanying balance sheets for those leases with rent escalation clauses.

Because the rate implicit in each lease is not readily determinable, the Company uses its incremental borrowing rate to determine the present value of the lease payments. The Company has elected the practical expedient to use the risk-free rate as its incremental borrowing rate.

March 31, 2024 are as follows:

2024	$	478,875
2025		1,900,862
2026		1,501,911
2027		341,511
2028		123,736
Total future minimum operating lease payments		4,346,895
Less: imputed interest		(177,272)
Total		4,169,623
Current portion of operating lease		1,780,989
Long term portion of operating lease	$	2,388,634

Total rent expense and related taxes and operating expenses under operating leases for the three and nine months ended March 31, 2024 were $877,410 and $2,585,060, respectively. Total rent expense and related taxes and operating expenses under operating leases for the three and nine months ended March 31, 2023 were $830,540 and $2,246,240, respectively.

Supplemental balance sheet information related to leases was as follows:

	March 31, 2024	June 30, 2023
Operating lease right-of-use assets	$ 3,897,885	$ 4,433,202
Operating lease liability - current	$ 1,780,989	$ 1,531,624
Operating lease liability – non-current	2,388,634	3,250,944
Total operating lease liability	$ 4,169,623	$ 4,782,568

Other supplemental information:

	For Nine Months ended March 31,	
	2024	2023
Cash paid for operating lease	$ 1,418,542	$ 1,174,961

Note 12 – Stockholders' Equity

Pursuant to an Agreement and Plan of Merger and Reorganization, dated September 1, 2021, effective as of September 3, 2021 (the "Effective Date"), Legacy Education Merger

Sub, LLC merged with and into Legacy Education Inc., with Legacy Education Inc. surviving the merger and becoming a wholly owned subsidiary of Legacy Education Inc. (the "Reorganization Merger"). On the Effective Date, in exchange for each Class A Unit owned in Legacy Education Inc., the members of Legacy Education, LLC received one share of common stock in Legacy Education Inc. in a one for one exchange. The members immediately prior to the Reorganization Merger became the 100% owners of Legacy Education Inc. immediately following the Reorganization Merger. The impact of the Reorganization Merger has been retroactively applied in accordance with ASC 250-10-45-21.

As of March 31, 2024 and June 30, 2023, the Company had 110,000,000 shares of authorized capital, par value $0.001, of which 100,000,000 shares are designated as common stock, and 10,000,000 shares are designated as preferred stock, which have liquidation preference over the common stock and are non-voting.

Equity Transactions

No Class A Units are issued during the nine months period ended March 31, 2024 and 2023.

As of March 31, 2024 and June 30, 2023 the Company had 18,582,298 common shares of stock outstanding, and no shares of preferred stock issued and outstanding.

Note 13 - Share-Based Compensation Plans

Stock Options

Except as noted below, we do not have a qualified stock option plan, but have issued Unit purchase options on a discretionary basis to employees, directors, service providers, private placement participants and outside consultants.

The Company utilizes ASC 718, *Stock Compensation,* related to accounting for share-based payments and, accordingly, records compensation expense for share-based awards based upon an assessment of the grant date fair value for stock options and restricted stock awards. The Black Scholes option pricing model was used to estimate the fair value of the options granted. This option pricing model requires a number of assumptions, of which the most significant are: expected stock price volatility, the expected pre-vesting forfeiture rate, and the expected option term (the amount of time from the grant date until the options are exercised or expire). The Company estimated a volatility factor utilizing a weighted average of comparable published volatilities. The Company applied the simplified method to determine the expected term of all stock-based compensation grants.

In prior years, the Company had granted time vested options to purchase Class A member units with exercise prices ranging from $0.26 - $0.90 on the date of grant by the Board. These options vest ratably over a period of three years and expire ten years from the date of grant and the fair value of these options were calculated using the Black-Scholes-Merton model.

A summary of the activity related to stock option units granted is as follows:

		Summary of Stock Options Outstanding	
	Total Options	Weighted Average Exercise Price per Option	Weighted Average Remaining Contractual Term (Years)
Outstanding as of June 30, 2022	1,005,833	0.67	4.16
Granted	-	-	-
Exercised	(173,333)	0.26	-
Forfeited, canceled, or expired	(32,500)	0.26	-
Outstanding as of June 30, 2023	800,000	0.77	4.14
Granted			
Exercised			
Forfeited, canceled, or expired			
Outstanding as of March 31, 2024	800,000	0.77	3.39
Exercisable as of March 31, 2024	800,000	0.77	3.39

A summary of the activity related to vested and unvested stock option units granted is as follows:

	Options Outstanding	Weighted Average Exercise Price	Weighted Average Grant Date Fair Value	Average Remaining Contractual Life (Years)
Balance – June 30, 2023, unvested	$ -	-	-	-
Options issued	-	-	-	-
Options vested	-	-	-	-
Options expired	-	-	-	-
Options exercised	-	-	-	-
Balance – March 31, 2024, unvested	-	$ -	-	-
Balance – March 31, 2024, unvested	-	$ -	-	-

Note 15 - Other Commitments and Contingency

Regulatory

In order for students to participate in Title IV federal financial aid programs, the Company is required to maintain certain standards of financial responsibility and administrative capability. In addition, the Company is accredited with ACCET and ABHES and approved by other agencies and must comply with rules and regulations of the accrediting body. As a result, the Company may be subject from time to time to audits, investigations, claims of noncompliance or lawsuits by governmental agencies, regulatory bodies, or third parties. While there can be no assurance that such matters will not occur and if they do occur will not have a material adverse effect on these financial statements, management believes that the Company has complied with all regulatory requirements as of the date of the financial statements.

The Company is subject to extensive regulation by federal and state governmental agencies and accrediting bodies. In particular, the Higher Education Act of 1965, as amended (the "Higher Education Act"), and the regulations promulgated thereunder by ED, subject the Company to significant regulatory scrutiny on the basis of numerous standards that schools must satisfy in order to participate in the various federal student financial assistance programs under Title IV of the Higher Education Act.

Borrowers Defense to Repayment

On October 28, 2016, ED published its new regulations with an effective date of July 1, 2017. The new regulations allow a borrower to assert a defense to repayment on the basis of a substantial misrepresentation, any other misrepresentation in cases where certain other factors are present, a breach of contract or a favorable non-default contested judgment against a school for its act or omission relating to the making of the borrower's loan or the provision of educational services for which the loan was provided. In addition, the financial responsibility standards contained in the new regulations establish the conditions or events that trigger the requirement for an institution to provide ED with financial protection in the form of a letter of credit or other security against potential institutional liabilities. Triggering conditions or events include, among others, certain state, federal or accrediting agency actions or investigations. The new regulations also prohibits schools from requiring that students agree to settle future disputes through arbitration. Management believes no misrepresentations have occurred nor has any agency actions or investigations occurred as of the date of these financial statements.

Litigation

The Company does not believe it is a party to any other pending or threatened litigation arising from services currently or formerly performed by the Company. To the extent that there may be other pending or threatened litigation that management is unaware of, they do not believe there to be any possible claims that could have a material adverse effect on their business, results of operations or financial condition.

Note 16 – Subsequent Events

On April 1, 2024, the Company granted stock options to purchase an aggregate of 2,847,988 shares of its common stock at an exercise price of $1.87 per share to employees, directors, consultants and non-employee service providers pursuant to its 2021 Equity Incentive Plan.

The Company has evaluated events or transactions for potential recognition or disclosure through August 16, 2024, the date the financial statements were available to be issued.

Shares
Common Stock

PROSPECTUS

Northland Capital Markets

Through and including , 2024 (the 25th day after the date of this offering), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution

The following table provides information regarding the various actual and anticipated expenses (other than underwriters' discounts) payable by us in connection with the issuance and distribution of the securities being registered hereby. All amounts shown are estimates except the SEC registration fee and FINRA filing fee.

Item		Amount
SEC registration fee	$	1,476.00
FINRA filing fee	$	2,750.00
NYSE filing fee	$	55,000.00
Printing and engraving expenses		*
Legal fees and expenses		*
Accounting fees and expenses		*
Transfer agents' fees and expenses		*
Miscellaneous costs		*
Total		*

***** To be filed by amendment.

Item 14. Indemnification of Directors and Officers

Section 78.7502(1) of the NRS provides that a corporation may indemnify any person who was or is a party, or is threatened to be made a party, to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (except in an action brought by or on behalf of the corporation) if that person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation

or enterprise, against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by that person in connection with such action, suit or proceeding, if that person acted in good faith and in a manner which that person reasonably believed to be in, or not opposed to, the best interests of the corporation, and, with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent, alone, does not create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in, or not opposed to, the best interests of the corporation, and that, with respect to any criminal action or proceeding, the person had reasonable cause to believe his action was unlawful.

Section 78.7502(2) of the NRS provides that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit brought by or on behalf of the corporation to procure a judgment in its favor because the person acted in any of the capacities set forth above, against expenses, including amounts paid in settlement and attorneys' fees, actually and reasonably incurred by that person in connection with the defense or settlement of such action or suit, if the person acted in accordance with the standard set forth above, except that no indemnification may be made in respect of any claim, issue or matter as to which such person shall have been adjudged by a court of competent jurisdiction after exhaustion of all appeals therefrom to be liable to the corporation or for amounts paid in settlement to the corporation unless and only to the extent that the court in which such action or suit was brought or other court of competent jurisdiction determines that, in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses as the court deems proper.

Section 78.7502(3) of the NRS further provides that, to the extent a director or officer of a corporation has been successful on the merits or otherwise in the defense of any action, suit or proceeding referred to in subsections 1 and 2 thereof, or in the defense of any claim, issue or matter therein, that person shall be indemnified by the corporation against expenses (including attorneys' fees) actually and reasonably incurred by that person in connection therewith.

Section 78.751 of the NRS provides that unless indemnification is ordered by a court, the determination to provide indemnification must be made by the stockholders, by a majority vote of a quorum of the board of directors who were not parties to the action, suit or proceeding, or in specified circumstances by independent legal counsel in a written opinion. In addition, the articles of incorporation, Bylaws or an agreement made by the corporation may provide for the payment of the expenses of a director or officer of the expenses of defending an action as incurred upon receipt of an undertaking to repay the amount if it is ultimately determined by a court of competent jurisdiction that the person is not entitled to indemnification. Section 78.751 of the NRS further provides that the indemnification provided for therein shall not be deemed exclusive of any other rights to which the indemnified party may be entitled and that the scope of indemnification shall continue as to directors, officers, employees or agents who have ceased to hold such positions, and to their heirs, executors and administrators.

Section 78.752 of the NRS provides that a corporation may purchase and maintain insurance on behalf of a director, officer, employee or agent of the corporation against any liability asserted against him or incurred by him in any such capacity or arising out of his status as such whether or not the corporation would have the authority to indemnify him against such liabilities and expenses.

Our Articles of Incorporation provide that the Company shall, to the fullest extent permitted by the provisions of Section 78.751 of the NRS, indemnify any and all persons whom it shall have the power to indemnify under such section.

In addition to the indemnification obligations required by our Articles of Incorporation and Bylaws, we will enter into indemnification agreements with each of our directors and officers that provide for the indemnification of our directors and executive officers for all reasonable expenses and liabilities incurred in connection with any action or proceeding brought or threatened to be brought against them by reason of the fact that they are or were our agents.

We expect to obtain general liability insurance that covers certain liabilities of our directors and officers arising out of claims based on acts or omissions in their capacities as directors or officers, including liabilities under the Securities Act.

The above provisions may discourage stockholders from bringing a lawsuit against our directors for breach of their fiduciary duty. The provisions may also have the effect of reducing the likelihood of derivative litigation against directors and officers, even though such an action, if successful, might otherwise benefit us and our stockholders. Furthermore, a stockholder's investment may be adversely affected to the extent we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions. We believe that these Articles of Incorporation provisions, Bylaw provisions, indemnification agreements and the insurance are necessary to attract and retain qualified persons as directors and officers.

At present, there is no pending litigation or proceeding involving any of our directors or officers where indemnification will be required or permitted. We are not aware of any threatened litigation or proceedings that might result in a claim for such indemnification.

Item 15. Recent Sales of Unregistered Securities

On April 1, 2024, the Company granted stock options to purchase an aggregate of 2,847,988 shares of its common stock at a weighted-average exercise price of $1.87 per share to employees, directors, consultants and non-employee service providers pursuant to its 2021 Equity Incentive Plan.

The foregoing offers, sales and issuances were exempt from registration under Section 4(a)(2) of the Securities Act or Rule 701 if the Securities Act.

Item 16. Exhibits and Financial Statement Schedules

(a) *Exhibits*. The list of exhibits following the signature page of this registration statement is incorporated herein by reference.

(b) *Financial Statements*. See page F-1 for an index to the financial statements included in the registration statement.

Item 17. Undertakings.

The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by section 10(a)(3) of the Securities Act;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement.

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser, if the registrant is subject to Rule 430C, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

(5) That, for the purpose of determining liability of the registrant under the Securities Act to any purchaser in the initial distribution of the securities, the undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes to provide to the underwriter at the closing specified in the underwriting agreements certificates in such denominations and registered in such names as required by the underwriter to permit prompt delivery to each purchaser.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b) (1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

EXHIBIT INDEX

Exhibit No.	
1.1**	Form of Underwriting Agreement
2.1*	Agreement and Plan of Merger and Reorganization by and among Legacy Education Inc., Legacy Education Merger Sub, L.L.C. and Legacy Education, L.L.C.
3.1*	Amended and Restated Articles of Incorporation
3.2*	Bylaws
3.3*	Certificate of Merger filed with the California Secretary of State on September 3, 2021
4.1*	Specimen Stock Certificate Evidencing the Shares of Common Stock
4.2**	Form of Underwriter Warrant
5.1**	Opinion of Sheppard, Mullin, Richter & Hampton LLP
10.1*	Investor Rights Agreement among Legacy Education Inc. and certain investors
10.2*	Amended and Restated Stockholder Agreement among Legacy Education Inc. and its stockholders
10.3+*	2021 Equity Incentive Plan
10.4*	December 30, 2019 Note
10.5+*	Employment Agreement between the Company and LeeAnn Rohmann effective as of July 1, 2023
10.6+**	Form of Employment Agreement between the Company and Brandon Pope to be effective on the closing of the offering contemplated by this registration statement
10.7**	Commercial Multi-Tenant Lease dated January 14, 2016 between Syndcore Holdings LLC and Legacy Education, L.L.C.

10.8**	Multi-Tenant Office Lease dated January 17, 2018 between TV Phase One, LLC and Legacy Education, L.L.C.
10.9*	Form of Registration Rights Agreement by and between the Company and the Shareholders
21.1*	List of Subsidiaries
23.1*	Consent of LJ Soldinger Associates, LLC
23.2**	Consent of Sheppard, Mullin, Richter & Hampton LLP (included in Exhibit 5.1)
24.1*	Power of Attorney (included on signature page of this Registration Statement)
107*	Filing fee table

*Filed herewith.
** To be filed by amendment.
+ Indicates a management contract or any compensatory plan, contract or arrangement.
# Pursuant to Item 601(b)(10) of Regulation S-K, certain confidential portions of this exhibit were omitted by means of marking such portions with an asterisk because the identified confidential portions (i) are not material and (ii) would be competitively harmful if publicly disclosed.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Lancaster, State of California, on August 16, 2024.

LEGACY EDUCATION INC.

By: */s/ LeeAnn Rohmann*
Name: LeeAnn Rohmann
Title: Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below hereby severally constitutes and appoints LeeAnn Rohmann and Brandon Pope, and each of them, his or her true and lawful attorney-in-fact, with full power of substitution and re-substitution for him or her and in his or her name, place and stead, in any and all capacities to sign any and all amendments including post-effective amendments to this registration statement, and any subsequent registration statements pursuant to Rule 462 of the Securities Act of 1933, as amended, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the SEC, hereby ratifying and confirming all that said attorney-in-fact or his substitute, each acting alone, may lawfully do or cause to be done by virtue thereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ LeeAnn Rohmann LeeAnn Rohmann	Chief Executive Officer *(Principal Executive Officer)*	August 16, 2024
/s/ Brandon Pope Brandon Pope	Chief Financial Officer *(Principal Financial and Accounting Officer)*	August 16, 2024
/s/ Gerald Amato Gerald Amato	Director	August 16, 2024
/s/ Blaine Faulkner Blaine Faulkner	Director	August 16, 2024
/s/ Peggy Tiderman Peggy Tiderman	Director	August 16, 2024

AGREEMENT AND PLAN OF MERGER AND REORGANIZATION

THIS AGREEMENT AND PLAN OF MERGER AND REORGANIZATION (this "Agreement") is entered into as of September 1, 2021, by and among Legacy Education Inc., a Nevada corporation ("Parent"), Legacy Education Merger Sub, LLC, a California limited liability company and wholly-owned subsidiary of Parent ("Merger Sub"), and Legacy Education, L.L.C., a California limited liability company (the "Company").

RECITALS

A. The parties hereto desire to enter into this agreement to consummate a merger pursuant to which Merger Sub will merge with and into the Company.

B. Immediately following the Merger (as defined below), except for 500 shares of Parent common stock issued to LeeAnn Rohmann in connection with the initial capitalization ($500) of Parent, the Company's members immediately prior to the Merger will own 100% of the shares of Parent common stock immediately following the Merger in the same proportions, as further set forth herein, and Parent will own 100% of the units of the Company.

C. Merger Sub has been formed solely for the purposes of implementing the Merger and has no assets (other than its corporate existence) or liabilities and has engaged in no business activities or transactions.

D. The respective managers of the Company and Merger Sub deem it advisable and in the best interests of the Company and Merger Sub and their respective members that Merger Sub merge with and into the Company (the "Merger"), with the Company surviving the Merger as the surviving company, pursuant to this Agreement and the applicable provisions of the California Revised Uniform Limited Liability Company Act, as set forth in the California Corporations Code (the "RULLCA").

E. The Board of Directors of Parent deems it advisable and in the best interests of the Parent that the Merger be effectuated, pursuant to this Agreement and the applicable provisions of the RULLCA.

F. Parent, as the sole member of Merger Sub, has approved the Merger as a member of Merger Sub. Parent has no stockholders as of the date hereof. The Company has received the requisite consent from its members to effectuate the Merger.

AGREEMENT

NOW THEREFORE, in consideration of the premises and the mutual covenants and agreements hereinafter set forth, the parties hereby agree as follows:

ARTICLE 1

THE MERGER

1.1 **The Merger**. At the Effective Time and upon the terms and subject to the conditions of this Agreement and in accordance with the RULLCA, Merger Sub shall be merged with and into the Company (the "Merger"). Following the Merger, the Company shall continue as the surviving company (the "Surviving Company") and the separate existence of Merger Sub shall cease.

1.2 **Closing of the Merger**. The closing of the Merger (the "Closing") shall take place concurrently herewith by electronic transmission of the signature pages, or at such other place, time or date as the parties may mutually agree to in writing (such date being referred to herein as the "Closing Date").

1.3 **Effective Time**. Subject to the terms and conditions set forth in this Agreement, on the Closing Date, Parent, Merger Sub and the Company shall cause to be duly filed the Certificate of Merger with the Secretary of State of the State of California in accordance with the RULLCA attached hereto as Exhibit A (the " Certificate of Merger"). The Merger shall be deemed effective upon the date and time specified in the CA Certificate of Merger (the "Effective Time").

1.4 **Effects of the Merger**. The Merger shall have the effects as set forth in the RULLCA. Without limiting the generality of the foregoing and subject thereto, at the Effective Time all the properties, rights, privileges, powers and franchises of the Company and Merger Sub shall vest in the Surviving Company and all debts, liabilities and duties of the Company and Merger Sub shall become the debts, liabilities and duties of the Surviving Company.

1.5 **Articles of Organization and Operating Agreement**. The articles of organization of the Company as in effect immediately prior to the Effective Time shall continue to be the articles of organization of the Company at the Effective Time. The operating agreement of Merger Sub as in effect immediately prior to the Effective Time shall be the operating agreement of the Surviving Company at the Effective Time; *provided, however*, that the name of Merger Sub set forth therein shall be changed to the name of the Company.

1.6 **Managers and Officers**. The managers of the Company immediately prior to the Effective Time shall be the managers of the Surviving Company, each to hold office in accordance with the articles of organization and operating agreement of the Surviving Company until any such managers' successors are duly elected or appointed and qualified. The officers of the Company immediately prior to the Effective Time shall be the officers of the Surviving Company, each to hold office in accordance with the articles of organization and operating agreement of the Surviving Company until such officers' successors are duly appointed and qualified.

1.7 **Further Assurances**. If, at any time after the Effective Date of the Merger, the Surviving Company shall consider or be advised that any further assignments or assurances in law or any other acts are necessary or desirable (a) to vest, perfect or confirm, of record or otherwise, in the Surviving Company, title to and possession of any property or right of the Company acquired or to be acquired by reason of, or as a result of, the Merger, or (b) otherwise to carry out the purposes of this Agreement, the Company and its proper officers and directors shall be deemed to have granted to the Surviving Company an irrevocable power of attorney to execute and deliver all such proper deeds, assignments and assurances in law and to do all acts necessary or proper to vest, perfect or confirm title to and possession of such property or rights in the Surviving Company and otherwise to carry out the purposes of this Agreement. The proper officers and directors of the Surviving Company are fully authorized in the name of Parent or otherwise to take any and all such action.

ARTICLE 2

CONVERSION OF SECURITIES

2.1 **Conversion**. At the Effective Time, by virtue of the Merger and without any action on the part of any individual, corporation, partnership, association, trust, estate or other entity or organization (each, a "person"):

(a) Each unit of Merger Sub issued and outstanding immediately prior to the Effective Time shall be converted into one validly issued, fully paid and nonassessable unit of the Surviving Company;

(b) Each Class A Unit of the Company issued and outstanding immediately prior to the Effective Time shall be converted into one validly issued, fully paid and nonassessable share of common stock, par value $0.001 per share, of Parent; provided, that no fractional shares of Parent common stock shall be issued upon the conversion and exchange of Class A Units, and no holder of Class A Units shall be entitled to receive a fractional share of Parent common stock, and in the event that any holder of Class A Units would otherwise be entitled to receive a fractional share of Parent common stock (after aggregating all shares and fractional shares of Parent common stock, as appropriate, issuable to such holder), then such holder will receive an aggregate number of shares of Parent common stock, as applicable, rounded down to the nearest whole share;

(c) Each share of common stock of Parent issued and outstanding (if any) immediately prior to the Effective Time shall be cancelled for no consideration;

(d) Each option to purchase Class A Units of the Company that is issued and outstanding immediately prior to the Effective Time shall be converted into an option to purchase a number of shares of Parent common stock equal to the number of Class A Units underlying such option, rounded down to the nearest whole share, at an exercise price per share of Parent common stock equal to the exercise price per Class A Unit under such option, and Parent shall assume all rights and obligations under the option agreement relating to such option, in accordance with the terms of such option agreement; and

(e) Each warrant to purchase Class A Units of the Company that is issued and outstanding immediately prior to the Effective Time shall be converted into a warrant to purchase a number of shares of Parent common stock equal to the number of Class A Units underlying such warrant, rounded down to the nearest whole share, at an exercise price per share of Parent common stock equal to the exercise price per Class A Unit under such warrant, and Parent shall assume all rights and obligations under the warrant agreement relating to such warrant, in accordance with the terms of such warrant agreement**.**

2.2 **Statement of Information; Book-Entry Shares**. Following the Merger, Parent shall promptly deliver to each holder of Parent common stock a statement of information setting forth the number of shares of Parent common stock held by such holder. All shares of Parent common stock issued pursuant to the Merger will be held in uncertificated book-entry form.

2.3 **Closing of the Company's Transfer Books**. At the Effective Time, the transfer records of the Company shall be closed and no transfer of the units of the Company shall thereafter be made.

ARTICLE 3

MISCELLANEOUS

3.1 **Entire Agreement; Amendments**. This Agreement contains the entire understanding of the parties with respect to the subject matter hereof. No provision of this Agreement may be waived other than by an instrument in writing signed by the party to be charged with enforcement, and no provision of this Agreement may be amended other than by an instrument in writing signed by Parent and the Company.

3.2 **Further Assurances**. The parties hereto each agree that it shall, from time to time, take all such actions, and execute and deliver, or cause to be executed and delivered, all such instruments and documents, as may be deemed necessary or advisable to carry out the intent and purpose of the Merger.

3.3 **Severability**. If any provision of this Agreement shall be invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability of the remainder of this Agreement or the validity or enforceability of this Agreement in any other jurisdiction.

3.4 **Successors and Assigns**. This Agreement is binding upon, inures to the benefit of and is enforceable by the parties hereto and their respective successors and assigns.

3.5 **Counterparts**. This Agreement may be executed and delivered in counterpart signature pages executed and delivered via facsimile transmission or via email with scan attachment, and any such counterpart executed and delivered via facsimile transmission or via email with scan attachment will be deemed an original for all intents and purposes.

3.6 **Governing Law**. This Agreement will be governed by and construed in accordance with the law of the State of California without regard to conflicts of laws principles.

3.7 **Severability.** The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof. If any provision of this Agreement, or the application thereof to any person or any circumstance, is determined by any court or other authority of competent jurisdiction to be invalid or unenforceable, (a) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision and (b) the remainder of this Agreement and the application of such provision to other persons or circumstances shall not be affected by such invalidity or unenforceability, nor shall such invalidity or unenforceability affect the validity or enforceability of such provision, or the application thereof, in any other jurisdiction

3.8 **Tax Matters**. The parties intend for U.S. federal and applicable state and local income tax purposes that the Merger shall be treated as a tax-free reorganization within the meaning of Section 368 of the Code and that this Agreement constitutes a plan of reorganization within the meaning of Section 368.

[Signature page follows]

IN WITNESS WHEREOF, the undersigned hereto have caused this Agreement to be duly executed effective as of the date first above written.

Legacy Education Inc., a Nevada corporation

By: _____
Name: LeeAnn Rohmann
Title: President

Legacy Education, L.L.C., a California limited liability company

By: _____
Name: LeeAnn Rohmann
Title: President

Legacy Education Merger Sub, LLC, a California limited liability company

By: Legacy Education Inc., a Nevada corporation
Its: Sole Member and Managing Member

By: _____
Name: LeeAnn Rohmann
Title: President

Exhibit A

Certificate of Merger

BARBARA K. CEGAVSKE
Secretary of State

KIMBERLEY PERONDI
Deputy Secretary for
Commercial Recordings

STATE OF NEVADA

OFFICE OF THE
SECRETARY OF STATE

Commercial Recordings Division
202 N. Carson Street
Carson City, NV 89701
Telephone (775) 684-5708
Fax (775) 684-7138

North Las Vegas City Hall
2250 Las Vegas Blvd North, Suite 400
North Las Vegas, NV 89030
Telephone (702) 486-2880
Fax (702) 486-2888

Business Entity - Filing Acknowledgement

06/02/2020

Work Order Item Number:	W2020060201515-609342
Filing Number:	20200702296
Filing Type:	Amended and Restated Articles
Filing Date/Time:	6/2/2020 12:36:00 PM
Filing Page(s):	7

Indexed Entity Information:

Entity ID: E5412902020-8 **Entity Name:** Legacy Education Inc.

Entity Status: Active **Expiration Date:** None

Commercial Registered Agent
INCORP SERVICES, INC.
3773 HOWARD HUGHES PKWY STE 500S, Las Vegas, NV 89169 - 6014, USA

The attached document(s) were filed with the Nevada Secretary of State, Commercial Recording Division. The filing date and time have been affixed to each document, indicating the date and time of filing. A filing number is also affixed and can be used to reference this document in the future.

Respectfully,

Barbara K. Cegavske

BARBARA K. CEGAVSKE
Secretary of State

Filed in the Office of	Business Number
Barbara K. Cegavske	E5412902020-8
Secretary of State	Filing Number
State Of Nevada	20200702296
	Filed On
	6/2/2020 12:36:00 PM
	Number of Pages
	7

AMENDED AND RESTATED ARTICLES OF INC

BARBARA K. CEGAVSKE
Secretary of State
202 North Carson Street
Carson City, Nevada 89701-4201
(775) 684-5708
Website: www.nvsos.gov

Profit Corporation:

Certificate of Amendment (PURSUANT TO NRS 78.380 & 78.385/78.390)
Certificate to Accompany Restated Articles or Amended and Restated Articles (PURSUANT TO NRS 78.403)
Officer's Statement (PURSUANT TO NRS 80.030)

TYPE OR PRINT - USE DARK INK ONLY - DO NOT HIGHLIGHT

1. Entity information:

Name of entity as on file with the Nevada Secretary of State:

Legacy Education Inc.

Entity or Nevada Business Identification Number (NVID): NV20201744493

2. Restated or Amended and Restated Articles: (Select one)

(If amending and restating only, complete section 1,2 3, 5 and 6)

[X] Certificate to Accompany Restated Articles or Amended and Restated Articles

[ ] Restated Articles - No amendments; articles are restated only and are signed by an officer of the corporation who has been authorized to execute the certificate by resolution of the board of directors adopted on: _____
The certificate correctly sets forth the text of the articles or certificate as amended to the date of the certificate.

[X] Amended and Restated Articles

* Restated or Amended and Restated Articles must be included with this filing type.

3. Type of Amendment Filing Being Completed: (Select only one box)

(If amending, complete section 1, 3, 5 and 6.)

[X] Certificate of Amendment to Articles of Incorporation (Pursuant to NRS 78.380 - Before Issuance of Stock)

The undersigned declare that they constitute at least two-thirds of the following:

(Check only one box) [ ] incorporators [X] board of directors

The undersigned affirmatively declare that to the date of this certificate, no stock of the corporation has been issued

[ ] Certificate of Amendment to Articles of Incorporation (Pursuant to NRS 78.385 and 78.390 - After Issuance of Stock)

The vote by which the stockholders holding shares in the corporation entitling them to exercise at least a majority of the voting power, or such greater proportion of the voting power as may be required in the case of a vote by classes or series, or as may be required by the provisions of the articles of incorporation* have voted in favor of the amendment is:

[ ] Officer's Statement (foreign qualified entities only) -

Name in home state, if using a modified name in Nevada:

Jurisdiction of formation:

Changes to takes the following effect:

[ ] The entity name has been amended.
[ ] The purpose of the entity has been amended.
[ ] The authorized shares have been amended.
[ ] Other: (specify changes)

[ ] Dissolution
[ ] Merger
[ ] Conversion

* Officer's Statement must be submitted with either a certified copy of or a certificate evidencing the filing of any document, amendatory or otherwise, relating to the original articles in the place of the corporations creation.

This form must be accompanied by appropriate fees.

BARBARA K. CEGAVSKE
Secretary of State
202 North Carson Street
Carson City, Nevada 89701-4201
(775) 684-5708
Website: www.nvsos.gov

Profit Corporation:
Certificate of Amendment (PURSUANT TO NRS 78.380 & 78.385/78.390)
Certificate to Accompany Restated Articles or Amended and Restated Articles (PURSUANT TO NRS 78.403)
Officer's Statement (PURSUANT TO NRS 80.030)

4. Effective Date and Time: (Optional)

Date: Time:

(must not be later than 90 days after the certificate is filed)

5. Information Being Changed: (Domestic corporations only)

Changes to takes the following effect:

- ☐ The entity name has been amended.
- ☐ The registered agent has been changed. (attach Certificate of Acceptance from new registered agent)
- ☐ The purpose of the entity has been amended.
- ☒ The authorized shares have been amended.
- ☐ The directors, managers or general partners have been amended.
- ☐ IRS tax language has been added.
- ☐ Articles have been added.
- ☐ Articles have been deleted.
- ☐ Other.

The articles have been amended as follows: (provide article numbers, if available)

The number of authorized common shares with par value: 100,000,000 shares. Par Value: $0.001

(attach additional page(s) if necessary)

6. Signature: (Required)

X _____ President
Signature of Officer or Authorized Signer — Title

X _____
Signature of Officer or Authorized Signer — Title

*If any proposed amendment would alter or change any preference or any relative or other right given to any class or series of outstanding shares, then the amendment must be approved by the vote, in addition to the affirmative vote otherwise required, of the holders of shares representing a majority of the voting power of each class or series affected by the amendment regardless to limitations or restrictions on the voting power thereof.

Please include any required or optional information in space below:
(attach additional page(s) if necessary)

The number of authorized preferred shares with par value: 10,000,000 shares. Par Value: $0.001

This form must be accompanied by appropriate fees.

AMENDED AND RESTATED
ARTICLES OF INCORPORATION
of
LEGACY EDUCATION INC.

The undersigned, for the purpose of amending and restating the Articles of Incorporation of Legacy Education Inc., a corporation formed and existing under Chapter 78 of Nevada Revised Statutes, does certify as follows:

ARTICLE I
NAME

The name of the corporation is Legacy Education Inc. (the "Corporation").

ARTICLE II
RESIDENT AGENT

The Registered Agent for Service of Process is INCORP Services, Inc., 3773 Howard Hughes PKWY, Suite 500S, Las Vegas, NV 89169.

ARTICLE III
DURATION

The Corporation shall have perpetual existence.

ARTICLE IV
PURPOSE

The purpose of the Corporation shall be any lawful purpose.

ARTICLE V
POWERS

The powers of the Corporation shall be all of those powers granted by the Nevada Revised Statutes (the "NRS"), under which the Corporation is formed.

ARTICLE VI
AUTHORIZED STOCK

The total number of shares of all classes of capital stock which the Corporation shall have authority to issue is 110,000,000, of which 10,000,000 shares shall be preferred stock, par value $ 0.001 per share, and 100,000,000 shares shall be common stock, par value $ 0.001 per share.

(A) **PREFERRED STOCK.** The preferred stock may be divided into such number of series as the board of directors of the Corporation may determine. The board of directors is hereby expressly authorized to determine and alter the rights, preferences, privileges and restrictions granted to and imposed upon any wholly unissued series of preferred stock, and to fix the number of shares of any series of preferred stock and the designation of any such series of preferred stock. The board of directors, within the limits and restrictions stated in any resolution or resolutions of the board of directors originally fixing the number of shares constituting any series, may increase or decrease (but not below the number of shares of such series then outstanding) the number of shares of any series subsequent to the issue of shares of that series.

(B) COMMON STOCK.

1. Voting Rights. The holders of common stock shall have the right to one vote for each share of common stock then held thereby, and shall be entitled to notice of any stockholders' meeting in accordance with the bylaws of the Corporation, and shall be entitled to vote upon such matters and in such manner as may be provided by law and the bylaws of the Corporation.

2. Dividend Rights. Subject to the prior rights of holders of all classes of stock at the time outstanding having prior rights as to dividends, the holders of the common stock shall be entitled to receive, when and as declared by the board of directors, out of any assets of the Corporation legally available therefor, such dividends as may be declared from time to time by the board of directors.

(C) PROVISIONS APPLICABLE TO ALL CLASSES

1. Liquidation Rights. In the event of any dissolution, liquidation or winding up of the affairs of the Corporation, whether voluntary or involuntary, after payment or provision for payment of the debts and other liabilities of the Corporation, the holders of each series of preferred stock and common stock shall be entitled to receive, out of the net assets of the Corporation, an amount for each such share held equal to the amount fixed and determined in accordance with the respective rights and priorities established by the board of directors. A merger or consolidation of the Corporation with or into any other corporation or a sale or conveyance of all or any material part of the assets of the Corporation (that does not in fact result in the liquidation of the Corporation and the distribution of assets to stockholders) shall not be deemed to be a voluntary or involuntary liquidation or dissolution or winding up of the Corporation within the meaning of this paragraph.

2. No Preemptive Rights. No stockholders of the Corporation shall have any preference, preemptive right or right of subscription to acquire any shares of the Corporation authorized, issued or sold, or to be authorized, issued or sold and convertible into shares of the Corporation, nor to any right of subscription thereto, other than to the extent, if any, that the board of directors may determine from time to time.

3. Non-Assessment of Stock. The capital stock of the Corporation, after the amount of the subscription price has been fully paid, shall not be assessable for any purpose, and no stock issued as fully paid shall ever be assessable or assessed.

ARTICLE VII
BOARD OF DIRECTORS

(A) NUMBER OF DIRECTORS. The Corporation shall not have less than one (1) director. The actual number of directors may be increased or decreased by a duly adopted amendment to the bylaws of the Corporation or by resolutions by the Board of Directors.

(B) INTERESTED DIRECTORS. No contract or transaction between this Corporation and any of its directors, or between this Corporation and any other corporation, firm, association, or other legal entity shall be invalidated solely by reason of the fact that the director of the Corporation has a direct interest, pecuniary or otherwise, in such corporation, firm, association, or legal entity, or because the interested director was present at the meeting of the board of directors which acted upon or in reference to such contract or transaction, or because he participated in such action, provided that the Corporation is in compliance with one or more of the conditions of NRS 78.140 (or any successor provision thereto).

ARTICLE VIII
TRANSACTIONS WITH STOCKHOLDERS

(A) CONTROL SHARE ACQUISITION EXEMPTION. The Corporation specifically elects not to be governed by NRS 78.378 to NRS 78.3793, inclusive, and successor statutory provisions.

(B) COMBINATIONS WITH INTERESTED STOCKHOLDERS. The Corporation specifically elects not to be governed by NRS 78.411 to NRS 78.444, inclusive, and successor statutory provisions.

ARTICLE IX
LIMITATION OF LIABILITY

To the fullest extent permitted by law, as the same exists or as may hereafter be amended, a director or officer of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, save and except for acts or omissions which involve intentional misconduct, fraud or a knowing violation of law. Any repeal or modification of this article shall be prospective only and shall not adversely affect any limitation on the personal liability of a director or officer of the Corporation for acts or omissions prior to such repeal or modification. The indemnification provided in this article shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors, and administrators of such person.

ARTICLE X
INDEMNIFICATION

The Corporation may:

(A) Indemnify, to the fullest extent legally permissible under the laws of the State of Nevada, any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative (other than an action by or in the right of the Corporation), by reason of the fact that he is or was a director, officer, employee, fiduciary or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee, fiduciary or agent of another Corporation, partnership, joint venture, trust, or other enterprise, against expenses (including attorney fees), judgments, fines, and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit, or proceeding, if he acted in good faith and in a manner he reasonably believed to be in the best interests of the Corporation and, with respect to any action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, or conviction or equivalent shall not of itself create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in the best interests of the Corporation and, with respect to any criminal action or proceeding, had reasonable cause to believe his conduct was unlawful.

(B) Indemnify, to the fullest extent legally permissible under the laws of the State of Nevada, any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee, or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee, fiduciary or agent of another Corporation, partnership, joint venture, trust or other enterprise against expenses (including attorney fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in the best interests of the Corporation; but no indemnification shall be made in respect of any claim, issue, or matter as to which such person has been

adjudged to be liable for negligence or misconduct in the performance of his duty to the Corporation unless and only to the extent that the court in which such action or suit was brought determines upon application that, despite the adjudication of liability, but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnification for such expenses which such court deems proper.

(C) Indemnify, to the fullest extent legally permissible under the laws of the State of Nevada, a director, officer, employee, fiduciary or agent of a corporation to the extent he has been successful on the merits in defense of any action, suit, or proceeding referred to in (A) or (B) of this Article X or in defense of any claim, issue, or matter therein, against expenses (including attorney fees) actually and reasonably incurred by him in connection therewith.

Expenses (including attorney fees) incurred in defending a civil or criminal action, suit, or proceeding may be paid by the Corporation in advance of the final disposition of such action, suit, or proceeding upon receipt of an undertaking by or on behalf of the director, officer, employee, fiduciary or agent to repay such amount unless it is ultimately determined that he is entitled to be indemnified by the Corporation as authorized in this Article X. The indemnification provided by this Article X shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any by-law, agreement, vote of shareholders or disinterested directors, or otherwise, and any procedure provided for by any of the foregoing, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee, fiduciary or agent and shall inure to the benefit of heirs, executors, and administrators of such a person. The Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, fiduciary or agent of the Corporation or who is or was serving at the request of the Corporation as a director, officer, employee, fiduciary or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under provisions of this Article X.

The indemnification provided in this article shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors, and administrators of such person.

ARTICLE XI
INDEMNIFICATION PROVIDED IN BYLAWS

Without limiting the application of Article IX or Article X, the board of directors may adopt bylaws from time to time with respect to indemnification, to provide at all times the fullest indemnification permitted by the laws of the State of Nevada and may cause the Corporation to purchase and maintain insurance on behalf of any person who is or was a director or officer of the Corporation, or is or was serving at the request of the Corporation as director or officer of another Corporation, or as its representative in a partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred in any such capacity or arising out of such status, whether or not the Corporation would have the power to indemnify such person.

ARTICLE XII
PLACE OF MEETING; CORPORATE BOOKS

Subject to the NRS, the stockholders and the Directors shall have the power to hold their meetings, and the Directors shall have power to have an office or offices and to maintain the books of the Corporation either inside or outside of the State of Nevada, at such place or places as may from time to time be designated in the bylaws or by appropriate resolution.

ARTICLE XIII
BYLAWS

The Board of Directors is expressly granted the exclusive power to make, amend, alter, or repeal the bylaws of the Corporation pursuant to NRS 78.120.

ARTICLE XIV
AMENDMENTS

Except with respect to amending the non-assessability of shares pursuant to Article VI(C) hereof, this Corporation reserves the right to amend, alter, change or repeal any provision contained in these Articles of Incorporation or its bylaws in the manner now or thereafter prescribed by statute or by these Articles of Incorporation or by the Corporation's bylaws, and all rights conferred upon the stockholders are granted subject to this reservation.

BY-LAWS
OF
LEGACY EDUCATION INC.
(hereinafter called the "Corporation")

ARTICLE I
OFFICES

Section 1.1 Registered Office. The registered office of the corporation shall be established and maintained at the office of Incorp Services, Inc., at 3773 Howard Hughes Parkway, Suite 500S, in the City of Las Vegas, County of Clark, in the State of Nevada; Incorp Services, Inc. shall be the registered agent of the corporation in charge thereof. The registered office and registered agent may be changed from time to time by action of the board of directors of the Corporation (the "Board of Directors") and the appropriate filing by the corporation in the office of the Secretary of State of the State of Nevada.

Section 1.02. Principal Office. The principal office for the transaction of the business of the Corporation shall be at 701 W. Avenue K, Suite 123, Lancaster, CA 93534. The Board of Directors is hereby granted full power and authority to change said principal office from one location to another.

Section 1.3 Other Offices. The Corporation may also have offices at such other places, both within and without the State of Nevada, as the Board of Directors may from time to time determine.

ARTICLE II
MEETINGS OF STOCKHOLDERS

Section 2.1 Annual Meetings. The Annual Meeting of stockholders of the Corporation ("Stockholders") for purposes of the Nevada Revised Statutes ("NRS") 78.330 shall be held on such date and at such time as shall be designated from time to time by the Board of Directors. The election of directors and any other proper business may be transacted at the Annual Meeting of Stockholders.

Section 2.2 Special Meetings. A Special meeting of the stockholders (a "Special Meeting") for any purpose or purposes may be called by the president of the Corporation, the Board of Directors or a committee of the Board of Directors that has been duly designated by the Board of Directors and whose powers and authority, as provided in a resolution of the Board of Directors or in these by-laws ("By-Laws"), include the power to call such meetings. Such request shall state the purpose or purposes of the proposed meeting. Unless otherwise prescribed by law, the articles of incorporation of the Corporation, as amended and restated from time to time (the "Articles of Incorporation") or these By-Laws, a Special Meeting may not be called by any other person or persons. No business may be transacted at any Special Meeting other than such business as may be designated in the notice (or any supplement thereto) calling such meeting.

Section 2.3 Place of Meetings. The president, the Board of Directors, or a committee of the Board of Directors, as the case may be, may designate the time and place, either within or without the State of Nevada, for any Annual Meeting or for any Special Meeting of the Stockholders called by the president, the Board of Directors, or a committee of the Board of Directors. The Board of Directors may, in its sole discretion, determine that any meeting of the stockholders shall be held by means of electronic communications or other available technology in accordance with Section 2.17.

Section 2.4 Notice. Whenever stockholders are required or permitted to take any action at a meeting, a written notice of the meeting shall be given which shall state the place, date and hour of the meeting, the means of electronic communication, if any, and, in the case of a Special Meeting, the purpose or purposes for which the meeting is called. Unless otherwise required by law, written notice of any meeting shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder entitled to notice of and to vote at such meeting, and shall be delivered in accordance with NRS 78.370.

Section 2.5 Adjournments. Any meeting of the stockholders may be adjourned from time to time to reconvene at the same or some other place, and notice need not be given of any such adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than sixty (60) days, or if after the adjournment a new record date is fixed for the adjourned meeting, notice of the adjourned meeting in accordance with the requirements of Section 2.4 hereof shall be given to each stockholder of record (including the new record date) entitled to notice of and to vote at the meeting.

Section 2.6 Quorum. Unless otherwise required by applicable law or the Articles of Incorporation, the holders of one-third (1/3) of the Corporation's capital stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business. A quorum, once established, shall not be broken by the withdrawal of enough votes to leave less than a quorum. If, however, a quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, in the manner provided in Section 2.5 hereof, until a quorum shall be present or represented.

Section 2.7 Voting.

(a) Unless otherwise required by law, the Articles of Incorporation or these By-Laws, any question brought before any meeting of the stockholders, other than the election of directors, shall be decided by the vote of the holders of a majority of the votes cast on a matter at the meeting at which a quorum is present. Directors shall be elected by a plurality of the votes cast at the election. Broker non-votes and abstentions are considered for purposes of establishing a quorum but not considered as votes cast for or against a proposal or director nominee.

(b) Unless otherwise provided in the Articles of Incorporation, and subject to Section 2.11(a), each stockholder represented at a meeting of the stockholders shall be entitled to cast one (1) vote for each share of the capital stock entitled to vote thereat held by such stockholder. Such votes may be cast in person or by proxy as provided in Section 2.8. The Board of Directors, in its discretion, or the officer of the Corporation presiding at a meeting of the stockholders, in such officer's discretion, may require that any votes cast at such meeting shall be cast by written ballot.

Section 2.8 Proxies. Each stockholder entitled to vote at a meeting of the stockholders or to express consent or dissent to corporate action in writing without a meeting may authorize another person or persons to act for such stockholder as proxy, but no such proxy shall be voted upon after six months from its date of creation, unless such proxy provides for a longer period, which may not exceed seven years from the date of its creation. Without limiting the manner in which a stockholder may authorize another person or persons to act for such stockholder as proxy, the following shall constitute a valid means by which a stockholder may grant such authority:

(i) A stockholder may execute a writing authorizing another person or persons to act for such stockholder as proxy. Execution may be accomplished by the stockholder or such stockholder's authorized officer, director, employee or agent signing such writing or causing such person's signature to be affixed to such writing by any reasonable means, including, but not limited to, by facsimile signature.

(ii) A stockholder may authorize another person or persons to act for such stockholder as proxy by transmitting or authorizing the transmission of an electronic record to the person who will be the holder of the proxy or to a proxy solicitation firm, proxy support service organization or like agent duly authorized by the person

who will be the holder of the proxy to receive the transmission, provided that any such electronic record must either set forth or be submitted with information from which it can be determined that the electronic record was authorized by the stockholder. If it is determined that such electronic record is valid, the inspectors or, if there are no inspectors, such other persons making that determination shall specify the information on which they relied.

(iii) A stockholder may revoke any proxy which is not irrevocable by attending the meeting and voting in person or by filing an instrument in writing revoking the proxy or another duly executed proxy bearing a later date with the Secretary of the Corporation. Voting at meetings of stockholders need not be by written ballot unless the holders of a majority of the outstanding shares of all classes of stock entitled to vote thereon present in person or represented by proxy at such meeting shall so determine.

Any copy, facsimile or other electronic telecommunication or other reliable reproduction of the writing or electronic record authorizing another person or persons to act as proxy for a stockholder may be substituted or used in lieu of the original writing or electronic record for any and all purposes for which the original writing or electronic record could be used; provided, however, that such copy, facsimile telecommunication or other reproduction shall be a complete reproduction of the entire original writing or electronic record.

Section 2.9 Consent of Stockholders in Lieu of Meeting.

(a) Unless otherwise provided in the Articles of Incorporation, any action required or permitted to be taken at any Annual or Special Meeting of Stockholders of the Corporation may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and shall be delivered to the Corporation's principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of the stockholders are recorded, to the attention of the Secretary of the Corporation. Every written consent shall bear the date of signature of each stockholder who signs the consent and no written consent shall be effective to take the corporate action referred to therein unless, within sixty (60) days of the earliest dated consent delivered in the manner required by this Section 2.9 to the Corporation, written consents signed by a sufficient number of holders to take action are delivered to the Corporation by delivery to the Corporation's principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of the stockholders are recorded, to the attention of the Secretary of the Corporation. Any copy, facsimile or other reliable reproduction of a consent in writing may be substituted or used in lieu of the original writing for any and all purposes for which the original writing could be used, provided that such copy, facsimile or other reproduction shall be a complete reproduction of the entire original writing. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing and who, if the action had been taken at a meeting, would have been entitled to notice of the meeting if the record date for such meeting had been the date that written consents signed by a sufficient number of holders to take the action were delivered to the Corporation as provided above in this Section 2.9.

(b) In the event of the delivery, in the manner provided by this Section 2.9, to the Corporation of the requisite written consent or consents to take corporate action and/or any related revocation or revocations, the Corporation may engage independent inspectors of elections for the purpose of performing promptly a ministerial review of the validity of the consents and revocations. Nothing contained in this Section 2.9(b) shall in any way be construed to suggest or imply that the board of directors or any stockholder shall not be entitled to contest the validity of any consent or revocation thereof, whether before or after such certification by the independent inspectors, or to take any other action (including, without limitation, the commencement, prosecution, or defense of any litigation with respect thereto, and the seeking of injunctive relief in such litigation).

Section 2.10 List of Stockholders Entitled to Vote. The officer of the Corporation who has charge of the stock ledger of the Corporation shall prepare and make, at least ten (10) days but not more than sixty (60) days, before every meeting of the stockholders, a complete list of the stockholders of record entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder of record and the number of shares registered in the name of each stockholder of record. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting (i) either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held or (ii) during ordinary business hours, at the principal place of business of the Corporation. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. Except as otherwise required by law, such list shall be the only evidence as to who are the stockholders entitled to vote at any meeting of the stockholders. In the event that more than one group of shares is entitled to vote as a separate voting group at the meeting, there shall be a separate listing of the stockholders of each group.

Section 2.11 Record Date.

(a) In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of the stockholders or any adjournment thereof, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than sixty (60) nor less than ten (10) days before the date of such meeting. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of the stockholders shall be at the close of business on the day before the day on which the first notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of the stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

(b) In order that the Corporation may determine the stockholders entitled to consent to corporate action in writing without a meeting, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which date shall not be less than ten (10) days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. Any stockholder of record seeking to have the stockholders authorize or take corporate action by written consent shall, by written notice to the Secretary of the Corporation, request the Board of Directors to fix a record date. The Board of Directors shall promptly, but in all events within ten (10) days after the date on which such a request is received, adopt a resolution fixing the record date. If no record date has been fixed by the Board of Directors within ten (10) days of the date on which such a request is received, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is required by applicable law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation's principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of the stockholders are recorded, to the attention of the Secretary of the Corporation. If no record date has been fixed by the Board of Directors and prior action by the Board of Directors is required by applicable law, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the date on which the Board of Directors adopts the resolution taking such prior action.

Section 2.12 Stock Ledger. The stock ledger of the Corporation shall be the only evidence as to who are the stockholders entitled to examine the stock ledger, the list required by Section 2.10 or the books of the Corporation, or to vote in person or by proxy at any meeting of the stockholders.

Section 2.13 Conduct of Meetings. Meetings of stockholders shall be presided over by the chairman of the Board of Directors (the "Chairman"), or, in the absence of the Chairman, by the vice chairman of the Board of Directors, if any, or if there be no vice chairman or in the absence of the vice chairman, by the chief executive officer, if any, or if there be no chief executive officer or in the absence of the chief executive officer, by the president, or, in the absence of the president, or, in the absence of any of the foregoing persons, by a chairman designated by the Board of Directors, or by a chairman chosen at the meeting by the stockholders entitled to cast a majority of the votes which

all stockholders present in person or by proxy are entitled to cast. The individual acting as chairman of the meeting may delegate any or all of his or her authority and responsibilities as such to any director or officer of the Corporation present in person at the meeting. The secretary, or in the absence of the secretary an assistant secretary, shall act as secretary of the meeting, but in the absence of the secretary and any assistant secretary the chairman of the meeting may appoint any person to act as secretary of the meeting. The order of business at each such meeting shall be as determined by the chairman of the meeting. The chairman of the meeting shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts and things as are necessary or desirable for the proper conduct of the meeting, including, without limitation, (i) the establishment of procedures for the maintenance of order and safety, (ii) the establishment of an agenda or order of business for the meeting, (iii) limitation on participation in the meeting to stockholders of record of the Corporation, their duly authorized and constituted proxies and such other persons as the chairman of the meeting shall permit, (iv) limitation on the time allotted for consideration of each agenda item and for questions or comments by meeting participants, (v) restrictions on entry to such meeting after the time prescribed for the commencement thereof, and (vi) the opening and closing of the voting polls. The Board of Directors, in its discretion, or the chairman of the meeting, in his or her discretion, may require that any votes cast at such meeting shall be cast by written ballot.

Section 2.14 Inspectors of Election. In advance of any meeting of the stockholders, the Board of Directors, by resolution, the Chairman or the president shall appoint one or more inspectors to act at the meeting and make a written report thereof. One or more other persons may be designated as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of the stockholders, the chairman of the meeting shall appoint one or more inspectors to act at the meeting. Unless otherwise required by applicable law, inspectors may be officers, employees or agents of the Corporation. Each inspector, before entering upon the discharge of the duties of inspector, shall take and sign an oath to faithfully execute the duties of inspector with strict impartiality and according to the best of such inspector's ability. The inspector or inspectors may (i) ascertain the number of shares outstanding and the voting power of each; (ii) determine the number of shares represented at a meeting and the validity of proxies or ballots; (iii) count all votes and ballots; (iv) determine any challenges made to any determination made by the inspector(s); and (v) certify the determination of the number of shares represented at the meeting and the count of all votes and ballots.

Section 2.15 Nature of Business at Meetings of Stockholders Only such business (other than nominations for election to the Board of Directors and the election of directors, which must comply with the provisions of Section 2.16) may be transacted at an Annual Meeting of Stockholders as is either (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors (or any duly authorized committee thereof), (b) otherwise properly brought before the Annual Meeting by or at the direction of the Board of Directors (or any duly authorized committee thereof), or (c) otherwise properly brought before the Annual Meeting by any stockholder of the Corporation (i) who is a stockholder of record on the date of the giving of the notice provided for in this Section 2.15 and on the record date for the determination of stockholders entitled to notice of and to vote at such Annual Meeting and (ii) who complies with the notice procedures set forth in this Section 2.15.

In addition to any other applicable requirements, for business to be properly brought before an Annual Meeting by a stockholder, such stockholder must have given timely notice thereof in proper written form to the Secretary of the Corporation.

To be timely, a stockholder's notice to the Secretary must be delivered to or be mailed and received at the principal executive offices of the Corporation not less than one-hundred and twenty (120) days nor more than one-hundred and fifty (150) days prior to the anniversary date of the immediately preceding Annual Meeting of Stockholders; provided, however, that in the event that the Annual Meeting is called for a date that is not within thirty (30) days before or after such anniversary date, notice by the stockholder in order to be timely must be so received not later than the close of business on the tenth (10th) day following the day on which such notice of the date of the Annual Meeting was mailed or such public disclosure of the date of the Annual Meeting was made, whichever first occurs. In no event shall the adjournment or postponement of an Annual Meeting, or the public announcement of such an adjournment or postponement, commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above.

To be in proper written form, a stockholder's notice to the Secretary must set forth the following information: (a) as to each matter such stockholder proposes to bring before the Annual Meeting, a brief description of the business desired to be brought before the Annual Meeting and the reasons for conducting such business at the Annual Meeting, and (b) as to the stockholder giving notice and the beneficial owner, if any, on whose behalf the proposal is being made, (i) the name and address of such person, (ii) (A) the class or series and number of all shares of stock of the Corporation which are owned beneficially or of record by such person and any affiliates or associates of such person, (B) the name of each nominee holder of shares of all stock of the Corporation owned beneficially but not of record by such person or any affiliates or associates of such person, and the number of such shares of stock of the Corporation held by each such nominee holder, (C) whether and the extent to which any derivative instrument, swap, option, warrant, short interest, hedge or profit interest or other transaction has been entered into by or on behalf of such person, or any affiliates or associates of such person, with respect to stock of the Corporation and (D) whether and the extent to which any other transaction, agreement, arrangement or understanding (including any short position or any borrowing or lending of shares of stock of the Corporation) has been made by or on behalf of such person, or any affiliates or associates of such person, the effect or intent of any of the foregoing being to mitigate loss to, or to manage risk or benefit of stock price changes for, such person, or any affiliates or associates of such person, or to increase or decrease the voting power or pecuniary or economic interest of such person, or any affiliates or associates of such person, with respect to stock of the Corporation; (iii) a description of all agreements, arrangements, or understandings (whether written or oral) between or among such person, or any affiliates or associates of such person, and any other person or persons (including their names) in connection with the proposal of such business and any material interest of such person or any affiliates or associates of such person, in such business, including any anticipated benefit therefrom to such person, or any affiliates or associates of such person, (iv) a representation that the stockholder giving notice intends to appear in person or by proxy at the Annual Meeting to bring such business before the meeting; and (v) any other information relating to such person that would be required to be disclosed in a proxy statement or other filing required to be made in connection with the solicitation of proxies by such person with respect to the proposed business to be brought by such person before the Annual Meeting pursuant to Section 14 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations promulgated thereunder.

A stockholder providing notice of business proposed to be brought before an Annual Meeting shall further update and supplement such notice, if necessary, so that the information provided or required to be provided in such notice pursuant to this Section 2.15 shall be true and correct as of the record date for determining the stockholders entitled to receive notice of the Annual Meeting and such update and supplement shall be delivered to or be mailed and received by the Secretary at the principal executive offices of the Corporation not later than five (5) business days after the record date for determining the stockholders entitled to receive notice of the Annual Meeting.

No business shall be conducted at the Annual Meeting of Stockholders except business brought before the Annual Meeting in accordance with the procedures set forth in this Section 2.15; provided, however, that, once business has been properly brought before the Annual Meeting in accordance with such procedures, nothing in this Section 2.15 shall be deemed to preclude discussion by any stockholder of any such business. If the chairman of an Annual Meeting determines that business was not properly brought before the Annual Meeting in accordance with the foregoing procedures, the chairman shall declare to the meeting that the business was not properly brought before the meeting and such business shall not be transacted.

Nothing contained in this Section 2.15 shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act (or any successor provision of law).

Section 2.16 Nomination of Directors. Only natural persons of at least 18 years of age who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation, except as may be otherwise provided in the Articles of Incorporation with respect to the right of holders of preferred stock, if any, of the Corporation to nominate and elect a specified number of directors in certain circumstances. Nominations of persons for election to the Board of Directors may be made at any Annual Meeting of Stockholders, or at any Special Meeting of Stockholders called for the purpose of electing directors, (a) by or at the direction of the Board of Directors (or any duly authorized committee thereof) or (b) by any stockholder of the Corporation (i) who is a stockholder of record on the date of the giving of the notice provided for in this Section 2.16 and on the record date for the determination of stockholders entitled to notice of and to vote at such Annual Meeting or Special Meeting and (ii) who complies

with the notice procedures set forth in this Section 2.16.

In addition to any other applicable requirements, for a nomination to be made by a stockholder, such stockholder must have given timely notice thereof in proper written form to the Secretary of the Corporation. To be timely, a stockholder's notice to the Secretary must be delivered to or be mailed and received at the principal executive offices of the Corporation (a) in the case of an Annual Meeting, not less than one-hundred and twenty (120) days nor more than one-hundred and fifty (150) days prior to the anniversary date of the immediately preceding Annual Meeting of Stockholders; provided, however, that in the event that the Annual Meeting is called for a date that is not within thirty (30) days before or after such anniversary date, notice by the stockholder in order to be timely must be so received not later than the close of business on the tenth (10th) day following the day on which such notice of the date of the Annual Meeting was mailed or such public disclosure of the date of the Annual Meeting was made, whichever first occurs; and (b) in the case of a Special Meeting of Stockholders called for the purpose of electing directors, not later than the close of business on the tenth (10th) day following the day on which notice of the date of the Special Meeting was mailed or public disclosure of the date of the Special Meeting was made, whichever first occurs. In no event shall the adjournment or postponement of an Annual Meeting or a Special Meeting called for the purpose of electing directors, or the public announcement of such an adjournment or postponement, commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above.

To be in proper written form, a stockholder's notice to the Secretary must set forth the following information: (a) as to each person whom the stockholder proposes to nominate for election as a director (i) the name, age, business address and residence address of such person and that such person is a natural person of at least 18 years of age, (ii) the principal occupation or employment of such person, (iii) (A) the class or series and number of all shares of stock of the Corporation which are owned beneficially or of record by such person and any affiliates or associates of such person, (B) the name of each nominee holder of shares of all stock of the Corporation owned beneficially but not of record by such person or any affiliates or associates of such person, and the number of such shares of stock of the Corporation held by each such nominee holder, (C) whether and the extent to which any derivative instrument, swap, option, warrant, short interest, hedge or profit interest or other transaction has been entered into by or on behalf of such person, or any affiliates or associates of such person, with respect to stock of the Corporation and (D) whether and the extent to which any other transaction, agreement, arrangement or understanding (including any short position or any borrowing or lending of shares of stock of the Corporation) has been made by or on behalf of such person, or any affiliates or associates of such person, the effect or intent of any of the foregoing being to mitigate loss to, or to manage risk or benefit of stock price changes for, such person, or any affiliates or associates of such person, or to increase or decrease the voting power or pecuniary or economic interest of such person, or any affiliates or associates of such person, with respect to stock of the Corporation; and (iv) any other information relating to such person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors pursuant to Section 14 of the Exchange Act, and the rules and regulations promulgated thereunder; and (b) as to the stockholder giving the notice, and the beneficial owner, if any, on whose behalf the nomination is being made, (i) the name and record address of the stockholder giving the notice and the name and principal place of business of such beneficial owner; (ii) (A) the class or series and number of all shares of stock of the Corporation which are owned beneficially or of record by such person and any affiliates or associates of such person, (B) the name of each nominee holder of shares of the Corporation owned beneficially but not of record by such person or any affiliates or associates of such person, and the number of shares of stock of the Corporation held by each such nominee holder, (C) whether and the extent to which any derivative instrument, swap, option, warrant, short interest, hedge or profit interest or other transaction has been entered into by or on behalf of such person, or any affiliates or associates of such person, with respect to stock of the Corporation and (D) whether and the extent to which any other transaction, agreement, arrangement or understanding (including any short position or any borrowing or lending of shares of stock of the Corporation) has been made by or on behalf of such person, or any affiliates or associates of such person, the effect or intent of any of the foregoing being to mitigate loss to, or to manage risk or benefit of stock price changes for, such person, or any affiliates or associates of such person, or to increase or decrease the voting power or pecuniary or economic interest of such person, or any affiliates or associates of such person, with respect to stock of the Corporation; (iii) a description of all agreements, arrangements, or understandings (whether written or oral) between such person, or any affiliates or associates of such person, and any proposed nominee or any other person or persons (including their names) pursuant to which the nomination(s) are being made by such person, and any material interest of such person, or any affiliates or associates of such person, in such nomination, including any anticipated benefit therefrom to such person, or any affiliates or associates of such person; (iv) a representation that the stockholder giving notice intends to appear in person or by proxy at the Annual Meeting or Special Meeting to nominate the persons named in its notice; and (v) any other information relating to such person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with the solicitation of proxies for election of directors pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder. Such notice must be accompanied by a written consent of each proposed nominee to being named as a nominee and to serve as a director if elected.

A stockholder providing notice of any nomination proposed to be made at an Annual Meeting or Special Meeting shall further update and supplement such notice, if necessary, so that the information provided or required to be provided in such notice pursuant to this Section 2.16 shall be true and correct as of the record date for determining the stockholders entitled to receive notice of the Annual Meeting or Special Meeting, and such update and supplement shall be delivered to or be mailed and received by the Secretary at the principal executive offices of the Corporation not later than five (5) business days after the record date for determining the stockholders entitled to receive notice of such Annual Meeting or Special Meeting.

No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the procedures set forth in this Section 2.16. If the chairman of the meeting determines that a nomination was not made in accordance with the foregoing procedures, the chairman shall declare to the meeting that the nomination was defective and such defective nomination shall be disregarded.

Section 2.17 Meetings Through Electronic Communications. Stockholders may participate in a meeting of the stockholders by any means of electronic communications, videoconferencing, teleconferencing or other available technology permitted under the NRS (including, without limitation, a telephone conference or similar method of communication by which all individuals participating in the meeting can hear each other) and utilized by the Corporation. If any such means are utilized, the Corporation shall, to the extent required under the NRS, implement reasonable measures to (a) verify the identity of each person participating through such means as a stockholder and (b) provide the stockholders a reasonable opportunity to participate in the meeting and to vote on matters submitted to the stockholders, including an opportunity to communicate, and to read or hear the proceedings of the meeting in a substantially concurrent manner with such proceedings. Participation in a meeting pursuant to this Section 2.17 constitutes presence in person at the meeting.

ARTICLE III
DIRECTORS

Section 3.1 Number, Election and Term of Directors. The Board of Directors shall consist of not less than one (1) nor more than nine (9) members, the exact number of which shall be fixed from time to time by the Board of Directors. No decrease in the number of authorized directors constituting the Board of Directors of the Corporation shall shorten the term of any incumbent director. Except as provided in Section 3.2, directors shall be elected by a plurality of the votes cast at each Annual Meeting of Stockholders and each director so elected shall hold office until the next Annual Meeting of Stockholders and until such director's successor is duly elected and qualified, or until such director's earlier death, resignation or removal. Directors must be natural persons of at least 18 years of age but need not be stockholders of the Corporation or residents of the State of Nevada.

Section 3.2 Vacancies. Unless otherwise required in the Articles of Incorporation, vacancies on the Board of Directors or any committee thereof arising through death, resignation, removal, an increase in the number of directors constituting the Board of Directors or such committee or otherwise may be filled only by a majority of the remaining directors then in office, though less than a quorum, or by a sole remaining director. The directors so chosen shall, in the case of the Board of Directors, hold office until the next annual election and until their successors are duly elected and qualified, or until their earlier death, resignation or removal and, in the case of any committee of the Board of Directors, shall hold office until their successors are duly appointed by the Board of Directors or until their earlier death, resignation or removal.

Section 3.3 Duties and Powers. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Articles of Incorporation or by these By-Laws required to be exercised or done by the stockholders.

Section 3.4 Meetings. The Board of Directors and any committee thereof may hold meetings, both regular and special, either within or without the State of Nevada. Regular meetings of the Board of Directors or any committee thereof may be held without notice at such time and at such place as may from time to time be determined by the Board of Directors or such committee, respectively. Special meetings of the Board of Directors may be called by the Chairman, if any, or the president. Special meetings of any committee of the Board of Directors may be called by the chairman of such committee, if any, the president, or any director serving on such committee. Notice thereof stating the place, date and hour of the meeting shall be given to each director (or, in the case of a committee, to each member of such committee) either by mail not less than seventy-two (72) hours before the date of the meeting, by telephone or electronic mail on twenty-four (24) hours' notice, or on such shorter notice as the person or persons calling such meeting may deem necessary or appropriate in the circumstances.

Section 3.5 Organization. At each meeting of the Board of Directors or any committee thereof, the Chairman of the Board of Directors or the chairman of such committee, as the case may be, or, in his or her absence or if there be none, a director chosen by a majority of the directors present, shall act as chairman. Except as provided below, the Secretary of the Corporation shall act as secretary at each meeting of the Board of Directors and of each committee thereof. In case the Secretary shall be absent from any meeting of the Board of Directors or of any committee thereof, an Assistant Secretary shall perform the duties of secretary at such meeting; and in the absence from any such meeting of the Secretary and all the Assistant Secretaries, the chairman of the meeting may appoint any person to act as secretary of the meeting. Notwithstanding the foregoing, the members of each committee of the Board of Directors may appoint any person to act as secretary of any meeting of such committee and the Secretary or any Assistant Secretary of the Corporation may, but need not if such committee so elects, serve in such capacity.

Section 3.6 Resignations and Removals of Directors. Any director of the Corporation may resign from the Board of Directors or any committee thereof at any time, by giving notice in writing to the Chairman of the Board of Directors, if any, the president or the secretary of the Corporation and, in the case of a committee, to the chairman of such committee, if any. Such resignation shall take effect at the time therein specified or, if no time is specified, immediately; and, unless otherwise specified in such notice, the acceptance of such resignation shall not be necessary to make it effective. Except as otherwise required by applicable law and subject to the rights, if any, of the holders of shares of preferred stock then outstanding, any director or the entire Board of Directors may be removed from office at any time, with or without cause, and only by the affirmative vote of the holders of at least two-thirds (2/3) of the combined voting power of the issued and outstanding capital stock of the Corporation entitled to vote in the election of directors, voting together as a single class. Any director serving on a committee of the Board of Directors may be removed from such committee at any time by the Board of Directors.

Section 3.7 Quorum and Voting.

(a) Except as otherwise required or permitted by the Articles of Incorporation, the NRS or the rules and regulations of any securities exchange or quotation system on which the Corporation's securities are listed or quoted for trading, at all meetings of the Board of Directors or any committee thereof, a majority of the entire Board of Directors or a majority of the directors constituting such committee, as the case may be, shall constitute a quorum for the transaction of business and the act of a majority of the directors or committee members present at any meeting at which there is a quorum shall be the act of the Board of Directors or such committee, as applicable. If a quorum shall not be present at any meeting of the Board of Directors or any committee thereof, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting of the time and place of the adjourned meeting, until a quorum shall be present.

(b) Each director shall have one vote for any action required or permitted to be taken at any meeting of the Board or any committee thereof or without a meeting as provided herein. In accordance with NRS 78.330, all directors and classes of directors shall have the same voting rights.

Section 3.8 Actions of the Board by Written Consent. Unless otherwise provided in the Articles of Incorporation or these By-Laws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all the members of the Board of Directors or such committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board of Directors or such committee.

Section 3.9 Meetings by Means of Conference Telephone. Unless otherwise provided in the Articles of Incorporation or these By-Laws, members of the Board of Directors, or any committee thereof, may participate in a meeting of the Board of Directors or such committee by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this Section 3.9 shall constitute presence in person at such meeting.

Section 3.10 Committees. The Board of Directors may designate one or more committees, each committee to consist of one or more of the directors of the Corporation. Each member of a committee must meet the requirements for membership, if any, imposed by applicable law and the rules and regulations of any securities exchange or quotation system on which the securities of the Corporation are listed or quoted for trading. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of any such committee. Subject to the rules and regulations of any securities exchange or quotation system on which the securities of the Corporation are listed or quoted for trading, in the absence or disqualification of a member of a committee, and in the absence of a designation by the Board of Directors of an alternate member to replace the absent or disqualified member, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another qualified member of the Board of Directors to act at the meeting in the place of any absent or disqualified member. Any committee, to the extent permitted by law and provided in the resolution establishing such committee, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it. Each committee shall keep regular minutes and report to the Board of Directors when required. Notwithstanding anything to the contrary contained in this Article III, the resolution of the Board of Directors establishing any committee of the Board of Directors and/or the charter of any such committee may establish requirements or procedures relating to the governance and/or operation of such committee that are different from, or in addition to, those set forth in these By-Laws and, to the extent that there is any inconsistency between these By-Laws and any such resolution or charter, the terms of such resolution or charter shall be controlling; provided that it complies with the NRS.

Section 3.11 Compensation. The directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary for service as director, payable in cash or securities. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for service as committee members.

Section 3.12 Interested Directors. No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, association or other organization in which one or more of its directors or officers are directors or officers or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board of Directors or committee thereof which authorizes the contract or transaction, or solely because any such director's or officer's vote is counted for such purpose if: (i) the material facts as to the director's or officer's relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board of Directors or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or (ii) the material facts as to the director's or officer's relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders

entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders holding a majority of the voting power (the votes of the common or interested directors may be counted); and (iii) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified by the Board of Directors, a committee thereof or the stockholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction as set forth herein.

ARTICLE IV
OFFICERS

Section 4.1 General. The officers of the Corporation shall consist of a chief executive officer, president, chief financial officer and a secretary, each of whom shall be elected by the Board. Such other officers and assistant officers as may be deemed necessary may be elected or appointed by the Board. All officers must be natural persons and any natural person may hold two or more offices.

Section 4.2 Election, Qualification and Term of Office. Each of the officers shall be elected by the Board. None of said officers need be a director. Except as hereinafter provided or subject to the express provisions of a contract authorized by the Board of Directors, each of said officers shall hold office from the date of his/her election until the next annual meeting of the Board and until his/her successor shall have been duly elected and qualified or until his or her removal or resignation; provided, officers may only be removed by the affirmative vote of at least two-thirds (2/3) of the members of the Board of Directors.

Section 4.3 Voting Securities Owned by the Corporation. Powers of attorney, proxies, waivers of notice of meeting, consents and other instruments relating to securities owned by the Corporation may be executed in the name of and on behalf of the Corporation by the president or any vice president or any other officer authorized to do so by the Board of Directors and any such officer may, in the name of and on behalf of the Corporation, take all such action as any such officer may deem advisable to vote in person or by proxy at any meeting of security holders of any corporation in which the Corporation may own securities and at any such meeting shall possess and may exercise any and all rights and power incident to the ownership of such securities and which, as the owner thereof, the Corporation might have exercised and possessed if present. The Board of Directors may, by resolution, from time to time confer like powers upon any other person or persons.

Section 4.4 Removal. The Board of Directors shall have the right to remove, with or without cause, any officer of the Corporation.

Section 4.5 Resignation. Any officer may resign at any time by giving notice to the Board, the president or the secretary. Any such resignation shall take effect at the date of receipt of such notice or at any later date specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 4.6 Vacancies. The Board of Directors shall fill any office which becomes vacant with a successor who shall hold office for the unexpired term and until his/her successor shall have been duly elected and qualified or until his or her removal or resignation.

Section 4.7 Powers and Duties. The powers and duties of the respective corporate officers shall be determined by the Board.

Section 4.8 Salaries. The salaries of all executive officers of the Corporation shall be fixed by the Board of Directors or by such committee of the Board of Directors as may be designated from time to time by a resolution adopted by a majority of the Board of Directors.

Section 4.9 Other Officers. Such other officers as the Board of Directors may choose shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors. The Board of Directors may delegate to any other officer of the Corporation the power to choose such other officers and to prescribe their respective duties and powers.

ARTICLE V
STOCK

Section 5.1 Shares of Stock. The shares of capital stock of the Corporation shall be represented by a certificate, unless and until the Board of Directors adopts a resolution permitting shares to be uncertificated. Notwithstanding the adoption of any such resolution providing for uncertificated shares, every holder of capital stock of the Corporation theretofore represented by certificates and, upon request, every holder of uncertificated shares, shall be entitled to have a certificate for shares of capital stock of the Corporation signed by, or in the name of the Corporation by, (a) the Chairman, the chief executive officer or the president, and (b) the chief financial officer or the secretary, certifying the number of shares owned by such stockholder in the Corporation.

Section 5.2 Signatures. Any or all of the signatures on a certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if such person were such officer, transfer agent or registrar at the date of issue.

Section 5.3 Lost Certificates. Unless otherwise provided in the Articles of Incorporation or these By-laws, the Board of Directors may direct a new certificate or uncertificated shares be issued in place of any certificate theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issuance of a new certificate or uncertificated shares, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate, or such owner's legal representative, to identify the same in such manner as the Board of Directors shall require and/or to give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate or the issuance of such new certificate or uncertificated shares.

Section 5.4 Transfers. Stock of the Corporation shall be transferable in the manner prescribed by applicable law and in these By-Laws. Transfers of stock shall be made only on the books of the Corporation, and in the case of certificated shares of stock, only by the person named in the certificate or by such person's attorney lawfully constituted in writing and upon the surrender of the certificate therefor, properly endorsed for transfer and payment of all necessary transfer taxes; or, in the case of uncertificated shares of stock, upon receipt of proper transfer instructions from the registered holder of the shares or by such person's attorney lawfully constituted in writing, and upon payment of all necessary transfer taxes and compliance with appropriate procedures for transferring shares in uncertificated form; provided, however, that such surrender and endorsement, compliance or payment of taxes shall not be required in any case in which the officers of the Corporation shall determine to waive such requirement. With respect to certificated shares of stock, every certificate exchanged, returned or surrendered to the Corporation shall be marked "Cancelled," with the date of cancellation, by the Secretary or Assistant Secretary of the Corporation or the transfer agent thereof. No transfer of stock shall be valid as against the Corporation for any purpose until it shall have been entered in the stock records of the Corporation by an entry showing from and to whom transferred.

Section 5.5 Regulations. The Board of Directors may make such rules and regulations as it may deem expedient, not inconsistent with these By-Laws, concerning the issue, transfer and registration of certificates for shares or uncertificated shares of the stock of the Corporation.

Section 5.6 Dividend Record Date. Subject to compliance with NRS 78.288 and 78.300, and the Articles of Incorporation, in order that the Corporation may determine

the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than sixty (60) days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

Section 5.7 Record Owners. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise required by law.

Section 5.8 Transfer and Registry Agents. The Corporation may from time to time maintain one or more transfer offices or agencies and registry offices or agencies at such place or places as may be determined from time to time by the Board of Directors.

Section 5.9 Consideration for Shares. The Board of Directors may authorize shares to be issued for consideration consisting of any tangible or intangible property or benefit to the Corporation including, without limitation, cash, services performed or other securities of the Corporation. When the Corporation receives the consideration for which the Board of Directors authorized the issuance of shares, such shares shall be fully paid and non-assessable (if non-assessable stock) and the stockholders shall not be liable to the Corporation or to its creditors in respect thereof.

ARTICLE VI
NOTICES

Section 6.1 Notices. Whenever written notice is required by the NRS, the Articles of Incorporation or these By-Laws, to be given to any director, member of a committee or stockholder, such notice may be given by any method of delivery in accordance with the NRS, and as permitted thereby, including by mail, addressed to such director, member of a committee or stockholder, at such person's address as it appears on the records of the Corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail, by personal service or by electronic transmission (including by fax, electronic mail, or posting on electronic network).

Section 6.2 Waivers of Notice. Whenever any notice is required by applicable law, the Articles of Incorporation or these By-Laws, to be given to any director, member of a committee or stockholder, a waiver thereof in writing, signed by the person or persons entitled to notice, or by transmission of an electronic record by that person, whether before or after the time stated therein, shall be deemed equivalent thereto.

Attendance of a person at a meeting, present in person or represented by proxy, shall constitute a waiver of notice of such meeting, except where the person attends the meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any Annual or Special Meeting of Stockholders or any regular or special meeting of the directors or members of a committee of directors need be specified in any written waiver of notice unless so required by law, the Articles of Incorporation or these By-Laws.

ARTICLE VII
GENERAL PROVISIONS

Section 7.1 Dividends. Dividends upon the capital stock of the Corporation, subject to the requirements of the NRS and the provisions of the Articles of Incorporation, if any, may be declared by the Board of Directors at any regular or special meeting of the Board of Directors (or any action by written consent in lieu thereof in accordance with Section 3.8 hereof), and may be paid in cash or in property other than shares. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Board of Directors from time to time, in its absolute discretion, deems proper as a reserve or reserves to meet contingencies, or for purchasing any of the shares of capital stock, warrants, rights, options, bonds, debentures, notes, scrip or other securities or evidences of indebtedness of the Corporation, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for any proper purpose, and the Board of Directors may modify or abolish any such reserve.

Section 7.2 Disbursements. All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

Section 7.3 Fiscal Year. The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

Section 7.4 Corporate Seal. The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization and the words "Corporate Seal, Nevada". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

ARTICLE VIII
INDEMNIFICATION

Section 8.1 Power to Indemnify in Actions, Suits or Proceedings other than Those by or in the Right of the Corporation. Subject to Section 8.3 and to the fullest extent permitted by the NRS, the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation), by reason of the fact that such person is or was a director or officer of the Corporation, or is or was a director or officer of the Corporation serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person's conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which such person reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that such person's conduct was unlawful.

Section 8.2 Power to Indemnify in Actions, Suits or Proceedings by or in the Right of the Corporation. Subject to Section 8.3 and to the fullest extent permitted by the NRS, the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that such person is or was a director or officer of the Corporation, or is or was a director or officer of the Corporation serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation; except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person

is fairly and reasonably entitled to indemnity for such expenses which the court in which such action or suit was brought deem proper.

Section 8.3 Authorization of Indemnification. Any indemnification under this Article VIII (unless ordered by a court) shall be made by the Corporation only as permitted by the NRS and authorized in the specific case upon a determination that indemnification of the present or former director or officer is proper in the circumstances because such person has met the applicable standard of conduct set forth in Section 8.1 or Section 8.2, as the case may be. Such determination shall be made, with respect to a person who is a director or officer at the time of such determination, (i) by a majority vote of the directors who are not parties to such action, suit or proceeding, even though less than a quorum, or (ii) by a committee of such directors designated by a majority vote of such directors, even though less than a quorum, or (iii) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion or (iv) by the stockholders. Such determination shall be made, with respect to former directors and officers, by any person or persons having the authority to act on the matter on behalf of the Corporation. To the extent, however, that a present or former director or officer of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding described above, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith, without the necessity of authorization in the specific case.

Section 8.4 Good Faith Defined. For purposes of any determination under Section 8.3, a person shall be deemed to have acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation, or, with respect to any criminal action or proceeding, to have had no reasonable cause to believe such person's conduct was unlawful, if such person's action is based on the records or books of account of the Corporation or another enterprise, or on information supplied to such person by the officers of the Corporation or another enterprise in the course of their duties, or on the advice of legal counsel for the Corporation or another enterprise or on information or records given or reports made to the Corporation or another enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Corporation or another enterprise. The provisions of this Section 8.4 shall not be deemed to be exclusive or to limit in any way the circumstances in which a person may be deemed to have met the applicable standard of conduct set forth in Section 8.1 or Section 8.2, as the case may be.

Section 8.5 Indemnification by a Court. Notwithstanding any contrary determination in the specific case under Section 8.3, and notwithstanding the absence of any determination thereunder, any director or officer may apply to any court of competent jurisdiction for indemnification to the extent otherwise permissible under Section 8.1 or Section 8.2. The basis of such indemnification by a court shall be a determination by such court that indemnification of the director or officer is proper in the circumstances because such person has met the applicable standard of conduct set forth in Section 8.1 or Section 8.2, as the case may be. Neither a contrary determination in the specific case under Section 8.3 nor the absence of any determination thereunder shall be a defense to such application or create a presumption that the director or officer seeking indemnification has not met any applicable standard of conduct. Notice of any application for indemnification pursuant to this Section 8.5 shall be given to the Corporation promptly upon the filing of such application. If successful, in whole or in part, the director or officer seeking indemnification shall also be entitled to be paid the expense of prosecuting such application.

Section 8.6 Expenses Payable in Advance. Expenses (including attorneys' fees) incurred by a director or officer in defending any civil, criminal, administrative or investigative action, suit or proceeding shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the Corporation as authorized in this Article VIII. Such expenses (including attorneys' fees) incurred by former directors and officers or other employees and agents may be so paid upon such terms and conditions, if any, as the Corporation deems appropriate.

Section 8.7 Nonexclusivity of Indemnification and Advancement of Expenses. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article VIII shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under the Articles of Incorporation, these By-Laws, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office, it being the policy of the Corporation that indemnification of the persons specified in Section 8.1 and Section 8.2 shall be made to the fullest extent permitted by law. The provisions of this Article VIII shall not be deemed to preclude the indemnification of any person who is not specified in Section 8.1 or Section 8.2 but whom the Corporation has the power or obligation to indemnify under the provisions of the NRS, or otherwise.

Section 8.8 Insurance. The Corporation may purchase and maintain insurance on behalf of any person who is or was a director or officer of the Corporation, or is or was a director or officer of the Corporation serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the Corporation would have the power or the obligation to indemnify such person against such liability under the provisions of this Article VIII.

Section 8.9 Certain Definitions. For purposes of this Article VIII, references to "the Corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors or officers, so that any person who is or was a director or officer of such constituent corporation, or is or was a director or officer of such constituent corporation serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Article VIII with respect to the resulting or surviving corporation as such person would have with respect to such constituent corporation if its separate existence had continued.

The term "another enterprise" as used in this Article VIII shall mean any other corporation or any partnership, joint venture, trust, employee benefit plan or other enterprise of which such person is or was serving at the request of the Corporation as a director, officer, employee or agent. For purposes of this Article VIII, references to "fines" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to "serving at the request of the Corporation" shall include any service as a director, officer, employee or agent of the Corporation which imposes duties on, or involves services by, such director or officer with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner such person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Corporation" as referred to in this Article VIII.

Section 8.10 Survival of Indemnification and Advancement of Expenses. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article VIII shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director or officer and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 8.11 Limitation on Indemnification. Notwithstanding anything contained in this Article VIII to the contrary, except for proceedings to enforce rights to indemnification (which shall be governed by Section 8.5), the Corporation shall not be obligated to indemnify any director or officer (or his or her heirs, executors or personal or legal representatives) or advance expenses in connection with a proceeding (or part thereof) initiated by such person unless such proceeding (or part thereof) was authorized or consented to by the Board of Directors.

Section 8.12 Indemnification of Employees and Agents. The Corporation may, to the extent authorized from time to time by the Board of Directors, provide rights to indemnification and to the advancement of expenses to employees and agents of the Corporation similar to those conferred in this Article VIII to directors and officers of the Corporation.

ARTICLE IX
MISCELLANEOUS

Section 9.1 Acquisition of Controlling Interest Statute Opt–Out. The provisions of NRS 78.378 to 78.3793, inclusive, shall not apply to the Corporation or to an acquisition of a "controlling interest" (as defined in NRS 78.3785).

Section 9.2 Forum for Adjudication of State Law Disputes. To the fullest extent permitted by law, and unless the Corporation consents in writing to the selection of an alternative forum, the Eighth Judicial District Court of Clark County, Nevada, shall, to the fullest extent permitted by law, be the sole and exclusive forum for state law claims with respect to: (a) any derivative action or proceeding brought in the name or right of the Corporation or on its behalf, (b) any action asserting a claim for breach of any fiduciary duty owed by any director, officer, employee or agent of the Corporation to the Corporation or the Corporation's stockholders, (c) any action arising or asserting a claim arising pursuant to any provision of NRS Chapters 78 or 92A or any provision of the Articles of Incorporation or these Bylaws or (d) any action asserting a claim governed by the internal affairs doctrine, including, without limitation, any action to interpret, apply, enforce or determine the validity of the Articles of Incorporation or these Bylaws. This exclusive forum provision would not apply to suits brought to enforce any liability or duty created by the Securities Act of 1933, as amended, or the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the corporation shall be deemed to have notice of and consented to the provisions of this Section 9.2.

Section 9.3 Forum for Adjudication of Securities Act Disputes. Unless the Corporation consents in writing to the selection of an alternative forum, the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act of 1933, as amended, or the Exchange Act. Any person or entity purchasing or otherwise acquiring any interest in any security of the Corporation shall be deemed to have notice of and consented to this Section 9.3.

ARTICLE X
AMENDMENTS

Section 10.1 Amendments. These By-Laws may be altered, amended or repealed at any meeting of the Board of Directors, provided notice of the proposed change was given in the notice of the meeting not less than two days prior to the meeting. Notwithstanding the foregoing sentence, these By-laws may be amended or repealed in any respect, and new by-laws may be adopted, in each case by the affirmative vote of the holders of at least sixty-six and two-thirds percent (66-2/3%) of the outstanding voting power of the Corporation, voting together as a single class.

Section 10.2 Entire Board of Directors. As used in this Article X and in these By-Laws generally, the term "entire Board of Directors" means the total number of directors which the Corporation would have if there were no vacancies.

* * *

CERTIFICATION

The undersigned, as the duly elected Secretary of Legacy Education Inc., a Nevada corporation (the "Corporation"), does hereby certify that the foregoing By-laws were adopted as the Corporation's By-Laws as of March 18, 2020, by the incorporator of the Corporation.

LeeAnn Rohmann, Secretary

200929610066

OBE MERG

State of California
Secretary of State

Certificate of Merger

(California Corporations Code sections
1113(g), 3203(g), 6019.1, 8019.1, 9640, 12540.1, 15911.14, 16915(b) and 17710.14)

FILED
Secretary of State
State of California
SEP 03 2021

IMPORTANT — Read all instructions before completing this form. This Space For Filing Use Only

1. NAME OF SURVIVING ENTITY	2. TYPE OF ENTITY	3. CA SECRETARY OF STATE FILE NUMBER	4. JURISDICTION
Legacy Education, L.L.C.	LLC	200929610066	CA
5. NAME OF DISAPPEARING ENTITY	**6. TYPE OF ENTITY**	**7. CA SECRETARY OF STATE FILE NUMBER**	**8. JURISDICTION**
Legacy Education Merger Sub, LLC	LLC	202010410079	CA

9. THE PRINCIPAL TERMS OF THE AGREEMENT OF MERGER WERE APPROVED BY A VOTE OF THE NUMBER OF INTERESTS OR SHARES OF EACH CLASS THAT EQUALED OR EXCEEDED THE VOTE REQUIRED. *(IF A VOTE WAS REQUIRED, SPECIFY THE CLASS AND THE NUMBER OF OUTSTANDING INTERESTS OF EACH CLASS ENTITLED TO VOTE ON THE MERGER AND THE PERCENTAGE VOTE REQUIRED OF EACH CLASS. ATTACH ADDITIONAL PAGES, IF NEEDED.)*

SURVIVING ENTITY		DISAPPEARING ENTITY	
CLASS AND NUMBER	PERCENTAGE VOTE REQUIRED	CLASS AND NUMBER	PERCENTAGE VOTE REQUIRED
Class A Units, 16,795,934.25	>50%	Membership Interests 100 Units	100%

10. IF EQUITY SECURITIES OF A PARENT PARTY ARE TO BE ISSUED IN THE MERGER, CHECK THE APPLICABLE STATEMENT.

☐ No vote of the shareholders of the parent party was required. ☑ The required vote of the shareholders of the parent party was obtained.

11. IF THE SURVIVING ENTITY IS A DOMESTIC LIMITED LIABILITY COMPANY, LIMITED PARTNERSHIP, OR PARTNERSHIP, PROVIDE THE REQUISITE CHANGES (IF ANY) TO THE INFORMATION SET FORTH IN THE SURVIVING ENTITY'S ARTICLES OF ORGANIZATION, CERTIFICATE OF LIMITED PARTNERSHIP OR STATEMENT OF PARTNERSHIP AUTHORITY RESULTING FROM THE MERGER. ATTACH ADDITIONAL PAGES, IF NECESSARY.

12. IF A DISAPPEARING ENTITY IS A DOMESTIC LIMITED LIABILITY COMPANY, LIMITED PARTNERSHIP, OR PARTNERSHIP, AND THE SURVIVING ENTITY IS NOT A DOMESTIC ENTITY OF THE SAME TYPE, ENTER THE PRINCIPAL ADDRESS OF THE SURVIVING ENTITY.

PRINCIPAL ADDRESS OF SURVIVING ENTITY | CITY AND STATE | ZIP CODE

13. OTHER INFORMATION REQUIRED TO BE STATED IN THE CERTIFICATE OF MERGER BY THE LAWS UNDER WHICH EACH CONSTITUENT OTHER BUSINESS ENTITY IS ORGANIZED. ATTACH ADDITIONAL PAGES, IF NECESSARY.

14. STATUTORY OR OTHER BASIS UNDER WHICH A FOREIGN OTHER BUSINESS ENTITY IS AUTHORIZED TO EFFECT THE MERGER.

15. FUTURE EFFECTIVE DATE, IF ANY (Month) - (Day) - (Year)

16. ADDITIONAL INFORMATION SET FORTH ON ATTACHED PAGES, IF ANY, IS INCORPORATED HEREIN BY THIS REFERENCE AND MADE PART OF THIS CERTIFICATE.

17. I CERTIFY UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF CALIFORNIA THAT THE FOREGOING IS TRUE AND CORRECT OF MY OWN KNOWLEDGE. I DECLARE I AM THE PERSON WHO EXECUTED THIS INSTRUMENT, WHICH EXECUTION IS MY ACT AND DEED.

SIGNATURE OF AUTHORIZED PERSON FOR THE SURVIVING ENTITY	DATE	TYPE OR PRINT NAME AND TITLE OF AUTHORIZED PERSON
LeeAnn Rohmann	9/1/21	LeeAnn Rohmann, Manager
		See additional page.
SIGNATURE OF AUTHORIZED PERSON FOR THE DISAPPEARING ENTITY	DATE	TYPE OR PRINT NAME AND TITLE OF AUTHORIZED PERSON
		See additional page.
SIGNATURE OF AUTHORIZED PERSON FOR THE DISAPPEARING ENTITY	DATE	TYPE OR PRINT NAME AND TITLE OF AUTHORIZED PERSON

For an entity that is a business trust, real estate investment trust or an unincorporated association, set forth the provision of law or other basis for the authority of the person signing:

OBE MERGER-1 (REV 01/2016) APPROVED BY SECRETARY OF STATE

2009296100064

Certificate of Merger – Additional Page

Item 17 – Continued:

17. I CERTIFY UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF CALIFORNIA THAT THE FOREGOING IS TRUE AND CORRECT OF MY OWN KNOWLEDGE. I DECLARE I AM THE PERSON WHO EXECUTED THIS INSTRUMENT, WHICH EXECUTION IS MY ACT AND DEED.

Ena Hull — September 1, 2021 — Ena Hull, Manager
Signature of Authorized Person for the Surviving Entity — Date — Type or Print Name and Title of Authorized Person

September 1, 2021 — Gerald Amato, Manager
Signature of Authorized Person for the Surviving Entity — Date — Type or Print Name and Title of Authorized Person

September 1, 2021 — LeeAnn Rohmann, President of Legacy Education Inc., the Sole Member
Signature of Authorized Person for the Disappearing Entity — Date — Type or Print Name and Title of Authorized Person

SEP 2 : 932

SMRH:4845-0301-4335.4

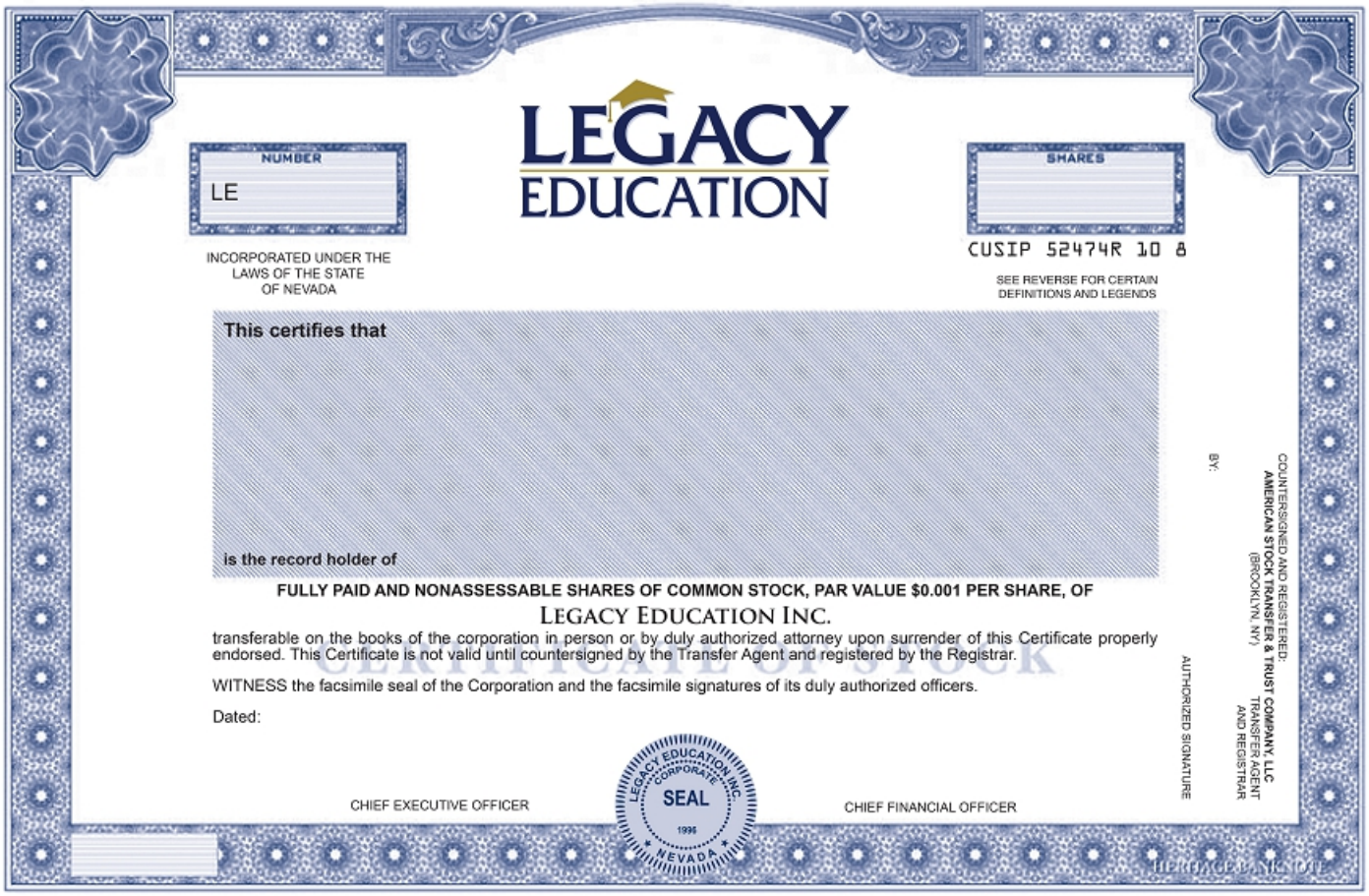
I hereby certify that the foregoing transcript of 2 page(s) is a full, true and correct copy of the original record in the custody of the California Secretary of State's office.

SXC

SEP 15 2021

SHIRLEY N. WEBER, Ph.D., Secretary of State

Exhibit 4.1



The Corporation will furnish to any stockholder, upon request and without charge, a statement of the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights, so far as the same shall have been fixed, and of the authority of the Board of Directors to designate and fix any preferences, rights and limitations of any wholly unissued series. Any such request should be addressed to the Secretary of the Corporation at its principal office.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM	–	as tenants in common
TEN ENT	–	as tenants by the entireties
JT TEN	–	as joint tenants with right of survivorship and not as tenants in common
COM PROP	–	as community property

UNIF GIFT MIN ACT – ..... Custodian .....
(Cust) (Minor)
under Uniform Gifts to Minors Act.....
(State)

UNIF TRF MIN ACT – ..... Custodian (until age .....)
(Cust)
.....under Uniform Transfers
(Minor)
to Minors Act.....
(State)

Additional abbreviations may also be used though not in the above list.

FOR VALUE RECEIVED, _____ hereby sell(s), assign(s) and transfer(s) unto

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

_____

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING ZIP CODE, OF ASSIGNEE)

_____

_____

_____ shares
of the capital stock represented by within Certificate, and do hereby irrevocably constitute and appoint

_____ attorney-in-fact
to transfer the said stock on the books of the within named Corporation with full power of the substitution in the premises.

Dated _____

X _____

X _____

Signature(s) Guaranteed:

NOTICE: THE SIGNATURE TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATSOEVER.

By _____

THE SIGNATURE(S) SHOULD BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION, (BANKS, STOCKBROKERS, SAVINGS AND LOAN ASSOCIATIONS AND CREDIT UNIONS WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM), PURSUANT TO S.E.C. RULE 17Ad-15. GUARANTEES BY A NOTARY PUBLIC ARE NOT ACCEPTABLE. SIGNATURE GUARANTEES MUST NOT BE DATED.

Exhibit 10.1

INVESTOR RIGHTS AGREEMENT

THIS INVESTOR RIGHTS AGREEMENT (this "**Agreement**"), is made as of June ___, 2021, by and among Legacy Education Inc., a Nevada corporation (the "**Company**"), and the stockholders and other security holders of the Company that are party to this Agreement (collectively, the "**Shareholders**") pursuant to the execution of a Joinder Agreement in form satisfactory to the Company (the "**Joinder Agreement**").

RECITALS

WHEREAS, to help facilitate a potential strategic transaction involving Legacy Education, L.L.C., a California limited liability company (the "**LLC**"), including, without limitation, an acquisition or an initial public offering, it is proposed that the LLC enter into an Agreement and Plan of Merger and Reorganization (the "**Merger Agreement**") with the Company, pursuant to which a wholly-owned subsidiary of the Company ("**Merger Sub**") would be merged with and into the LLC (the "**Merger**"), with the LLC surviving as the surviving entity, the LLC becoming a wholly-owned subsidiary of the Company, and the members of the LLC immediately prior to the Merger receiving shares of Common Stock (as defined below) of the Company in exchange for their membership interests in the LLC; and

WHEREAS, in order to induce the Shareholders to enter into the Merger Agreement, the Shareholders and the Company hereby agree that this Agreement shall govern the rights of the Shareholders to cause the Company to register the offer and sale of shares of Common Stock held by the Shareholders under certain circumstances and to receive certain information from the Company, as well as certain other matters as set forth in this Agreement;

NOW, THEREFORE, the parties hereby agree as follows:

1. Definitions. For purposes of this Agreement:

1.1 "**Affiliate**" means, with respect to any specified Person, any other Person who, directly or indirectly, controls, is controlled by, or is under common control with such Person, including without limitation any general partner, managing member, officer, director or trustee of such Person, or any venture capital fund or registered investment company now or hereafter existing that is controlled by one or more general partners, managing members or investment adviser of, or shares the same management company or investment adviser with, such Person.

1.2 "**Board of Directors**" means the board of directors of the Company.

1.3 "**Common Stock**" means shares of the Company's common stock, par value $0.001 per share.

1.4 "**Damages**" means any loss, damage, claim or liability (joint or several) to which a party hereto may become subject under the Securities Act, the Exchange Act, or other federal or state law, insofar as such loss, damage, claim or liability (or any action in respect thereof) arises out of or is based upon: (i) any untrue statement or alleged untrue statement of a material fact contained in any registration statement of the Company, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto; (ii) an omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading; or (iii) any violation or alleged violation by the indemnifying party (or any of its agents or Affiliates) of the Securities Act, the Exchange Act, any state securities law, or any rule or regulation promulgated under the Securities Act, the Exchange Act, or any state securities law.

1.5 "**Exchange Act**" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

1.6 **"Excluded Registration"** means (i) a registration relating to the sale or grant of securities to employees of the Company or a subsidiary pursuant to a stock option, stock purchase, equity incentive or similar plan; (ii) a registration relating to an SEC Rule 145 transaction; (iii) a registration on any form that does not include substantially the same information as would be required to be included in a registration statement covering the sale of the Registrable Securities; or (iv) a registration in which the only Common Stock being registered is Common Stock being underwritten by an underwriter.

1.7 **"Form S-1"** means such form under the Securities Act as in effect on the date hereof or any successor registration form under the Securities Act subsequently adopted by the SEC.

1.8 "**Form S-3**" means such form under the Securities Act as in effect on the date hereof or any registration form under the Securities Act subsequently adopted by the SEC that permits forward incorporation of substantial information by reference to other documents filed by the Company with the SEC.

1.9 "**Holder**" means any holder of Registrable Securities who is a party to this Agreement.

1.10 **"Immediate Family Member"** means a child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including, adoptive relationships, of a natural person referred to herein.

1.11 **"IPO"** means the Company's first underwritten public offering of its Common Stock under the Securities Act.

1.12 **"Person"** means any individual, corporation, partnership, trust, limited liability company, association or other entity.

1.13 "**Registrable Securities**" means, with respect to any Shareholder, the shares of Common Stock held by such Shareholder as of the date hereof or received by such Shareholder pursuant to the Merger and the shares of Common Stock subject to options and/or warrants held by such Shareholder that were assumed by the Company pursuant to the Merger Agreement, but excluding (i) any shares of Common Stock sold or transferred by such Shareholder in a transaction in which the applicable rights under this Agreement are not assigned pursuant to Subsection 3.1, and (ii) any shares of Common Stock for which registration rights have terminated pursuant to Subsection 2.10 of this Agreement.

1.14 "**Registrable Securities then outstanding**" means, with respect to any measurement time, the aggregate number of shares of Registrable Securities held by all Shareholders.

1.15 "**Restricted Securities**" means the securities of the Company required to be notated with the legend set forth in Subsection 2.9(b) hereof.

1.16 "**SEC**" means the Securities and Exchange Commission.

1.17 "**SEC Rule 144**" means Rule 144 promulgated by the SEC under the Securities Act.

1.18 "**SEC Rule 145**" means Rule 145 promulgated by the SEC under the Securities Act.

1.19 "**Securities Act**" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

1.20 "**Selling Expenses**" means all underwriting discounts, selling commissions, and stock transfer taxes applicable to the sale of Registrable Securities.

2. Registration Rights. The Company covenants and agrees as follows:

2.1 Company Registration. If, at any time commencing six months from the completion of the IPO, the Company shall determine to register (including, for this purpose, a registration effected by the Company for stockholders other than the Holders) any of its Common Stock under the Securities Act in connection with the public offering of such securities solely for cash (other than in an Excluded Registration), the Company shall promptly give each Holder notice of such registration. Upon the request of each Holder given within ten (10) days after such notice is given by the Company, the Company shall cause to be registered all of the Registrable Securities that each such Holder has requested to be included in such registration, except as provided below in the event of an underwriter cutback. The Company shall have the right to terminate or withdraw any registration initiated by it under this Subsection 2.1 before the effective date of such registration, whether or not any Holder has elected to include Registrable Securities in such registration. The expenses (other than Selling Expenses) of such withdrawn registration shall be borne by the Company in accordance with Subsection 2.4.

If any Holders request inclusion of their securities pursuant to this Subsection 2.1 in any underwritten registration, then such Holders whose shares are to be included in such registration shall be required, as a condition of participation in such registration, to enter into an underwriting agreement in customary form with the representative of the underwriter or underwriters selected for such underwriting. Notwithstanding any other provision of this Subsection 2.1, if the representative advises the Company in writing that marketing factors require a limitation on the number of shares to be underwritten, then the number of Registrable Securities included in the registration by each Holder shall be reduced on a pro rata basis (based on the number of Registrable Securities held by such Holder relative to the total number of Registrable Securities held by all Holders requesting inclusion of their securities in the underwriting), by such minimum number of shares as is necessary to comply with such request. No Registrable Securities or any other securities excluded from the underwriting by reason of the underwriter's marketing limitation shall be included in such registration.

2.2 Obligations of the Company. Whenever required under this Section 2 to effect the registration of any Registrable Securities, the Company shall, as expeditiously as reasonably possible:

(a) furnish to the selling Holders such numbers of copies of a prospectus, including a preliminary prospectus, as required by the Securities Act, and such other documents as the Holders may reasonably request in order to facilitate their disposition of their Registrable Securities;

(b) use its commercially reasonable efforts to register and qualify the securities covered by such registration statement under such other securities or blue-sky laws of such jurisdictions as shall be reasonably requested by the selling Holders; provided that the Company shall not be required to qualify to do business or to file a general consent to service of process in any such states or jurisdictions, unless the Company is already subject to service in such jurisdiction and except as may be required by the Securities Act;

(c) use its commercially reasonable efforts to cause all such Registrable Securities covered by such registration statement to be listed on a national securities exchange or trading system and each securities exchange and trading system (if any) on which similar securities issued by the Company are then listed;

(d) provide a transfer agent and registrar for all Registrable Securities registered pursuant to this Agreement and provide a CUSIP number for all such Registrable Securities, in each case not later than the effective date of such registration;

(e) notify each selling Holder, promptly after the Company receives notice thereof, of the time when such registration statement has been declared effective or a supplement to any prospectus forming a part of such registration statement has been filed; and

(f) after such registration statement becomes effective, notify each selling Holder of any request by the SEC that the Company amend or supplement such registration statement or prospectus.

2.3 Furnish Information. It shall be a condition precedent to the obligations of the Company to take any action pursuant to this Section 2 with respect to the Registrable Securities of any selling Holder that such Holder shall furnish to the Company such information regarding itself, the Registrable Securities held by it, and the intended method of disposition of such securities as is reasonably required to effect the registration of such Holder's Registrable Securities, which furnished information shall be reasonably satisfactory to the Company.

2.4 Expenses of Registration. All expenses (other than Selling Expenses) incurred in connection with registrations, filings, or qualifications pursuant to Section 2, including all registration, filing, and qualification fees; printers' and accounting fees; fees and disbursements of counsel for the Company, shall be borne and paid by the Company. The Selling Expenses of any Holder relating to Registrable Securities registered pursuant to this Section 2 shall be borne and paid by such Holder.

2.5 Delay of Registration. No Holder shall have any right to obtain or seek an injunction restraining or otherwise delaying any registration pursuant to this Agreement as the result of any controversy that might arise with respect to the interpretation or implementation of this Section 2.

2.6 Indemnification. If any Registrable Securities are included in a registration statement under this Section 2:

(a) To the extent permitted by law, the Company will indemnify and hold harmless each selling Holder against any Damages, and the Company will pay to each such Holder any legal or other expenses reasonably incurred thereby in connection with investigating or defending any claim or proceeding from which Damages may result, as such expenses are incurred; provided, however, that the indemnity agreement contained in this Subsection 2.6 (a) shall not apply to amounts paid in settlement of any such claim or proceeding if such settlement is effected without the consent of the Company, which consent shall not be unreasonably withheld, nor shall the Company be liable for any Damages to the extent that they arise out of or are based upon actions or omissions made in reliance upon and in conformity with written information furnished by or on behalf of any such Holder expressly for use in connection with such registration.

(b) To the extent permitted by law, each selling Holder, severally and not jointly, will indemnify and hold harmless the Company, and each of its directors, each of its officers who has signed the registration statement, each Person (if any), who controls the Company within the meaning of the Securities Act, legal counsel and accountants for the Company, any underwriter (as defined in the Securities Act), any other Holder selling securities in such registration statement, and any controlling Person of any such underwriter or other Holder, against any Damages, in each case only to the extent that such Damages arise out of or are based upon actions or omissions made in reliance upon and in conformity with written information furnished by or on behalf of such selling Holder expressly for use in connection with such registration; and each such selling Holder will pay to the Company and each other aforementioned Person any legal or other expenses reasonably incurred thereby in connection with

investigating or defending any claim or proceeding from which Damages may result, as such expenses are incurred.

(c) Promptly after receipt by an indemnified party under this Subsection 2.6 of notice of the commencement of any action (including any governmental action) for which a party may be entitled to indemnification hereunder, such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Subsection 2.6, give the indemnifying party notice of the commencement thereof. The indemnifying party shall have the right to participate in such action and, to the extent the indemnifying party so desires, participate jointly with any other indemnifying party to which notice has been given, and to assume the defense thereof with counsel mutually satisfactory to the parties; provided, however, that an indemnified party (together with all other indemnified parties that may be represented without conflict by one counsel) shall have the right to retain one separate counsel, with the fees and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interests between such indemnified party and any other party represented by such counsel in such action. The failure to give notice to the indemnifying party within a reasonable time of the commencement of any such action shall relieve such indemnifying party of any liability to the indemnified party under this Subsection 2.6, to the extent that such failure materially prejudices the indemnifying party's ability to defend such action. The failure to give notice to the indemnifying party will not relieve it of any liability that it may have to any indemnified party otherwise than under this Subsection 2.6.

(d) To provide for just and equitable contribution to joint liability under the Securities Act in any case in which either: (i) any party otherwise entitled to indemnification hereunder makes a claim for indemnification pursuant to this Subsection 2.6 but it is judicially determined (by the entry of a final judgment or decree by a court of competent jurisdiction and the expiration of time to appeal or the denial of the last right of appeal) that such indemnification may not be enforced in such case, notwithstanding the fact that this Subsection 2.6 provides for indemnification in such case, or (ii) contribution under the Securities Act may be required on the part of any party hereto for which indemnification is provided under this Subsection 2.6, then, and in each such case, such parties will contribute to the aggregate losses, claims, damages, liabilities, or expenses to which they may be subject (after contribution from others) in such proportion as is appropriate to reflect the relative fault of each of the indemnifying party and the indemnified party in connection with the statements, omissions, or other actions that resulted in such loss, claim, damage, liability, or expense, as well as to reflect any other relevant equitable considerations. The relative fault of the indemnifying party and of the indemnified party shall be determined by reference to, among other things, whether the untrue or allegedly untrue statement of a material fact, or the omission or alleged omission of a material fact, relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission.

(e) Notwithstanding the foregoing, to the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with the underwritten public offering are in conflict with the foregoing provisions, the provisions in the underwriting agreement shall control.

(f) Unless otherwise superseded by an underwriting agreement entered into in connection with the underwritten public offering, the obligations of the Company and Holders under this Subsection 2.6 shall survive the completion of any offering of Registrable Securities in a registration under this Section 2, and otherwise shall survive the termination of this Agreement.

2.7 Reports Under Exchange Act. With a view to making available to the Holders the benefits of SEC Rule 144 and any other rule or regulation of the SEC that may at any time permit a Holder to sell securities of the Company to the public without registration, the Company shall:

(a) make and keep available adequate current public information, as those terms are understood and defined in SEC Rule 144, at all times after the effective date of the registration statement filed by the Company for the IPO; and

(b) furnish to any Holder, so long as the Holder owns any Registrable Securities, forthwith upon request (i) to the extent accurate, a written statement by the Company that it has complied with the reporting requirements of SEC Rule 144 (at any time after ninety (90) days after the effective date of the registration statement filed by the Company for the IPO), the Securities Act, and the Exchange Act (at any time after the Company has become subject to such reporting requirements); and (ii) such other information as may be reasonably requested in availing any Holder of any rule or regulation of the SEC that permits the selling of any such securities without registration (at any time after the Company has become subject to the reporting requirements under the Exchange Act).

2.8 "Market Stand-off" Agreement. Each Shareholder hereby agrees that it will not, without the prior written consent of the managing underwriter, during the period commencing on the date of the final prospectus relating to the registration by the Company for its own behalf of shares of its Common Stock or any other equity securities under the Securities Act on a registration statement on Form S-1 or Form S-3, and ending on the date specified by the Company and the managing underwriter (such period not to exceed one hundred eighty (180) days in the case of an IPO, or ninety (90) days in the case of any registration other than an IPO, (i) lend; offer; pledge; sell; contract to sell; sell any option or contract to purchase; purchase any option or contract to sell; grant any option, right, or warrant to purchase; or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock or any securities convertible into or exercisable or exchangeable (directly or indirectly) for Common Stock (whether such shares or any such securities are then owned by the Shareholder or are thereafter acquired) or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such securities, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock or other securities, in cash, or otherwise. The foregoing provisions of this Subsection 2.8 shall not apply to the sale of any shares to an underwriter pursuant to an underwriting agreement. The underwriters in connection with such registration are intended third-party beneficiaries of this Subsection 2.8 and shall have the right, power and authority to enforce the provisions hereof as though they were a party hereto. Each Shareholder further agrees to execute such agreements as may be reasonably requested by the underwriters in connection with such registration that are consistent with this Subsection 2.8 or that are necessary to give further effect thereto.

2.9 Restrictions on Transfer.

(a) The Registrable Securities shall not be sold, pledged, or otherwise transferred, and the Company shall not recognize and shall issue stop-transfer instructions to its transfer agent with respect to any such sale, pledge, or transfer, except upon the conditions specified in this Agreement, which conditions are intended to ensure compliance with the provisions of the Securities Act. A transferring Holder will cause any proposed purchaser, pledgee, or transferee of the Registrable Securities held by such Holder to agree to take and hold such securities subject to the provisions and upon the conditions specified in this Agreement.

(b) Each certificate, instrument, or book entry representing (i) the Registrable Securities, and (ii) any other securities issued in respect of the securities referenced in clause (i), upon any stock split, stock dividend, recapitalization, merger, consolidation, or similar event, shall (unless otherwise permitted by the provisions of Subsection 2.9 (c)) be notated with a legend substantially in the following form:

THE SECURITIES REPRESENTED HEREBY HAVE BEEN ACQUIRED FOR INVESTMENT AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. SUCH SHARES MAY NOT BE SOLD, PLEDGED, OR TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR A VALID EXEMPTION FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS OF SAID ACT.

THE SECURITIES REPRESENTED HEREBY MAY BE TRANSFERRED ONLY IN ACCORDANCE WITH THE TERMS OF AN AGREEMENT BETWEEN THE COMPANY AND THE SHAREHOLDER, A COPY OF WHICH IS ON FILE WITH THE SECRETARY OF THE COMPANY.

The Holders consent to the Company making a notation in its records and giving instructions to any transfer agent of the Restricted Securities in order to implement the restrictions on transfer set forth in this Subsection 2.9.

(c) The holder of such Restricted Securities, by acceptance of ownership thereof, agrees to comply in all respects with the provisions of this Section 2. Before any proposed sale, pledge, or transfer of any Restricted Securities, unless there is in effect a registration statement under the Securities Act covering the proposed transaction, the Holder thereof shall give notice to the Company of such Holder's intention to effect such sale, pledge, or transfer. Each such notice shall describe the manner and circumstances of the proposed sale, pledge, or transfer in sufficient detail and, if reasonably requested by the Company, shall be accompanied at such Holder's expense by either (i) a written opinion of legal counsel who shall, and whose legal opinion shall, be reasonably satisfactory to the Company, addressed to the Company, to the effect that the proposed transaction may be effected without registration under the Securities Act; (ii) a "no action" letter from the SEC to the effect that the proposed sale, pledge, or transfer of such Restricted Securities without registration will not result in a recommendation by the staff of the SEC that action be taken with respect thereto; or (iii) any other evidence reasonably satisfactory to counsel to the Company to the effect that the proposed sale, pledge, or transfer of the Restricted Securities may be effected without registration under the Securities Act, whereupon the Holder of such Restricted Securities shall be entitled to sell, pledge, or transfer such Restricted Securities in accordance with the terms of the notice given by the Holder to the Company. Each certificate, instrument, or book entry representing the Restricted Securities transferred as above provided shall be notated with, except if such transfer is made pursuant to SEC Rule 144, the appropriate restrictive legend set forth in Subsection 2.9 (b), except that such certificate instrument, or book entry shall not be notated with such restrictive legend if, in the opinion of counsel for such Holder and the Company, such legend is not required in order to establish compliance with any provisions of the Securities Act.

2.10 Termination of Registration Rights. The right of any Holder to request registration or inclusion of Registrable Securities in any registration pursuant to Subsection 2.1 shall terminate upon the earliest to occur of:

(a) such time after consummation of the IPO as Rule 144 or another similar exemption under the Securities Act is available for the sale of all of such Holder's Registrable Securities without limitation; and

(b) the second (2^{nd}) anniversary of the IPO.

3. Miscellaneous.

3.1 Successors and Assigns. The rights under this Agreement may be assigned (but only with all related obligations) by a Holder to a transferee of Registrable Securities that (i) is an Affiliate of a Holder; or (ii) is a Holder's Immediate Family Member or trust for the benefit of an individual Holder or one or more of such Holder's Immediate Family Members; provided, however, that (x) the Company is, within a reasonable time after such transfer, furnished with written notice of the name and address of such transferee and the Registrable Securities with respect to which such rights are being transferred; and (y) such transferee agrees in a written instrument delivered to the Company, which instrument shall be reasonably acceptable to the Company, to be bound by and subject to the terms and conditions of this Agreement, including the provisions of Subsection 2.8. The terms and conditions of this Agreement inure to the benefit of and are binding upon the respective successors and permitted assignees of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and permitted assignees any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided herein.

3.2 Governing Law. This Agreement shall be governed by the internal laws of the State of Nevada, without regard to conflict of law principles that would result in the application of any law other than the laws of the State of Nevada.

3.3 Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, *e.g.*, www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

3.4 Titles and Subtitles. The titles and subtitles used in this Agreement are for convenience only and are not to be considered in construing or interpreting this Agreement.

3.5 Notices. All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed effectively given upon the earlier of actual receipt or (i) personal delivery to the party to be notified; (ii) when sent, if sent by electronic mail or facsimile during the recipient's normal business hours, and if not sent during normal business hours, then on the recipient's next business day; (iii) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid; or (iv) one (1) business day after the business day of deposit with a nationally recognized overnight courier, freight prepaid, specifying next-day delivery, with written verification of receipt. All communications shall be sent to the Shareholders at their addresses as set forth on their respective Joinder Agreements or to such email address, facsimile number or address as subsequently modified by written notice given in accordance with this Section 3.5. If notice is given to the Company, it shall be sent to: Legacy Education Inc., 701 W Avenue K Suite 122, Lancaster, CA 93534, Attention: LeeAnn Rohmann, President, Email: LRohmann@hdmc.edu, with a copy to (which shall not constitute notice) to Sheppard, Mullin, Richter & Hampton LLP, 30 Rockefeller Plaza, 39^{th} Floor, New York, NY 10112, Attn: Richard A. Friedman, rafriedman@sheppardmullin.com.

3.6 Amendments and Waivers. Any term of this Agreement may be amended, modified or terminated and the observance of any term of this Agreement may be waived (either generally or in a particular instance, and either retroactively or prospectively) only with the written consent of the Company and the holders of at least a majority of the Registrable Securities then outstanding; provided that the Company may in its sole discretion waive compliance with Subsection 2.9(c) (and the Company's failure to object promptly in writing after notification of a proposed assignment allegedly in violation of Subsection 2.9(c) shall be deemed to be a waiver); and provided further that any provision hereof may be waived by any waiving party on such party's own behalf, without the consent of any other party. The Company shall give prompt notice of any amendment, modification or termination hereof or waiver hereunder to any party hereto that did not consent in writing to such amendment, modification, termination, or waiver. Any amendment, modification, termination, or waiver effected in accordance with this Subsection 3.6 shall be binding on all parties hereto, regardless of whether any such party has consented thereto. No waivers of or exceptions to any term, condition, or provision of this Agreement, in any one or more instances, shall be deemed to be or construed as a further or continuing waiver of any such term, condition, or provision.

3.7 Severability. In case any one or more of the provisions contained in this Agreement is for any reason held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision of this Agreement, and such invalid, illegal, or unenforceable provision shall be reformed and construed so that it will be valid, legal, and enforceable to the maximum extent permitted by law.

3.8 Additional Investors. Notwithstanding anything to the contrary contained herein, if the Company issues additional shares of the Company's Common Stock after the date hereof, any purchaser of such shares shall become a party to this Agreement by executing and delivering an additional counterpart signature page to this Agreement or a Joinder Agreement, and thereafter shall be deemed a "Shareholder" for all purposes hereunder. No action or consent by the Shareholders shall be required for such joinder to this Agreement by such additional Shareholder, so long as such additional Shareholder has agreed in writing to be bound by all of the obligations as a "Shareholder" hereunder.

3.9 Entire Agreement. This Agreement (including any Schedules and Exhibits hereto) constitutes the full and entire understanding and agreement among the parties with respect to the subject matter hereof, and any other written or oral agreement relating to the subject matter hereof existing between the parties is expressly canceled.

3.10 Resolution of Disputes - Arbitration. Except for actions for injunctive or other equitable relief, any dispute whatsoever relating to the interpretation, validity or performance of this Agreement, or any dispute arising out of this Agreement, which is not resolved within the thirty (30)-day period commencing upon receipt of written notice by either party from the other party, shall be settled by binding and final arbitration. The arbitration shall be conducted pursuant to the JAMS Arbitration Rule and Procedures (the "**JAMS Rules**"). Arbitration shall be conducted by a single arbitrator that is a retired judge and experienced in resolving commercial disputes regarding the real estate business. The arbitrator shall be selected pursuant to the JAMS Rules. The arbitration shall be held in such place in the metropolitan area of San Diego, California, as may be specified by the arbitrator (or such other place upon which the parties and the arbitrator may agree), and shall be conducted pursuant to the JAMS Rules (regardless of any choice of law provision in the Agreement) to the extent not inconsistent with this Agreement. The decision of the arbitrator shall be final and binding as to any matters submitted to arbitration and shall be in lieu of any other action or proceeding of any nature whatsoever; and, if necessary, any judgment upon the arbitrator's decision may be entered in any court of record having jurisdiction over the subject matter or over the party against whom the judgment is being enforced. The award shall not include or be accompanied by any findings of fact, conclusions of law or other written explanation of the reasons for the award. Except as required by law, the parties agree to keep confidential the existence and details of any dispute subject to this provision, including the results of arbitration. The foregoing shall not be deemed to prohibit a party from disclosing relevant information to its legal, financial and other advisors in connection with any such dispute as long as such advisors agree to maintain the confidentiality thereof pursuant to this provision. Notwithstanding the foregoing, any party may seek temporary injunctive relief through any local, state, or federal court located in or around San Diego, California with proper jurisdiction over the dispute in the event of any breach or anticipatory or threatened breach of this Agreement.

3.11 Delays or Omissions. No delay or omission to exercise any right, power, or remedy accruing to any party under this Agreement, upon any breach or default of any other party under this Agreement, shall impair any such right, power, or remedy of such nonbreaching or nondefaulting party, nor shall it be construed to be a waiver of or acquiescence to any such breach or default, or to any similar breach or default thereafter occurring, nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. All remedies, whether under this Agreement or by law or otherwise afforded to any party, shall be cumulative and not alternative.

3.12 Representation by Sheppard, Mullin, Richter & Hampton LLP. The parties to this Agreement acknowledge that this Agreement has been prepared by the law firm of Sheppard, Mullin, Richter & Hampton, LLP as attorneys for the Company. Sheppard, Mullin, Richter & Hampton LLP has not represented any other party, including any Shareholder in connection with the preparation of this Agreement. Each Shareholder has been advised by Sheppard, Mullin, Richter & Hampton, LLP to seek independent legal advice from each Shareholder's attorney concerning the preparation of this Agreement and has been provided a reasonable opportunity to obtain such advice.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

LEGACY EDUCATION, INC.

By: _____
Name: LeeAnn Rohmann
Title: President

AMENDED AND RESTATED STOCKHOLDER AGREEMENT

OF

LEGACY EDUCATION INC.

TABLE OF CONTENTS

AMENDED AND RESTATED STOCKHOLDER AGREEMENT

THIS AMENDED AND RESTATED STOCKHOLDER AGREEMENT (this "**Agreement**"), is made as of February 28, 2022, by and among Legacy Education Inc., a Nevada corporation (the "**Company**") and the security holders of the Company that are party to this Agreement (collectively, the "**Stockholders**").

WHEREAS, the certain stockholders of the Company and the Company entered into the original Stockholder Agreement dated May 20, 2021 (the "**Original Agreement**");

WHEREAS, the Stockholders and the Company desire to amend and restate the Original Agreement in order to update the rights and privileges of the Stockholders as set forth herein; and

WHEREAS, the Stockholders and the Company agree that this Agreement shall amend and restate the Original Agreement and shall supersede the Original Agreement in its entirety.

NOW, THEREFORE, the Company and the Stockholders hereby agree as follows:

1. **Definitions.**

1.1 "**Affiliate**" means, with respect to any specified Stockholder, any other Stockholder who directly or indirectly, controls, is controlled by or is under common control with such Stockholder, including, without limitation, any general partner, managing member, officer, director or trustee of such Stockholder, or any venture capital fund or registered investment company now or hereafter existing which is controlled by one or more general partners, managing members or investment advisers of, or shares the same management company or investment adviser with, such Stockholder.

1.2 "**Articles**" means the Company's Articles of Incorporation, as amended and/or restated from time to time.

1.3 "**Board of Directors**" or "**Board**" means the board of directors of the Company.

1.4 "**Business Day**" means any day except a Saturday, Sunday or other day which in New York, New York is a legal holiday or a day on which banking institutions are authorized by law or executive action to close.

1.5 "**Capital Stock**" means (a) shares of Common Stock (whether now outstanding or hereafter issued in any context), and (b) shares of Common Stock issued or issuable upon exercise or conversion, as applicable, of stock options, warrants or other convertible securities of the Company ("**Common Stock Equivalents**"), in each case now owned or subsequently acquired by any Stockholder or its respective successors or permitted transferees or assigns.

1.6 "**Change of Control**" means a transaction or series of related transactions in which a person, or a group of related persons, acquires from stockholders of the Company shares representing more than fifty percent (50%) of the outstanding voting power of the Company.

1.7 "**Common Stock**" means shares of Common Stock of the Company, $0.001 par value per share.

1.8 "**Majority Vote of the Stockholders**" shall mean the vote of Stockholders holding a majority of the outstanding Shares.

1.9 "**Permitted Transfer**" has the meaning set forth in Section 3.1.

1.10 "**Permitted Transferee**" means (i) in the case of any transferor that is not a natural person, any Person that is an Affiliate of such transferor and (ii) in the case of any transferor that is a natural person, (A) any Person to whom Capital Stock is transferred from such transferor (1) by will or the laws of descent and distribution or (2) by gift without consideration of any kind; provided that, in the case of clause (2), such transferee is the spouse, the lineal descendant, sibling, parent, heir, executor, administrator, testamentary trustee, legatee or beneficiary of such transferor, (B) a trust that is for the exclusive benefit of such transferor or its Permitted Transferees under (A) above or (C) any institution qualified as tax-exempt under Section 501(c)(3) of the Code.

1.11 "**Person**" shall mean an individual, partnership, joint venture, corporation, limited liability company, trust or unincorporated organization, a government or any department, agency or political subdivision thereof, or any other entity.

1.12 "**Proposed Transfer Notice**" means notice from a Stockholder setting forth the terms and conditions of a Transfer.

1.13 "**Restricted Transfer**" has the meaning set forth in Section 3.2.

1.14 "**Stockholders**" means each Stockholder, each person to whom the rights of a Stockholder are assigned pursuant to Subsection 3.1, each person who hereafter becomes a signatory to this Agreement pursuant to Subsection 5.11 and any one of them, as the context may require.

1.15 "**Transferee**" means a Person who has acquired a Stockholder's interest in the Company, by way of a Transfer pursuant to the terms of this Agreement, but who has not become a Stockholder.

1.16 "**Transfer Stock**" means shares of Capital Stock owned by a Stockholder, or issued to a Stockholder after the date hereof (including, without limitation, in connection with any stock split, stock dividend, recapitalization, reorganization, or the like).

2. **Agreement Among the Company and the Stockholders.**

2.1 **Option to Buy.**

(a) **Company's Option to Buy.** If a Stockholder wishes to Transfer (as defined below) any or all of such Stockholder's shares of Common Stock ("**Shares**"), including pursuant to a Bona Fide Offer (as defined below), then such Stockholder ("**Offering Stockholder**") shall deliver a Proposed Transfer Notice to the Company at least thirty (30) days in advance of the Transfer, indicating the terms of such Transfer, including a Bona Fide Offer, and the identity of the offeror. The Company shall have the option to purchase the Shares proposed to be Transferred at the price and on the terms provided in this Section. If the price for the Shares is other than cash, the fair market value expressed in terms of dollars of the price shall be as established in good faith by the Board of Directors of the Company. For purposes of this Agreement, "**Bona Fide Offer**" means an offer in writing setting forth all relevant terms and conditions of purchase from an offeror who is ready, willing and able to consummate the purchase and who is not an Affiliate of the Offering Stockholder. The name of the proposed transferee must be disclosed to the Company. For thirty (30) days after the Proposed Transfer Notice is given, the Company shall have the right to purchase the Shares offered, on the terms stated in the Proposed Transfer Notice.

(b) **Waiver to Sell to Third Party.** If the Company does not exercise the right to purchase all of the Shares during the thirty (30)-day period following receipt of the Proposed Transfer Notice, then, the Offering Stockholder may, within ninety (90) days from the date the Proposed Transfer Notice is given and on the terms and conditions stated in the Proposed Transfer Notice, sell or otherwise Transfer the Shares to the proposed transferee named in the Proposed Transfer Notice, subject to Section 5.9(b).

2.2 **Drag-Along Right.** If Stockholders with a Majority Vote of the Stockholders (such approving Stockholders, the "**Dragging Stockholders**") have agreed to accept a bona fide offer ("**Buy-Out Offer**") from an independent third party ("**Buy-Out Offeror**") to purchase or otherwise acquire for arm's length consideration all or a lesser portion of the Shares of the Dragging Stockholders, then the Dragging Stockholders shall have the right (the "**Drag-Along Right**") to require all other Stockholders (the "**Drag-Along Stockholders**") to sell or otherwise transfer a percentage of such Stockholder's respective Shares equal to the percentage of Shares being sold or otherwise transferred to such Buy-Out Offeror by the Dragging Stockholders compared to the total Shares held by Dragging Stockholders, in accordance with the following provisions:

(a) In order to exercise the Drag-Along Right with respect to such Buy-Out Offer, the Dragging Stockholders must deliver to each Drag-Along Stockholder, promptly following acceptance of such Buy-Out Offer, a written notice (the "**Drag-Along Notice**") that contains (i) the name of the Person to whom such Shares are proposed to be sold, (ii) a copy of such Buy-Out Offer, (iii) an indication that the Dragging Stockholders are exercising the Drag-Along Right, (iv) the proposed date, time and location of the closing of the sale, (v) the quantity of Shares to be sold by the Dragging Stockholders, (vi) the proposed amount of consideration to be paid by the Buy-Out Offeror for the Shares and the other material terms and conditions of the Buy-Out Offer, including a description of any non-cash consideration in sufficient detail to permit the valuation thereof.

(b) Following delivery of a Drag-Along Notice, (i) the Dragging Stockholders shall promptly provide written notice to the Drag-Along Stockholders of all material updates or changes to the terms, timing or status of such Buy-Out Offer and (ii) the Drag-Along Stockholders shall be obligated to sell or otherwise transfer a percentage of their respective Shares (equal to the percentage of Shares being sold or otherwise transferred by the Dragging Stockholders compared to the total Shares held by the Dragging Stockholders) to such Buy-Out Offeror simultaneously with, and upon the same terms and conditions as apply to, the sale or other transfer of the Dragging Stockholders' to such Buy-Out Offeror.

(c) The obligations of the Drag-Along Stockholders in respect of a Buy-Out Offer are subject to the satisfaction of the following conditions: (i) the consideration to be received by each Drag-Along Stockholder shall be the same form of consideration to be received by the Dragging Stockholders and the terms and conditions of such sale shall be materially no less favorable than those upon which the Dragging Stockholders sell their Shares; (ii) if the Dragging Stockholders or any Drag-Along Stockholder are given an option as to the form and amount of consideration to be received, the same option shall be given to all Drag-Along Stockholders; and (iii) each Drag-Along Stockholder shall execute the applicable purchase agreement, if applicable, and make or provide the same representations, warranties, covenants (other than non-competition and non-solicitation covenants), indemnities and agreements as the Dragging Stockholders make or provides in connection with the Buy-Out Offer; provided, that each Drag-Along Stockholder shall only be obligated to make individual representations and warranties with respect to such Drag Along Stockholder's title to and ownership of the applicable Shares, authorization, execution and delivery of relevant documents by the Drag-Along Stockholder, enforceability of such documents against the Drag-Along Stockholder, and other customary matters solely relating to such Drag-

Along Stockholder, but not with respect to any of the foregoing as to any other Stockholders or their Shares or to the Company or its business generally; provided, further, that all representations, warranties, covenants and indemnities shall be made by the Dragging Stockholders and each Drag-Along Stockholder severally and not jointly, and any indemnification obligation shall be pro rata, based on the consideration received by the Dragging Stockholders and each Drag-Along Stockholder, as applicable, at closing, in each case in an amount not to exceed the aggregate proceeds received by the Dragging Stockholders or such Drag-Along Stockholder, as applicable, in connection with the Buy-Out Offer.

(d) Each Drag-Along Stockholder grants to the Dragging Stockholders an irrevocable limited power of attorney, coupled with an interest, for the purpose of assigning, transferring, conveying and delivering the Shares, or the necessary portion of the Shares, of the Drag-Along Stockholders, to the Buy-Out Offeror in order to effectively complete the sale of such Shares of such Drag-Along Stockholder to the Buy-Out Offeror in accordance with the provisions of this Section 2.2 after a timely and proper election by the Dragging Stockholders under and pursuant to the Drag-Along Right; provided, that such proxy shall be in effect and exercisable if and only if the conditions set forth in Section 2.2(c) are satisfied.

(e) The fees and expenses of the Dragging Stockholders actually incurred in connection with a Buy-Out Offer in respect of which the Drag-Along Right is exercised, to the extent not paid or reimbursed by the Buy-Out Offeror, shall be the sole and exclusive responsibility of the Dragging Stockholders, and no Drag-Along Stockholder shall be obligated to make any out-of-pocket expenditure in connection therewith; provided, that each Drag-Along Stockholder shall be responsible for its own fees and expenses incurred in connection with a Buy-Out Offer.

(f) The Dragging Stockholders shall have ninety (90) days following the date of the Drag-Along Notice in which to consummate the Buy-Out Offer, on the terms set forth in the Drag-Along Notice. If at the end of such period the Dragging Stockholders have not consummated the Buy-Out Offer, the Dragging Stockholders may not then exercise its rights under this Section 2.2 without again fully complying with the provisions of this Section 2.2.

(g) The Dragging Stockholders reserve the right to revise and/or terminate any and all Buy-Out Offers that they may have previously accepted, and the rights of the other Stockholders under this Section 2.2 shall be subject to any decision by the Dragging Stockholders to so revise or terminate any such Buy-Out Offer.

3. **Transfers.**

3.1 **Permitted Transfers.** Except in compliance with Section 2, a Stockholder may not, directly or indirectly, transfer, assign, convey, sell, encumber or in any way alienate all or any part of its Shares (collectively, "**Transfer**"), whether now owned or later acquired, unless such Transfer is a Permitted Transfer. A Stockholder of the Company may Transfer its Shares in the Company during its life, at its death, or as a distribution from a trust, to one or more Permitted Transferees ("**Permitted Transfer**"), provided:

(a) they give notice thereof to the Company at least ten (10) Business Days prior to such Transfer;

(b) the Transfer must not be a Restricted Transfer;

(c) the Stockholder making the Transfer ("**Transferring Stockholder**") shall have surrendered to the Company, if applicable, any certificate or certificates for the shares affected by

the transfer, duly endorsed and with signatures guaranteed in such form as the Company may require;

(d) the Corporation is provided with a joinder in the form attached hereto as Exhibit B (the "**Joinder Agreement**") executed by such Permitted Transferee agreeing to be bound by the terms and conditions of this Agreement; and

(e) The Transferring Stockholder shall execute, acknowledge, verify and deliver and cause to be executed, acknowledged, verified and delivered to or on behalf of the Company such documents, certificates and other instruments, and shall take such other actions, as the Company reasonably requires in connection with the Transfer in order to establish that the Transfer is not a Restricted Transfer, to comply with any applicable law or governmental rule or regulation and to deal with any other matter related to the interests of the Company or its Stockholders that may be affected by the Transfer in such manner as the Company may deem necessary or appropriate under the circumstances, including, without limitation, providing information reasonably requested by the Company in order to enable the Company to comply with the requirements of applicable law.

3.2 **Restricted Transfers.** For purposes hereof, a "**Restricted Transfer**" is any Transfer that the Company determines would do any of the following:

(a) Violate any applicable law or governmental rule or regulation;

(b) Require filing of a registration statement under the Securities Act of 1933, as amended, or qualification or registration under any state securities law;

(c) Cause the Company to be an " investment company" within the meaning of the Investment Company Act of 1940; or

(d) Cause any assets of the Company to be treated as "plan assets" under the Employee Retirement Income Security Act of 1974, as amended, or jeopardize any exemption from such treatment available to the Company under the Code of Federal Regulations, Part 29, Section 2510.3-10 l.

3.3 **Prohibited Transfers.** Any Transfer that is not permitted under this Agreement shall be null and void *ab initio* unless consented to in writing by the Board of Directors.

4. **Legend.** Each certificate, instrument, or book entry representing Shares shall be notated with the following legend:

THE SALE, PLEDGE, HYPOTHECATION, OR TRANSFER OF THE SECURITIES REPRESENTED HEREBY IS SUBJECT TO, AND IN CERTAIN CASES PROHIBITED BY, THE TERMS AND CONDITIONS OF A CERTAIN AMENDED AND RESTATED STOCKHOLDER AGREEMENT BY AND AMONG THE STOCKHOLDER, THE CORPORATION AND CERTAIN OTHER STOCKHOLDERS OF THE CORPORATION. COPIES OF SUCH AGREEMENT MAY BE OBTAINED UPON WRITTEN REQUEST TO THE SECRETARY OF THE CORPORATION.

Each Stockholder agrees that the Company may instruct its transfer agent to impose transfer restrictions on the shares notated with the legend referred to in this Section 4 above to enforce the provisions of this Agreement, and the Company agrees to promptly do so. The legend shall be removed upon termination of this Agreement at the request of the holder.

5. **Miscellaneous.**

5.1 **Term.** This Agreement shall automatically terminate upon the earlier of: (a) immediately prior to the consummation of the Company's initial public offering, (b) the consummation of a Deemed Liquidation Event, (c) the date on which none of the Stockholders holds any Shares, (d) the termination, dissolution, liquidation, or winding up of the Company or (e) the agreement of all of the Stockholders, acting together and by written instrument. Each of the following events shall be considered a "**Deemed Liquidation Event**" unless the Stockholders, pursuant to a Majority Vote of the Stockholders, elect otherwise by written notice sent to the Company at least thirty (30) days prior to the effective date of any such event: (a) a merger or consolidation in which (i) the Company is a constituent party or (ii) a subsidiary of the Company is a constituent party and the Company issues shares of its capital stock pursuant to such merger or consolidation, except any such merger or consolidation involving the Company or a subsidiary in which the shares of capital stock of the Company outstanding immediately prior to such merger or consolidation continue to represent, or are converted into or exchanged for shares of capital stock that represent, immediately following such merger or consolidation, at least a majority, by voting power, of the capital stock of (1) the surviving or resulting corporation; or (2) if the surviving or resulting corporation is a wholly-owned subsidiary of another corporation immediately following such merger or consolidation, the parent corporation of such surviving or resulting corporation; or (b) (1) the sale, lease, transfer, exclusive license or other disposition, in a single transaction or series of related transactions, by the Company or any subsidiary of the Company of all or substantially all the assets of the Company and its subsidiaries taken as a whole, or (2) the sale or disposition (whether by merger, consolidation or otherwise, and whether in a single transaction or a series of related transactions) of one or more subsidiaries of the Company if substantially all of the assets of the Company and its subsidiaries taken as a whole are held by such subsidiary or subsidiaries, except where such sale, lease, transfer, exclusive license or other disposition is to a wholly-owned subsidiary of the Company.

5.2 **Stock Split.** All references to numbers of shares in this Agreement shall be appropriately adjusted to reflect any stock dividend, split, combination or other recapitalization affecting the capital stock occurring after the date of this Agreement.

5.3 **Ownership.** Each Stockholder represents and warrants that such Stockholder is the sole legal and beneficial owner of the shares of Transfer Stock subject to this Agreement and that no other person or entity has any interest in such shares (other than a community property interest as to which the holder thereof has acknowledged and agreed in writing to the restrictions and obligations hereunder).

5.4 **Resolution of Disputes – Arbitration.** Except for actions for injunctive or other equitable relief, any dispute whatsoever relating to the interpretation, validity or performance of this Agreement, or any dispute arising out of this Agreement, which is not resolved within the thirty (30)-day period commencing upon receipt of written notice by either party from the other party, shall be settled by binding and final arbitration. The arbitration shall be conducted pursuant to the JAMS Arbitration Rule and Procedures (the "**JAMS Rules**"). Arbitration shall be conducted by a single arbitrator that is a retired judge and experienced in resolving commercial disputes regarding the real estate business. The arbitrator shall be selected pursuant to the JAMS Rules. The arbitration shall be held in such place in the metropolitan area of San Diego, California, as may be specified by the arbitrator (or such other place upon which the parties and the arbitrator may agree), and shall be conducted pursuant to the JAMS Rules (regardless of any choice of law provision in the Agreement) to the extent not inconsistent with this Agreement. The decision of the arbitrator shall be final and binding as to any matters submitted to arbitration and shall be in lieu of any other action or proceeding of any nature whatsoever; and, if necessary, any judgment upon the arbitrator's decision may be entered in any court of record having jurisdiction over the subject matter or over the party against whom the judgment is being enforced. The award shall not include or be accompanied by any findings of fact, conclusions of law or other written explanation of the reasons for the award. Except as

required by law, the parties agree to keep confidential the existence and details of any dispute subject to this provision, including the results of arbitration. The foregoing shall not be deemed to prohibit a party from disclosing relevant information to its legal, financial and other advisors in connection with any such dispute as long as such advisors agree to maintain the confidentiality thereof pursuant to this provision. Notwithstanding the foregoing, any party may seek temporary injunctive relief through any local, state, or federal court located in or around San Diego, California with proper jurisdiction over the dispute in the event of any breach or anticipatory or threatened breach of this Agreement.

5.5 **Notices.**

(a) All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed effectively given upon the earlier of actual receipt or (a) personal delivery to the party to be notified, (b) when sent, if sent by electronic mail or facsimile during normal business hours of the recipient, and if not sent during normal business hours, then on the recipient's next Business Day, (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one (1) Business Day after deposit with a nationally recognized overnight courier, freight prepaid, specifying next business day delivery, with written verification of receipt. All communications shall be sent to the respective parties at their addresses as set forth on the signature page hereto or to such email address, facsimile number or address as subsequently modified by written notice given in accordance with this Section 5.5. If notice is given to the Company, it shall be sent to:

Legacy Education Inc.
701 W Avenue K ,Suite 122
Lancaster, CA 93534
Attention: LeeAnn Rohmann, Chief Executive Officer
Email: LRohmann@hdmc.edu

With a copy to (which shall not constitute notice):

Sheppard, Mullin, Richter & Hampton, LLP
30 Rockefeller Plaza
New York, NY 10112
Attn: Richard Friedman, Esq.
Email: rafriedman@sheppardmullin.com

(b) **Consent to Electronic Notice.** Each Stockholder consents to the delivery of any stockholder notice by electronic transmission at the electronic mail address or the facsimile number set forth below such Stockholder's name on the signature page hereto, as updated from time to time by notice to the Company. Each Stockholder agrees to promptly notify the Company of any change in its electronic mail address, and that failure to do so shall not affect the foregoing.

5.6 **Entire Agreement.** This Agreement (including, the Exhibits and Schedules hereto) constitutes the full and entire understanding and agreement between the parties with respect to the subject matter hereof, and any other written or oral agreement relating to the subject matter hereof existing between the parties are expressly canceled.

5.7 **Delays or Omissions.** No delay or omission to exercise any right, power or remedy accruing to any party under this Agreement, upon any breach or default of any other party under this Agreement, shall impair any such right, power or remedy of such non-breaching or non-defaulting party nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereafter occurring; nor shall any waiver of any single breach or default

be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any party of any breach or default under this Agreement, or any waiver on the part of any party of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement or by law or otherwise afforded to any party, shall be cumulative and not alternative.

5.8 **Amendment; Waiver and Termination.** This Agreement may be amended, modified or terminated (other than pursuant to Section 5.1 above) and the observance of any term hereof may be waived (either generally or in a particular instance and either retroactively or prospectively) only by a written instrument executed by (a) the Company and (b) the vote of 33 and 1/3% of the Stockholders. Any amendment, modification, termination or waiver so effected shall be binding upon the Company, the Stockholders, and all of their respective successors and permitted assigns whether or not such party, assignee or other Stockholder entered into or approved such amendment, modification, termination or waiver. The Company shall give prompt written notice of any amendment, modification or termination hereof or waiver hereunder to any party hereto that did not consent in writing to such amendment, modification, termination or waiver. No waivers of or exceptions to any term, condition or provision of this Agreement, in any one or more instances, shall be deemed to be, or construed as, a further or continuing waiver of any such term, condition or provision.

5.9 **Assignment of Rights.**

(a) The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and permitted assigns of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and permitted assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

(b) Any successor or permitted assignee of any Stockholder, including any prospective transferee who purchases Transfer Stock in accordance with the terms hereof, shall deliver to the Company, as a condition to any Transfer or assignment, the Joinder Agreement, in the form attached hereto as **Exhibit B**, pursuant to which such successor or permitted assignee shall confirm their agreement to be subject to and bound by all of the provisions set forth in this Agreement that were applicable to the predecessor or assignor of such successor or permitted assignee.

(c) Except in connection with an assignment by the Company by operation of law to the acquirer of the Company, the rights and obligations of the Company hereunder may not be assigned under any circumstances.

5.10 **Severability.** The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision.

5.11 **Additional Stockholders.** Notwithstanding anything to the contrary contained herein, if the Company issues additional shares of the Company's Common Stock, or Common Stock Equivalents, after the date hereof, any purchaser of such shares of Common Stock or Common Stock Equivalents may become a party to this Agreement by executing and delivering an additional counterpart signature page to this Agreement or the Joinder Agreement and thereafter shall be deemed a "Stockholder" for all purposes hereunder.

5.12 **Governing Law.** This Agreement shall be governed by the internal laws of the State of Nevada, without regard to conflict of law principles that would result in the application of any law other than the laws of the State of Nevada.

5.13 **Titles and Subtitles.** The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

5.14 **Counterparts.** This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, *e.g.*, www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

5.15 **Aggregation of Stock.** All shares of capital stock held or acquired by Affiliated entities or persons shall be aggregated together for the purpose of determining the availability of any rights under this Agreement and such Affiliated persons may apportion such rights as among themselves in any manner they deem appropriate.

5.16 **Specific Performance.** In addition to any and all other remedies that may be available at law in the event of any breach of this Agreement, each Stockholder shall be entitled to specific performance of the agreements and obligations of the Company and the Stockholders hereunder and to such other injunction or other equitable relief as may be granted by a court of competent jurisdiction.

5.17 **Consent of Spouse.** If any Stockholder is married on the date of this Agreement, such Stockholder's spouse shall execute and deliver to the Company a Consent of Spouse, in the form attached hereto as Exhibit A ("**Consent of Spouse**"), effective on the date hereof. Notwithstanding the execution and delivery thereof, such consent shall not be deemed to confer or convey to the spouse any rights in such Stockholder's Transfer Stock that do not otherwise exist by operation of law or the agreement of the parties. If any Stockholder should marry or remarry subsequent to the date of this Agreement, such Stockholder shall within thirty (30) days thereafter obtain his/her new spouse's acknowledgement of and consent to the existence and binding effect of all restrictions contained in this Agreement by causing such spouse to execute and deliver a Consent of Spouse acknowledging the restrictions and obligations contained in this Agreement and agreeing and consenting to the same.

5.18 **Representation by Sheppard, Mullin, Richter & Hampton LLP.** The parties to this Agreement acknowledge that this Agreement has been prepared by the law firm of Sheppard, Mullin, Richter & Hampton, LLP as attorneys for the Company. Sheppard, Mullin, Richter & Hampton LLP has not represented any other party, including any Stockholder in connection with the preparation of this Agreement. Each Stockholder has been advised by Sheppard, Mullin, Richter & Hampton, LLP to seek independent legal advice from each Stockholder's attorney concerning the preparation of this Agreement and has been provided a reasonable opportunity to obtain such advice.

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IN WITNESS WHEREOF, the parties have executed this Stockholder Agreement as of the date first written above.

COMPANY:

LEGACY EDUCATION INC.

By: DocuSigned by: LeeAnn Rohmann
Name: LeeAnn Rohmann
Title: Chief Executive Officer

STOCKHOLDER:

If Stockholder is an individual:

_____
Name: _____
Address:
Email Address:
Facsimile Number:

If Stockholder is an entity:

Name of Stockholder:

_____

By: _____
Name: _____
Title: _____
Address:
Email Address:
Facsimile Number:

EXHIBIT A

CONSENT OF SPOUSE

I, [_____], spouse of [_____], acknowledge that I have read the Amended and Restated Stockholder Agreement, dated as of February 28, 2022, to which this Consent is attached as Exhibit A (the "**Agreement**"), and that I know the contents of the Agreement. I am aware that the Agreement contains provisions regarding certain rights to certain other holders of capital stock of the Company upon a Transfer of Transfer Stock of the Company which my spouse may own including any interest I might have therein.

I hereby agree that my interest, if any, in any Transfer Stock of the Company subject to the Agreement shall be irrevocably bound by the Agreement and further understand and agree that any community property interest I may have in such shares of Transfer Stock of the Company shall be similarly bound by the Agreement.

I am aware that the legal, financial and related matters contained in the Agreement are complex and that I am free to seek independent professional guidance or counsel with respect to this Consent. I have either sought such guidance or counsel or determined after reviewing the Agreement carefully that I will waive such right.

Dated as of the [__] day of [_____, _____].

_____
Signature

_____
Print Name

EXHIBIT B

For Transfers of Previously Issued Stock

ACKNOWLEDGMENT AND AGREEMENT

The undersigned wishes to receive from _____ ("**Transferor**") _____ shares of Common Stock to purchase _____ shares of Common Stock of Legacy Education Inc., a Nevada corporation (the "**Company**").

The shares of Common Stock are subject to the Amended and Restated Stockholder Agreement, dated February 28, 2022 (the "**Agreement**"), among the Company and the Stockholder.

The undersigned has been given a copy of the Agreement and afforded ample opportunity to read and to have counsel review it, and the undersigned is thoroughly familiar with its terms.

Pursuant to the terms of the Agreement, the Transferor is prohibited from Transferring such Transfer Stock and the Company is prohibited from registering the Transfer of the Transfer Stock unless and until a Transfer is made in accordance with the terms and conditions of the Agreement and the recipient of such Transfer Stock acknowledges the terms and conditions of the Agreement and agrees to be bound thereby.

The undersigned wishes to receive such Transfer Stockand have the Company register the Transfer of such Transfer Stock.

All capitalized terms used herein but not otherwise defined shall have the meanings set forth in the Agreement.

[signature page follows]

In consideration of the mutual promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce the Transferor to Transfer such Transfer Stockto the undersigned and the Company to register such Transfer, the undersigned does hereby acknowledge and agree that (i) [he/she/it] has been given a copy of the Agreement and afforded ample opportunity to read and to have counsel review it, and the undersigned is thoroughly familiar with its terms, (ii) the Transfer Stockare subject to the terms and conditions set forth in the Agreement, and (iii) the undersigned does hereby agree fully to be bound thereby as a "Stockholder" (as defined in the Agreement).

This_____day of_____, 20__.

If Transferee is an individual:

_____
Name: _____
Address: _____
Email Address: _____
Facsimile Number: _____

If Transferee is an entity:

Name of Stockholder:

_____

By: _____
Name: _____
Title: _____
Address: _____
Email Address: _____
Facsimile Number: _____

Exhibit 10.3

LEGACY EDUCATION INC.

2021 EQUITY INCENTIVE PLAN

SECTION 1. INTRODUCTION.

On the Adoption Date, the Board adopted the Plan as set forth herein with the effectiveness of such adoption conditioned upon and subject to obtaining Company stockholder approval of the Plan as provided under Section 16(a).

The purpose of the Plan is to promote the long-term success of the Company and the creation of stockholder value by offering Selected Service Providers an opportunity to acquire a proprietary interest in the success of the Company, or to increase such interest, and to encourage such Selected Service Providers to continue to provide services to the Company and to attract new individuals with outstanding qualifications.

The Plan seeks to achieve this purpose by providing for Awards in the form of Options (which may constitute Incentive Stock Options or Nonstatutory Stock Options), Stock Appreciation Rights, Restricted Stock Grants, Stock Units, and/or Other Equity Awards.

Capitalized terms shall have the meaning provided in Section 2 unless otherwise provided in this Plan or any applicable Award Agreement.

SECTION 2. DEFINITIONS.

If a Participant's employment agreement or Award Agreement (or other written agreement executed by and between Participant and the Company) expressly includes defined terms that expressly are different from and/or conflict with the defined terms contained in this Plan then the defined terms contained in the employment agreement or Award Agreement (or other written agreement executed by and between Participant and the Company) shall govern and shall supersede the definitions provided in this Plan.

(a) "Adoption Date" means February 23, 2021.

(b) "Affiliate" means any entity other than a Subsidiary, if the Company and/or one or more Subsidiaries own not less than 50% of such entity. For purposes of determining an individual's "Service," this definition shall include any entity other than a Subsidiary, if the Company, a Parent and/or one or more Subsidiaries own not less than 50% of such entity.

(c) "Award" means any award of an Option, SAR, Restricted Stock Grant, Stock Unit, or Other Equity Award under the Plan.

(d) "Award Agreement" means an agreement between the Company and a Selected Service Provider evidencing the award of an Option, SAR, Restricted Stock Grant, Stock Unit, or Other Equity Award as applicable.

(e) "Board" means the Board of Directors of the Company, as constituted from time to time.

(f) "California Participant" means a Participant whose Award was issued in reliance on Section 25102(o) of the California Corporations Code.

(g) "Call Equivalent Position" means the term "call equivalent position" as defined under Rule 16a-1(b) of the Exchange Act.

(h) "Cashless Exercise" means, to the extent that an Award Agreement so provides and as permitted by applicable law and in accordance with any procedures established by the Committee, an arrangement whereby payment of some or all of the aggregate Exercise Price may be made all or in part by delivery of an irrevocable direction to a securities broker to sell Shares and to deliver all or part of the sale proceeds to the Company. Cashless Exercise may also be utilized to satisfy an Option's tax withholding obligations as provided in Section 15(b).

(i) "Cause" means, with respect to a Participant, the occurrence of any of the following: (i) Participant's personal dishonesty, willful misconduct, or breach of fiduciary duty involving personal profit, (ii) Participant's continuing intentional or habitual failure to perform stated duties, (iii) Participant's violation of any law (other than minor traffic violations or similar misdemeanor offenses not involving moral turpitude), (iv) Participant's material breach of any provision of an employment or independent contractor agreement with the Company, or (v) any other act or omission by a Participant that, in the opinion of the Committee, could reasonably be expected to adversely affect the Company Group's business, financial condition, prospects and/or reputation. In each of the foregoing subclauses (i) through (v), whether or not a "Cause" event has occurred will be determined by the Committee in its sole discretion or, in the case of Participants who are Board members or Section 16 Persons, the Board, each of whose determination shall be final, conclusive and binding. A Participant's Service shall be deemed to have terminated for Cause if, after the Participant's Service has terminated, facts and circumstances are discovered that would have justified a termination for Cause, including, without limitation, violation of material Company policies or breach of noncompetition, confidentiality or other restrictive covenants that may apply to the Participant.

(j) "Change in Control" means the consummation of any one or more of the following:

(i) Any person, including a group as defined in Section 13(d)(3) of the Exchange Act, becomes the beneficial owner of stock of the Company with respect to which fifty percent (50%) or more of the total number of votes for the election of the Board may be cast;

(ii) As a result of, or in connection with, any cash tender offer, exchange offer, merger or other business combination, sale of assets or contested election, or combination of the foregoing, persons who were directors of the Company just prior to such event shall cease to constitute a majority of the Board;

(iii) The consummation of a sale or other disposition of all or substantially all the assets of the Company; or

(iv) A tender offer or exchange offer is made and consummated for the ownership of securities of the Company representing thirty percent (30%) or more of the combined voting power of the Company's then outstanding voting securities.

A transaction shall not constitute a Change in Control if its sole purpose is to change the jurisdiction of the Company's incorporation or to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transactions.

(k) "Code" means the United States Internal Revenue Code of 1986, as amended, and the regulations and interpretations promulgated thereunder.

(l) “Committee” means a committee described in Section 3.

(m) “Company” means Legacy Education Inc. a Nevada corporation.

(n) “Company Group” means the Company and any Parent, Subsidiary and Affiliate of the Company.

(o) “Consultant” means an individual or entity which performs bona fide services to the Company Group, other than as an Employee or Non-Employee Director.

(p) “Date of Grant” means the date the Committee (or the Board, as the case may be) takes formal action designating that a Participant shall receive an Award, notwithstanding the date the Participant accepts the Award, the date the Company and the Participant enter into a written agreement with respect to the Award, or any other date.

(q) “Disability” means the following:

(i) For all ISOs, the permanent and total disability of a Participant within the meaning of Section 22(e)(3) of the Code;

(ii) For all Awards which are considered nonqualified deferred compensation under Code Section 409A and for which payment can be made on account of the Participant’s disability, the disability of a Participant within the meaning of Section 409A of the Code; or

(iii) For all other Awards, the Participant’s medically determinable physical or mental incapacitation such that for a continuous period of not less than twelve (12) months, a person is unable to engage in any substantial gainful activity or which can be expected to result in death.

Any question as to the existence of that person’s physical or mental incapacitation as to which the person or person’s representative and the Company cannot agree shall be determined in writing by a qualified independent physician mutually acceptable to the person and the Company. If the person and the Company cannot agree as to a qualified independent physician, each shall appoint such a physician and those two (2) physicians shall select a third (3rd) who shall make such determination in writing. The determination of Disability made in writing to the Company and the person shall be final and conclusive for all purposes of the Awards.

(r) “Employee” means any individual who is a common-law employee of the Company Group. An employee who is also serving as a member of the Board is an Employee for purposes of this Plan.

(s) “Exchange Act” means the United States Securities Exchange Act of 1934, as amended.

(t) “Exercise Price” means, in the case of an Option, the amount for which a Share may be purchased upon exercise of such Option, as specified in the applicable Award Agreement. “Exercise Price,” in the case of a SAR, means an amount, as specified in the applicable Award Agreement, which is subtracted from the Fair Market Value in determining the amount payable to a Participant upon exercise of such SAR.

(u) “Fair Market Value” means the market price of a Share, determined by the Committee as follows:

(i) If the Shares were traded on a stock exchange (such as the NYSE, NYSE Amex, the NASDAQ Global Market or NASDAQ Capital Market) at the time of determination, then the Fair Market Value shall be equal to the regular session closing price for such stock as reported by such exchange (or the exchange or market with the greatest volume of trading in the Shares) on the date of determination, or if there were no sales on such date, on the last date preceding such date on which a closing price was reported;

(ii) If the Shares were traded on the OTC Bulletin Board at the time of determination, then the Fair Market Value shall be equal to the last-sale price reported by the OTC Bulletin Board for such date, or if there were no sales on such date, on the last date preceding such date on which a sale was reported; and

(iii) If neither of the foregoing provisions is applicable, then the Fair Market Value shall be determined by the Committee in good faith using a reasonable application of a reasonable valuation method as the Committee deems appropriate.

Whenever possible, the determination of Fair Market Value by the Committee shall be based on the prices reported by the applicable exchange or the OTC Bulletin Board, as applicable, or a nationally recognized publisher of stock prices or quotations (including an electronic on-line publication). Such determination shall be conclusive and binding on all persons.

(v) “Fiscal Year” means the Company’s fiscal year.

(w) “GAAP” means United States generally accepted accounting principles as established by the Financial Accounting Standards Board.

(x) “Incentive Stock Option” or “ISO” means an incentive stock option described in Code Section 422.

(y) “ISO Limit” means the maximum aggregate number of Shares that are permitted to be issued pursuant to the exercise of ISOs granted under the Plan as described in Section 5(a).

(z) “Net Exercise” means, to the extent that an Award Agreement so provides and as permitted by applicable law, an arrangement pursuant to which the number of Shares issued to the Optionee in connection with the Optionee’s exercise of the Option will be reduced by the Company’s retention of a portion of such Shares. Upon such a net exercise of an Option, the Optionee will receive a net number of Shares that is equal to (i) the number of Shares as to which the Option is being exercised minus (ii) the quotient (rounded down to the nearest whole number) of the aggregate Exercise Price of the Shares being exercised divided by the Fair Market Value of a Share on the Option exercise date. The number of Shares covered by clause (ii) will be retained by the Company and not delivered to the Optionee. No fractional Shares will be created as a result of a Net Exercise and the Optionee must contemporaneously pay for any portion of the aggregate Exercise Price that is not covered by the Shares retained by the Company under clause (ii). The number of Shares delivered to the Optionee may be further reduced if Net Exercise is utilized under Section 15(b) to satisfy applicable tax withholding obligations.

(aa) “Non-Employee Director” means a member of the Board who is not an Employee.

(bb) “Nonstatutory Stock Option” or “NSO” means a stock option that is not an ISO.

(cc) “NYSE” means the New York Stock Exchange.

(dd) “Option” means an ISO or NSO granted under the Plan entitling the Optionee to purchase a specified number of Shares, at such times and applying a specified

Exercise Price, as provided in the applicable Award Agreement.

(ee) "Optionee" means an individual, estate or other entity that holds an Option.

(ff) "Other Equity Award" means an award (other than an Option, SAR, Stock Unit, or Restricted Stock Grant) which derives its value from the value of Shares and/or from increases in the value of Shares.

(gg) "Parent" means any corporation (other than the Company) in an unbroken chain of corporations ending with the Company, if each of the corporations other than the Company owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain. A corporation that attains the status of a Parent on a date after the Adoption Date shall be considered a Parent commencing as of such date.

(hh) "Participant" means an individual or estate or other entity that holds an Award.

(ii) "Plan" means this Legacy Education Inc. 2021 Equity Incentive Plan as it may be amended from time to time.

(jj) "Put Equivalent Position" means the term "put equivalent position" as defined under Rule 16a-1(h) of the Exchange Act.

(kk) "Qualified Note" means a recourse note, with a fixed market rate of interest, that may, at the discretion of the Committee, be secured by Shares or otherwise.

(ll) "Re-Load Option" means a new Option or SAR that is automatically granted to a Participant as result of such Participant's exercise of an Option or SAR.

(mm) "Re-Price" means that the Company has lowered or reduced the Exercise Price of outstanding Options and/or outstanding SARs and/or outstanding Other Equity Awards for any Participant(s) in a manner described by SEC Regulation S-K Item 402(d)(2)(viii) (or as described in any successor provision(s) or definition(s)). For avoidance of doubt, Re-Price also includes any exchange of Options or SARs for other Awards or cash.

(nn) "Restricted Stock Grant" means Shares awarded under the Plan as provided in the applicable Award Agreement.

(oo) "Rule 16b-3" means Rule 16b-3 promulgated under the Exchange Act or any successor to Rule 16b-3, as in effect from time to time.

(pp) "SEC" means the United States Securities and Exchange Commission.

(qq) "Section 16 Persons" means those officers, directors or other persons who are subject to Section 16 of the Exchange Act.

(rr) "Securities Act" means the United States Securities Act of 1933, as amended.

(ss) "Selected Service Provider" means an Employee, Consultant, or Non-Employee Director who has been selected by the Committee to receive an Award under the Plan.

(tt) "Separation From Service" has the meaning provided to such term under Code Section 409A and the regulations promulgated thereunder.

(uu) "Service" means uninterrupted service as an Employee, Non-Employee Director or Consultant. Service will be deemed terminated as soon as the entity to which Service is being provided is no longer a member of the Company Group. A Participant's Service does not terminate if he or she is a common-law employee and goes on a bona fide leave of absence that was approved by the Company Group in writing and the terms of the leave provide for continued service crediting, or when continued service crediting is required by applicable law. However, for purposes of determining whether an Employee's outstanding ISOs are eligible to continue to qualify as ISOs (and not become NSOs), an Employee's Service will be treated as terminating three (3) months after such Employee went on leave, unless such Employee's right to return to active work is guaranteed by law or by a contract. Service terminates in any event when the approved leave ends, unless such Employee immediately returns to active work. The Committee determines which leaves count toward Service, and when Service commences and terminates for all purposes under the Plan. For avoidance of doubt, a Participant's Service shall not be deemed terminated if the Committee determines that (i) a transition of employment to service with a partnership, joint venture or corporation not meeting the requirements of a Subsidiary or Parent or Affiliate in which the Company or a Subsidiary or Parent or Affiliate is a party is not considered a termination of Service, (ii) the Participant transfers between service as an Employee and service as a Consultant or other personal service provider (or vice versa), or (iii) the Participant transfers between service as an Employee and that of a Non-Employee Director (or vice versa). The Committee may determine whether any Company transaction, such as a sale or spin-off of a division or subsidiary that employs a Participant, shall be deemed to result in termination of Service for purposes of any affected Awards, and the Committee's decision shall be final, conclusive and binding.

(vv) "Share" means one common share of the Company, par value of $0.001, and any other securities into which such shares are changed, for which such shares are exchanged or which may be issued in respect thereof.

(ww) "Share Limit" means the maximum aggregate number of Shares that are permitted to be issued under the Plan as described in Section 5(a).

(xx) "Specified Employee" means a Participant who is considered a "specified employee" within the meaning of Code Section 409A.

(yy) "Stock Appreciation Right" or "SAR" means a stock appreciation right awarded under the Plan which provides the holder with a right to potentially receive, in cash and/or Shares, value with respect to a specific number of Shares, as provided in the applicable Award Agreement.

(zz) "Stock Unit" means a bookkeeping entry representing the equivalent of one Share, as awarded under the Plan, as provided in the applicable Award Agreement.

(aaa) "Stockholder Approval Date" means the date that the Company's stockholders approve this Plan.

(bbb) "Subsidiary" means any corporation (other than the Company) in an unbroken chain of corporations beginning with the Company, if each of the corporations other than the last corporation in the unbroken chain owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain. A corporation that attains the status of a Subsidiary on a date after the Adoption Date shall be considered a Subsidiary commencing as of such date.

(ccc) "Substitute Awards" means Awards granted or Shares issued by the Company in assumption of, or in substitution or exchange for, awards previously granted, or the right or obligation to make future awards, in each case by a company acquired by a Company Group member or with which any member of the Company Group combines.

(ddd) "Termination Date" means the date on which a Participant's Service terminates.

(eee) "10-Percent Stockholder" means an individual who owns more than ten percent (10%) of the total combined voting power of all classes of outstanding stock of the Company, its Parent or any of its Subsidiaries. In determining stock ownership, the attribution rules of Section 424(d) of the Code shall be applied.

SECTION 3. ADMINISTRATION.

(a) Committee Composition. A Committee (or Committees) appointed by the Board (or its Compensation Committee) shall administer the Plan. Unless the Board provides otherwise, the Board's Compensation Committee (or a comparable committee of the Board) shall be the Committee. The Board may also at any time terminate the functions of the Committee and reassume all powers and authority previously delegated to the Committee.

To the extent required to enable Awards to be exempt from liability under Section 16(b) of the Exchange Act, the Committee shall have membership composition which enables Awards to Section 16 Persons to qualify as exempt from liability under Section 16(b) of the Exchange Act.

The Board or the Committee may also appoint one or more separate committees of the Board, each composed of one or more directors of the Company who need not qualify under Rule 16b-3, that may administer the Plan with respect to Selected Service Providers who are not Section 16 Persons, may grant Awards under the Plan to such Selected Service Providers and may determine all terms of such Awards. To the extent permitted by applicable law, the Board may also appoint a committee, composed of one or more officers of the Company, that may authorize Awards to Employees (who are not Section 16 Persons) within parameters specified by the Board and consistent with any limitations imposed by applicable law.

A majority of the members of the Committee shall constitute a quorum for the transaction of business. Action approved in writing by a majority of the members of the Committee then serving shall be as effective as if the action had been taken by unanimous vote at a meeting duly called and held.

(b) Authority of the Committee. Subject to the provisions of the Plan, the Committee shall have full authority and discretion to take any actions it deems necessary or advisable for the administration of the Plan. Such actions shall include without limitation:

(i) determining Selected Service Providers who are to receive Awards under the Plan;

(ii) determining the type, number, vesting requirements, and their degree of satisfaction, and other features and conditions of such Awards and amending such Awards;

(iii) correcting any defect, supplying any omission, or reconciling or clarifying any inconsistency in the Plan or any Award Agreement;

(iv) accelerating the vesting or extending the post-termination exercise term, or waiving restrictions, of Awards at any time and under such terms and conditions as it deems appropriate;

(v) permitting or denying, in its discretion, a Participant's request to transfer an Award;

(vi) permitting or requiring, in its discretion, a Participant to use Cashless Exercise, Net Exercise and/or Share withholding with respect to the payment of any Exercise Price and/or applicable tax withholding;

(vii) interpreting the Plan and any Award Agreements;

(viii) making all other decisions relating to the operation of the Plan;

(ix) making such modifications to the Plan as are necessary to effectuate the intent of the Plan as a result of any changes in the income tax, accounting, or securities law treatment of Participants and the Plan; and

(x) granting Awards to Selected Service Providers who are foreign nationals on such terms and conditions different from those specified in the Plan, which may be necessary or desirable to foster and promote achievement of the purposes of the Plan, and adopting such modifications, procedures, and/or subplans (with any such subplans attached as appendices to the Plan) and the like as may be necessary or desirable to comply with provisions of the laws or regulations of other countries or jurisdictions to ensure the viability of the benefits from Awards granted to Participants employed in such countries or jurisdictions, or to meet the requirements that permit the Plan to operate in a qualified or tax efficient manner, and/or comply with applicable foreign laws or regulations.

The Committee may adopt such rules or guidelines, as it deems appropriate to implement the Plan. The Committee's determinations under the Plan shall be final, conclusive and binding on all persons. The Committee's decisions and determinations need not be uniform and may be made selectively among Participants in the Committee's sole discretion. The Committee's decisions and determinations will be afforded the maximum deference provided by applicable law.

The Company shall effect the granting of Awards under the Plan in accordance with the determinations made by the Committee, by execution of instruments in writing in such form as approved by the Committee. The Committee may not increase an Award once granted, although it may grant additional Awards to the same Participant. The Committee shall keep the Board informed as to its actions and make available to the Board its books and records. Although the Committee has the authority to establish and administer the Plan, the Board reserves the right at any time to abolish the Committee and administer the Plan itself.

(c) Indemnification. To the maximum extent permitted by applicable law, each member of the Committee, or of the Board, or any persons who are delegated by the Board or Committee to perform administrative functions in connection with the Plan, shall be indemnified and held harmless by the Company against and from (i) any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by him or her in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action taken or failure to act under the Plan or any Award Agreement, and (ii) from any and all amounts paid by him or her in settlement thereof, with the Company's approval, or paid by him or her in satisfaction of any judgment in any such claim, action, suit, or proceeding against him or her, provided he or she shall give the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled under the Company's Articles of Incorporation or Bylaws, by contract, as a matter of law, or otherwise, or under any power that the Company may have to indemnify them or hold them harmless.

SECTION 4. GENERAL.

(a) General Eligibility. Only Employees, Consultants, and Non-Employee Directors shall be eligible for designation as Selected Service Providers by the Committee.

(b) Incentive Stock Options. Only Selected Service Providers who are common-law employees of the Company, a Parent or a Subsidiary shall be eligible for the grant of ISOs. In addition, a Selected Service Provider who is a 10-Percent Stockholder shall not be eligible for the grant of an ISO unless the requirements set forth in Section 422(c)(5) of the Code are satisfied. If and to the extent that any Shares are issued under a portion of any Option that exceeds the $100,000 limitation of Section 422 of the Code, such Shares shall not be treated as issued under an ISO notwithstanding any designation otherwise. Certain decisions, amendments, interpretations and actions by the Company or

Committee and certain actions by a Participant may cause an Option to cease to qualify as an ISO pursuant to the Code and by accepting an Option Award, the Participant agrees in advance to such disqualifying action(s).

(c) Restrictions on Shares. Any Shares issued pursuant to an Award shall be subject to such Company policies, rights of repurchase, rights of first refusal and other transfer restrictions as the Committee may determine. Such restrictions shall apply in addition to any restrictions that may apply to holders of Shares generally and shall also comply to the extent necessary with applicable law. In no event shall the Company be required to issue fractional Shares under this Plan.

(d) No Rights as a Stockholder. A Participant, or a transferee of a Participant, shall have no rights as a stockholder (including without limitation voting rights or dividend or distribution rights) with respect to any Shares covered by an Award until such person becomes entitled to receive such Shares, has satisfied any applicable withholding or tax obligations relating to the Award and the Shares have been issued to the Participant. No adjustment shall be made for cash or stock dividends or other rights for which the record date is prior to the date when such Shares are issued, except as expressly provided in Section 12.

(e) Termination of Service. Unless the applicable Award Agreement or employment agreement provides otherwise (and in such case, the Award or employment agreement shall govern as to the consequences of a termination of Service for such Awards), the following rules shall govern the vesting, exercisability and term of outstanding Awards held by a Participant in the event of termination of such Participant's Service (in all cases subject to the term of the Option or SAR or Other Equity Award as applicable):

(i) if the Service of a Participant is terminated for Cause, then all of his/her then-outstanding Options, SARs, and unvested portions of all other Awards shall terminate and be forfeited immediately without consideration as of the Termination Date;

(ii) if the Service of Participant is terminated due to Participant's death or Disability, then the vested portions of his/her then-outstanding Options/SARs/Other Equity Awards may be exercised by such Participant or his or her personal representative within twelve months after the Termination Date and all unvested portions of all then-outstanding Awards shall be forfeited without consideration as of the Termination Date; and

(iii) if the Service of Participant is terminated for any reason other than for Cause or death or Disability, then the vested portion of his/her then-outstanding Options/SARs/Other Equity Awards may be exercised by such Participant or his or her personal representative within three months after the Termination Date and all unvested portions of all then-outstanding Awards shall be forfeited without consideration as of the Termination Date.

(f) Code Section 409A. Notwithstanding anything in the Plan to the contrary, the Plan and Awards granted hereunder are intended to be exempt from or comply with the requirements of Code Section 409A and shall be interpreted in a manner consistent with such intention. In the event that any provision of the Plan or an Award Agreement is determined by the Committee to not comply with the applicable requirements of Code Section 409A or the applicable regulations and other guidance issued thereunder, the Committee shall have the authority to take such actions and to make such changes to the Plan or an Award Agreement as the Committee deems necessary to comply with such requirements including without limitation increasing the Exercise Price to equal the Fair Market Value of a Share on the Date of Grant. Any payment made pursuant to any Award shall be considered a separate payment and not one of a series of payments for purposes of Code Section 409A. Notwithstanding the foregoing or anything elsewhere in the Plan or an Award Agreement to the contrary, if upon a Participant's Separation From Service he/she is then a Specified Employee, then solely to the extent necessary to comply with Code Section 409A and avoid the imposition of taxes under Code Section 409A, the Company shall defer payment of "nonqualified deferred compensation" subject to Code Section 409A payable as a result of and within six (6) months following such Separation From Service under this Plan until the earlier of (i) the first business day of the seventh month following the Participant's Separation From Service, or (ii) ten (10) days after the Company receives written confirmation of the Participant's death. Any such delayed payments shall be made without interest. While it is intended that all payments and benefits provided under the Plan or an Award will be exempt from or comply with Code Section 409A, the Company makes no representation or covenant to ensure that the payments under the Plan or an Award are exempt from or compliant with Code Section 409A. In no event whatsoever shall the Company be liable if a payment or benefit under the Plan or an Award is challenged by any taxing authority or for any additional tax, interest or penalties that may be imposed on a Participant by Code Section 409A or any damages for failing to comply with Code Section 409A. The Participant will be entirely responsible for any and all taxes on any benefits payable to such Participant as a result of the Plan or an Award. If the applicable Award Agreement or Participant's employment agreement provides for Code Section 409A related provisions other than what is specified above in this Section 4(f), then such provisions in the Award or employment agreement shall govern.

(g) Suspension or Termination of Awards. If at any time (including after a notice of exercise has been delivered) the Committee (or the Board), reasonably believes that a Participant has committed an act of Cause (which includes a failure to act), the Committee (or Board) may suspend the Participant's right to exercise any Award (or vesting or settlement of any Award) pending a determination of whether there was in fact an act of Cause. If the Committee (or the Board) determines a Participant has committed an act of Cause, neither the Participant nor his or her estate shall be entitled to exercise any outstanding Award whatsoever and all of Participant's outstanding Awards shall then terminate without consideration. Any determination by the Committee (or the Board) with respect to the foregoing shall be final, conclusive and binding on all interested parties.

(h) Electronic Communications. Subject to compliance with applicable law and/or regulations, an Award Agreement or other documentation or notices relating to the Plan and/or Awards may be communicated to Participants (and executed by Participants) by electronic media.

(i) Unfunded Plan. The Plan shall be unfunded. Although bookkeeping accounts may be established with respect to Participants who are granted Awards under this Plan, any such accounts will be used merely as a bookkeeping convenience. The Company shall not be required to segregate any assets which may at any time be represented by Awards, nor shall this Plan be construed as providing for such segregation, nor shall the Company or the Committee be deemed to be a trustee of stock or cash to be awarded under the Plan.

(j) Liability of Company. The Company (or members of the Board or Committee) shall not be liable to a Participant or other persons as to: (i) the non-issuance or sale of Shares as to which the Company has been unable to obtain from any regulatory body having jurisdiction the authority deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder; or (ii) any unexpected or adverse tax consequence or any tax consequence expected, but not realized, by any Participant or other person due to the grant, receipt, exercise or settlement of any Award granted hereunder.

(k) Reformation. In the event any provision of this Plan shall be held illegal or invalid for any reason, such provisions will be reformed by the Board if possible and to the extent needed in order to be held legal and valid. If it is not possible to reform the illegal or invalid provisions then the illegality or invalidity shall not affect the remaining parts of this Plan, and this Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

(l) Payment of Non-Employee Director Cash Fees with Equity Awards. If the Board affirmatively decides to authorize such a process, each Non-Employee Director may elect to receive a Restricted Stock Grant (or Stock Units) issued under the Plan in lieu of payment of all or a portion of his or her annual cash retainer and/or any other cash fees including without limitation meeting fees, committee service fees and participation fees. Any such elections made by a Non-Employee Director shall be effected no later than the time permitted by applicable law and in accordance with the Company's insider trading policies and/or other policies. The aggregate Date of Grant fair market value of any Restricted Stock Grants or Stock Units issued pursuant to this Section 4(l) is intended to be equivalent to the value of the foregone cash fees. Any cash fees not elected to be received as a Restricted Stock Grant or Stock Units shall be payable in cash in accordance with the Company's standard payment procedures. The Board in its discretion shall determine the terms, conditions and procedures for implementing this Section 4(l) and may also modify or terminate its operation at any time.

(m) Successor Provision. Any reference to a statute, rule or regulation, or to a section of a statute, rule or regulation, is a reference to that statute, rule, regulation, or section as amended from time to time, both before and after the Adoption Date and including any successor provisions.

(n) Governing Law. This Plan and (unless otherwise provided in the Award Agreement) all Awards shall be construed in accordance with and governed by the laws of the State of Nevada, but without regard to its conflict of law provisions. The Committee may provide that any dispute as to any Award shall be presented and determined in such forum as the Committee may specify, including through binding arbitration. Unless otherwise provided in the Award Agreement, recipients of an Award under the Plan are deemed to submit to the exclusive jurisdiction and venue of the federal or state courts of San Diego, California to resolve any and all issues that may arise out of or relate to the Plan or any related Award Agreement.

(o) Assignment or Transfer of Awards. Except as otherwise provided under the applicable Award Agreement and then only to the extent permitted by applicable law, no Award shall be transferable by the Participant other than by will or by the laws of descent and distribution. No Award or interest therein may be transferred, assigned, pledged or hypothecated by the Participant during his or her lifetime, whether by operation of law or otherwise, nor may an Award be anticipated, assigned, attached, garnished, optioned, transferred or made subject to any creditor's process, whether voluntarily, involuntarily or by operation of law, nor may an Award be made subject to execution, attachment or similar process. Any act in violation of this Section 4(o) shall be null and void.

(p) Deferral Elections. The Committee may permit a Participant to elect to defer his or her receipt of the payment of cash or the delivery of Shares that would otherwise be due to such Participant by virtue of the exercise, earn out or vesting of an Award made under the Plan. If any such election is permitted, the Committee shall establish rules and procedures for such payment deferrals, including the possible (i) payment or crediting of reasonable interest on such deferred amounts credited in cash, and (ii) the payment or crediting of dividend equivalents in respect of deferrals credited in units of Shares. The Company and the Committee shall not be responsible to any person in the event that the payment deferral does not result in deferral of income for tax purposes

(q) No Re-Pricing of Options or SARs or Award of Re-Load Options. Notwithstanding anything to the contrary, (i) outstanding Options or SARs may not be Re-Priced and (ii) Re-Load Options may not be awarded, in each case without the approval of Company stockholders. Moreover, any amendment to the Plan or any Award agreement that results in the repricing of an Option or SAR issued under the Plan shall not be effective without prior approval of the stockholders of the Company. For this purpose, repricing includes a reduction in the Exercise Price of an Option or a SAR or the cancellation of an Option or SAR in exchange for cash, Options or SARs with an Exercise Price less than the Exercise Price of the cancelled Option or SAR, other Awards under the Plan or any other consideration provided by the Company.

(r) Dividends/Dividend Equivalents. For all Awards, no payment of dividends (or dividend equivalents) shall be made with respect to any unvested Awards. Dividends (and dividend equivalents) shall only be paid to a Participant to the extent that the underlying Award to which the dividends/dividend equivalents are attached becomes vested. For avoidance of doubt, accrual of dividends (and dividend equivalents) while the underlying Award is unvested and which are payable upon vesting is permitted to the extent provided under this Plan or Award agreement.

(s) California Participants. Awards to California Participants shall also be subject to the following terms regarding the time period to exercise vested Options or SARs after termination of Service. These additional terms shall apply until such time that the Shares are publicly traded and/or the Company is subject to the reporting requirements of the Exchange Act: In the event of termination of a Participant's Service, (i) if such termination was for reasons other than death or Disability or Cause, the Participant shall have at least 30 days after the date of such termination to exercise any of his/her vested outstanding Options or SARs (but in no event later than the expiration of the term of such Options or SARs established by the Committee as of the Date of Grant) or (ii) if such termination was due to death or Disability, the Participant shall have at least six months after the date of such termination to exercise any of his/her vested outstanding Options or SARs (but in no event later than the expiration of the term of such Options or SARs established by the Committee as of the Date of Grant).

SECTION 5. SHARES SUBJECT TO PLAN AND SHARE LIMITS.

(a) Basic Limitations. The Shares issuable under the Plan shall be authorized but unissued Shares or treasury Shares or reacquired shares, bought on the market or otherwise. The maximum number of Shares that are issued under this Plan cannot exceed the Share Limit as may be adjusted under Sections 5(a) or 12. For purposes of the Plan and subject to adjustment under Sections 5(a) and 12 and subject to the Share accounting provisions of Section 5(b), the Share Limit is 2,000,000 Shares and the ISO Limit is 2,000,000 Shares. On August 1st of each calendar year from 2022 through 2030, the Share Limit and ISO Limit shall each be increased by the lesser of (i) 5% of the Company's outstanding Shares (rounded down to the nearest whole number) as of the close of business on the preceding June 30th or (ii) 1,500,000 Shares or (iii) some lesser whole number than the number determined under clauses (i) and (ii) as determined by the Board (which may be zero). For each year from 2022 through 2030, if the Board has not formally resolved and approved a number under clause (iii) on or before the applicable August 1st, then the lesser number determined under clauses (i) and (ii) shall automatically represent the increase in Shares to the Share Limit and ISO Limit.

(b) Share Accounting. This Section 5(b) describes the Share accounting process under the Plan with respect to the Share Limit and ISO Limit.

(i) There shall be counted against the numerical limitations in Section 5(a) the gross number of Shares subject to issuance upon exercise or used for determining payment or settlement of Awards. The below clauses (ii), (iii), (iv), (v) and (vi) of this Section 5(b) seek to clarify the intent of the foregoing sentence. The Shares issued (or settled) under an Award will be counted against the Share Limit (and ISO Limit if the Award is an ISO) at the time(s) of exercise or settlement of the Award. For avoidance of doubt, Shares that are withheld as payment for the Award's Exercise Price or applicable withholding taxes shall be counted against the Share Limit (and ISO Limit if the Award is an ISO)

(ii) Each Share issued (or settled) under any Award, other than Options or SARs, shall be counted against the Share Limit as one (1) Share. Each Share issued (or settled) pursuant to the exercise of any Option or SAR shall be counted against the Share Limit as one (1) Share.

(iii) For avoidance of doubt, whether or not a SAR is settled with any Shares, the gross number of Shares subject to the exercise and which are used for determining the benefit payable under such SAR shall be counted against the Share Limit, regardless of the number of Shares actually used to settle the SAR upon such exercise.

(iv) For avoidance of doubt, to the extent an Option is exercised via a Cashless Exercise or Net Exercise or is not otherwise fully settled with Shares, then the gross number of Shares subject to the exercise and which are used for determining the benefit payable under such Option shall be counted against the Share Limit (and shall also count against the ISO Limit if the Option being exercised is an ISO), regardless of the number of Shares actually issued to the Participant upon such exercise.

(v) If any portion of an Award is forfeited, terminated without consideration, or expires unexercised, (collectively, "Forfeited Shares"), the gross number of such Forfeited Shares shall again be available for Awards under the Plan and shall not be counted against the Share Limit or ISO Limit.

(vi) For avoidance of doubt, if any Awards are settled or paid in cash in lieu of stock and/or are exchanged for other Awards (collectively, "Settled Shares"), the gross number of such Settled Shares shall be counted against the Share Limit (and ISO Limit if the Award is an ISO).

Any Substitute Awards including without limitation any Shares that are delivered and any Awards that are granted by, or become obligations of, the Company, as a result of the assumption by the Company of, or in substitution for, outstanding awards previously granted by another entity (as provided below) shall not be counted toward the Share Limit or ISO Limit.

(c) Substitute Awards. Substitute Awards shall not count toward the Share Limit, nor shall Shares subject to a Substitute Award again be available for Awards under the Plan as provided in Section 5(b) above. Additionally, in the event that a company acquired by a Company Group member or with which a Company Group member combines has shares available under a pre-existing plan approved by stockholders and not adopted in contemplation of such acquisition or combination, the shares available for grant pursuant to the terms of such pre-existing plan (as adjusted, to the extent appropriate, using the exchange ratio or other adjustment or valuation ratio or formula used in such acquisition or combination to determine the consideration payable to the holders of stock of the entities party to such acquisition or combination) may be used for Awards under the Plan and shall not count toward the Share Limit; provided that Awards using such available shares shall not be made after the date awards or grants could have been made under the terms of the pre-existing plan, absent the acquisition or combination, and shall only be made to individuals who were not Employees or Board members prior to such acquisition or combination.

(d) Dividend Equivalents. Any dividend equivalents distributed under the Plan in the form of Shares shall be counted against the Share Limit (with each Share that is distributed counting as one Share against the Share Limit). Dividend equivalents will not be paid (or accrue) on unexercised Options or unexercised SARs.

SECTION 6. TERMS AND CONDITIONS OF OPTIONS.

(a) Award Agreement. Each Award of an Option under the Plan shall be evidenced by an Award Agreement between the Optionee and the Company. Such Option shall be subject to all applicable terms and conditions of the Plan and may be subject to any other terms and conditions that are not inconsistent with the Plan. The provisions of the various Award Agreements entered into under the Plan need not be identical. The Award Agreement shall also specify whether the Option is an ISO and if not specified then the Option shall be an NSO.

(b) Number of Shares. An Award Agreement shall specify the number of Shares that are subject to the Option and shall provide for adjustment of such number in accordance with Section 12.

(c) Exercise Price. An Option's Exercise Price shall be established by the Committee and set forth in an Award Agreement. Except with respect to outstanding stock options being assumed or Options being granted in exchange for cancellation of options granted by another issuer as provided under Section 6(e) or with respect to Options that are otherwise exempt from or compliant with Code Section 409A, the Exercise Price of an ISO shall not be less than 100% of the Fair Market Value (110% for 10-Percent Stockholders in the case of ISOs) of a Share on the Date of Grant of the Option.

(d) Exercisability and Term. Subject to Section 3(b)(v), an Option may be exercised during the lifetime of the Participant only by the Participant or by the guardian or legal representative of the Participant. An Award Agreement shall specify the date when all or any installment of the Option is to become vested and/or exercisable. The Award Agreement shall also specify the term of the Option; provided that the term of an Option shall in no event exceed ten years from its Date of Grant (and may be for a shorter period of time than ten years). No Option can be exercised after the expiration date specified in the applicable Award Agreement. An Award Agreement may provide for accelerated vesting in the event of the Participant's death, or Disability or other events. Notwithstanding anything to the contrary, an ISO that is granted to a 10-Percent Stockholder shall have a maximum term of five years. Notwithstanding any other provision of the Plan, no Option can be exercised after the expiration date provided in the applicable Award Agreement. An Award Agreement may permit an Optionee to exercise an Option before it is vested (an "early exercise"), subject to the Company's right of repurchase at the original Exercise Price (or then Fair Market Value if lesser) of any Shares acquired under the unvested portion of the Option which right of repurchase shall lapse at the same rate the Option would have vested had there been no early exercise. An Award Agreement may also provide that the Company may determine to issue an equivalent value of cash in lieu of issuing some or all of the Shares that are being purchased upon an Option's exercise. In no event shall the Company be required to issue fractional Shares upon the exercise of an Option and the Committee may specify a minimum number of Shares that must be purchased in any one Option exercise.

(e) Modifications or Assumption of Options. Within the limitations of the Plan, the Committee may modify, extend or assume outstanding Options or may accept the cancellation of outstanding stock options (whether granted by the Company or by another issuer) in return for the grant of new Options for the same or a different number of Shares and at the same or a different Exercise Price. For avoidance of doubt, the Committee may not Re-Price outstanding Options absent stockholder approval. No modification of an Option shall, without the consent of the Optionee, impair his or her rights or increase his or her obligations under such Option. Except as otherwise provided in the applicable Stock Option Agreement, no Option or interest therein may be subject to a short position or a Call Equivalent Position or Put Equivalent Position, nor may any Option or interest therein be gifted, transferred, assigned, alienated, pledged, hypothecated, attached, sold, or encumbered by the Optionee during his/her lifetime, whether by operation of law or otherwise, or be made subject to execution, attachment or similar process.

SECTION 7. PAYMENT FOR OPTION SHARES.

(a) General Rule. The entire Exercise Price of Shares issued upon exercise of Options shall be payable in cash (or check) at the time when such Shares are purchased by the Optionee, except as follows and if so provided for in an applicable Award Agreement:

(i) In the case of an ISO granted under the Plan, payment shall be made only pursuant to the express provisions of the applicable Award Agreement. The Award Agreement may specify that payment may be made in any form(s) described in this Section 7.

(ii) In the case of an NSO granted under the Plan, the Committee may, in its discretion at any time, accept payment in any form(s) described in this Section 7.

(b) Surrender of Stock. To the extent that the Committee makes this Section 7(b) applicable to an Option in an Award Agreement, payment for all or a part of the Exercise Price may be made with Shares which have already been owned by the Optionee for such duration as shall be specified by the Committee (and stock attestation may be used to effect payment under this Section 7(b)). Such Shares shall be valued at their Fair Market Value on the date when the new Shares are purchased under the Plan.

(c) Cashless Exercise. To the extent that the Committee makes this Section 7(c) applicable to an Option in an Award Agreement, payment for all or a part of the Exercise Price may be made through Cashless Exercise.

(d) Net Exercise. To the extent that the Committee makes this Section 7(d) applicable to an Option in an Award Agreement, payment for all or a part of the Exercise Price may be made through Net Exercise.

(e) Other Forms of Payment. To the extent that the Committee makes this Section 7(e) applicable to an Option in an Award Agreement, payment may be made in any

other form that is consistent with applicable laws, regulations and rules and approved by the Committee including without limitation under a Qualified Note.

SECTION 8. TERMS AND CONDITIONS OF STOCK APPRECIATION RIGHTS.

(a) Award Agreement. Each Award of a SAR under the Plan shall be evidenced by an Award Agreement between the Participant and the Company. Such SAR shall be subject to all applicable terms of the Plan and may be subject to any other terms that are not inconsistent with the Plan. An Award Agreement may provide for a maximum limit on the amount of any payout notwithstanding the Fair Market Value on the date of exercise of the SAR. The provisions of the various Award Agreements entered into under the Plan need not be identical. SARs may be granted in consideration of a reduction in the Participant's other compensation.

(b) Number of Shares. An Award Agreement shall specify the number of Shares to which the SAR pertains and is subject to adjustment of such number in accordance with Section 12.

(c) Exercise Price. An Award Agreement shall specify the Exercise Price. Except with respect to outstanding stock appreciation rights being assumed or SARs being granted in exchange for cancellation of stock appreciation rights granted by another issuer as provided under Section 8(f) or with respect to SARs that are otherwise exempt from or compliant with Code Section 409A, the Exercise Price of a SAR shall not be less than 100% of the Fair Market Value on the Date of Grant of the SAR.

(d) Exercisability and Term. Subject to Section 3(b)(v), a SAR may be exercised during the lifetime of the Participant only by the Participant or by the guardian or legal representative of the Participant. An Award Agreement shall specify the date when all or any installment of the SAR is to become exercisable. The Award Agreement shall also specify the term of the SAR which shall not exceed ten years from the Date of Grant of the SAR (and may be for a shorter period of time than ten years). No SAR can be exercised after the expiration date specified in the applicable Award Agreement. An Award Agreement may provide for accelerated exercisability in the event of the Participant's death, or Disability or other events and may provide for expiration prior to the end of its term in the event of the termination of the Participant's Service. A SAR granted under the Plan may provide that it will be exercisable only in the event of a Change in Control.

(e) Exercise of SARs. If, on the date when a SAR expires, the Exercise Price under such SAR is less than the Fair Market Value on such date but any portion of such SAR has not been exercised or surrendered, then such SAR may automatically be deemed to be exercised as of such date with respect to such portion to the extent so provided in the applicable Award Agreement. Upon exercise of a SAR, the Participant (or any person having the right to exercise the SAR after Participant's death) shall receive from the Company (i) Shares, (ii) cash or (iii) any combination of Shares and cash, as the Committee shall determine. The amount of cash and/or the Fair Market Value of Shares received upon exercise of SARs shall, in the aggregate, be equal to the amount by which the Fair Market Value (on the date of surrender) of the Shares subject to the SARs exceeds the Exercise Price of the SARs.

(f) Modification or Assumption of SARs. Within the limitations of the Plan, the Committee may modify, extend or assume outstanding SARs or may accept the cancellation of outstanding SARs (including stock appreciation rights granted by another issuer) in return for the grant of new SARs for the same or a different number of Shares and at the same or a different Exercise Price. For avoidance of doubt, the Committee may not Re-Price outstanding SARs absent stockholder approval. No modification of a SAR shall, without the consent of the Participant, impair his or her rights or increase his or her obligations under such SAR.

SECTION 9. TERMS AND CONDITIONS FOR RESTRICTED STOCK GRANTS.

(a) Award Agreement. Each Restricted Stock Grant awarded under the Plan shall be evidenced by an Award Agreement between the Participant and the Company. Each Restricted Stock Grant shall be subject to all applicable terms and conditions of the Plan and may be subject to any other terms and conditions that are not inconsistent with the Plan. The provisions of the Award Agreements entered into under the Plan need not be identical.

(b) Number of Shares and Payment. An Award Agreement shall specify the number of Shares to which the Restricted Stock Grant pertains and is subject to adjustment of such number in accordance with Section 12. Restricted Stock Grants may be issued with or without cash consideration under the Plan.

(c) Vesting Conditions. Each Restricted Stock Grant may or may not be subject to vesting. Vesting shall occur, in full or in installments, upon satisfaction of the conditions specified in the Award Agreement. An Award Agreement may provide for accelerated vesting in the event of the Participant's death, or Disability or other events.

(d) Voting and Dividend Rights. The holder of a Restricted Stock Grant (irrespective of whether the Shares subject to the Restricted Stock Grant are vested or unvested) awarded under the Plan shall have the same voting, dividend and other rights as the Company's other stockholders. However, any dividends received on Shares that are unvested (whether such dividends are in the form of cash or Shares) shall be subject to the same vesting conditions and restrictions as the Restricted Stock Grant with respect to which the dividends were paid. Such additional Shares issued as dividends that are subject to the Restricted Stock Grant shall count toward the Share Limit (with each Share that is distributed as a dividend counting as one Share against the Share Limit).

(e) Modification or Assumption of Restricted Stock Grants. Within the limitations of the Plan, the Committee may modify or assume outstanding Restricted Stock Grants or may accept the cancellation of outstanding Restricted Stock Grants (including stock granted by another issuer) in return for the grant of new Restricted Stock Grants for the same or a different number of Shares. No modification of a Restricted Stock Grant shall, without the consent of the Participant, impair his or her rights or increase his or her obligations under such Restricted Stock Grant.

SECTION 10. TERMS AND CONDITIONS OF STOCK UNITS.

(a) Award Agreement. Each grant of Stock Units under the Plan shall be evidenced by an Award Agreement between the Participant and the Company. Such Stock Units shall be subject to all applicable terms of the Plan and may be subject to any other terms that are not inconsistent with the Plan. The provisions of the various Award Agreements entered into under the Plan need not be identical. Stock Units may be granted in consideration of a reduction in the Participant's other compensation.

(b) Number of Shares and Payment. An Award Agreement shall specify the number of Shares to which the Stock Unit Award pertains and is subject to adjustment of such number in accordance with Section 12. To the extent that an Award is granted in the form of Stock Units, no cash consideration shall be required of the Award recipients.

(c) Vesting Conditions. Each Award of Stock Units may or may not be subject to vesting. Vesting shall occur, in full or in installments, upon satisfaction of the conditions specified in the Award Agreement. An Award Agreement may provide for accelerated vesting in the event of the Participant's death, or Disability or other events.

(d) Voting and Dividend Rights. The holders of Stock Units shall have no voting rights. Prior to settlement or forfeiture, any Stock Unit awarded under the Plan may, at the Committee's discretion, carry with it a right to dividend equivalents. Such right entitles the holder to be credited with an amount equal to all cash or stock dividends paid on one Share while the Stock Unit is outstanding. Dividend equivalents may be converted into additional Stock Units. Settlement of dividend equivalents may be made in the form of cash, in the form of Shares, or in a combination of both. Prior to vesting of the Stock Units, any dividend equivalents accrued on such unvested Stock Units shall be subject to the same vesting conditions and restrictions as the Stock Units to which they attach.

(e) Modification or Assumption of Stock Units. Within the limitations of the Plan, the Committee may modify or assume outstanding Stock Units or may accept the

cancellation of outstanding Stock Units (including stock units granted by another issuer) in return for the grant of new Stock Units for the same or a different number of Shares. No modification of a Stock Unit shall, without the consent of the Participant, impair his or her rights or increase his or her obligations under such Stock Unit.

(f) Form and Time of Settlement of Stock Units. Settlement of vested Stock Units may be made in the form of (a) cash, (b) Shares or (c) any combination of both, as determined by the Committee. The actual number of Stock Units eligible for settlement may be larger or smaller than the number included in the original Award. Methods of converting Stock Units into cash may include (without limitation) a method based on the average Fair Market Value of Shares over a series of trading days. Except as otherwise provided in an Award Agreement or a timely completed deferral election, vested Stock Units shall be settled within thirty days after vesting. The Award Agreement may provide that distribution may occur or commence when all vesting conditions applicable to the Stock Units have been satisfied or have lapsed, or it may be deferred, in accordance with applicable law, to a later specified date. The amount of a deferred distribution may be increased by an interest factor or by dividend equivalents. Until an Award of Stock Units is settled, the number of such Stock Units shall be subject to adjustment pursuant to Section 12.

(g) Creditors' Rights. A holder of Stock Units shall have no rights other than those of a general creditor of the Company. Stock Units represent an unfunded and unsecured obligation of the Company, subject to the terms and conditions of the applicable Award Agreement.

SECTION 11. OTHER AWARDS.

The Committee may in its discretion issue Other Equity Awards to Selected Service Providers. The terms and conditions of any such Awards shall be evidenced by an Award Agreement between the Participant and the Company. Settlement of Other Equity Awards may be in the form of Shares and/or cash as determined by the Committee.

SECTION 12. ADJUSTMENTS.

(a) Adjustments. In the event of a subdivision of the outstanding Shares, a declaration of a dividend payable in Shares, a declaration of a dividend payable in a form other than Shares in an amount that has a material effect on the value of Shares, a combination or consolidation of the outstanding Shares (by reclassification or otherwise) into a lesser number of Shares, a stock split, a reverse stock split, a reclassification or other distribution of the Shares without the receipt of consideration by the Company, of or on the Shares, a recapitalization, a combination, a spin-off or a similar occurrence, the Committee shall make equitable and proportionate adjustments, taking into consideration the accounting and tax consequences, to:

(1) the Share Limit and ISO Limit and the various Share numbers referenced in Section 5(a);

(2) the number and kind of securities available for Awards (and which can be issued as ISOs) under Section 5;

(3) the number and kind of securities covered by each outstanding Award;

(4) the Exercise Price under each outstanding Option and SAR; and

(5) the number and kind of outstanding securities issued under the Plan.

(b) Participant Rights. Except as provided in this Section 12, a Participant shall have no rights by reason of any issue by the Company of stock of any class or securities convertible into stock of any class, any subdivision or consolidation of shares of stock of any class, the payment of any stock dividend or any other increase or decrease in the number of shares of stock of any class. If by reason of an adjustment pursuant to this Section 12, a Participant's Award covers additional or different shares of stock or securities, then such additional or different shares and the Award in respect thereof shall be subject to all of the terms, conditions and restrictions which were applicable to the Award and the Shares subject to the Award prior to such adjustment.

(c) Fractional Shares. Any adjustment of Shares pursuant to this Section 12 shall be rounded down to the nearest whole number of Shares. Under no circumstances shall the Company be required to authorize or issue fractional shares. To the extent permitted by applicable law, no consideration shall be provided as a result of any fractional shares not being issued or authorized.

SECTION 13. EFFECT OF A CHANGE IN CONTROL.

(a) Merger or Reorganization. In the event that there is a Change in Control and/or the Company is a party to a merger or acquisition or reorganization or similar transaction, outstanding Awards shall be subject to the merger agreement or other applicable transaction agreement. Such agreement may provide, without limitation, that subject to the consummation of the applicable transaction, for the assumption (or substitution) of outstanding Awards by the surviving entity or its parent, for their continuation by the Company (if the Company is a surviving corporation), for accelerated vesting, or for their cancellation either with or without consideration, in all cases without the consent of the Participant and outstanding Awards do not have to all be uniformly treated the same way.

(b) Acceleration of Vesting. Except as otherwise provided in the applicable Award Agreement (and in such case the applicable Award Agreement shall govern), in the event that a Change in Control occurs and there is no assumption, substitution or continuation of Awards pursuant to Section 13(a), the Committee in its discretion may provide that some or all Awards shall vest and become exercisable as of immediately before such Change in Control. The Committee may also in its discretion include in an Award Agreement that accelerated vesting of an Award will be provided if the Participant's Service is terminated without Cause by the Company (or its acquirer) within a specified period of time on or after a Change in Control. For avoidance of doubt, "substitution" includes, without limitation, an Award being replaced by a cash award that provides an equivalent intrinsic value (wherein intrinsic value equals the difference between the market value of a share and any exercise price). The Committee may also in its discretion include in an Award Agreement a requirement that, under certain circumstances, acceleration of vesting (or compensation payable) with respect to such Award shall be reduced (or eliminated) to the extent that such reduction (or elimination) would, after taking into account any other payments in the nature of compensation to which the Participant would have a right to receive from the Company and any other person contingent upon the occurrence of a Change in Control, prevent the occurrence of a "parachute payment" as defined under Code Section 280G.

SECTION 14. LIMITATIONS ON RIGHTS.

(a) Retention Rights. Neither the Plan nor any Award granted under the Plan shall be deemed to give any individual a right to remain in Service as an Employee, Consultant, or Non-Employee Director or to receive any other Awards under the Plan. The Company Group reserves the right to terminate the Service of any person at any time, and for any reason, subject to applicable laws, the Company's Articles of Incorporation and Bylaws and a written employment agreement (if any).

(b) Regulatory Requirements. Any other provision of the Plan notwithstanding, the obligation of the Company to issue Shares or other securities under the Plan shall be subject to all applicable laws, rules and regulations and such approval by any regulatory body as may be required. The Company reserves the right to restrict, in whole or in part, the delivery of Shares or other securities pursuant to any Award prior to the satisfaction of all legal requirements relating to the issuance of such Shares or other securities, to their registration, qualification or listing or to an exemption from registration, qualification or listing.

(c) Dissolution. To the extent not previously exercised or settled, Options, SARs, unvested Stock Units and unvested Restricted Stock Grants shall terminate immediately prior to the dissolution or liquidation of the Company and shall be forfeited to the Company (except for repayment of any amounts a Participant had paid to the Company to acquire unvested Shares underlying the forfeited Awards).

(d) Other Company Benefit and Compensation Programs. Payments and other benefits received by a Participant under an Award made pursuant to the Plan shall not be deemed a part of a Participant's regular, recurring compensation for purposes of the termination indemnity or severance pay law of any state. Furthermore, such benefits shall not be included in, nor have any effect on, the determination of benefits under any other employee benefit plan or similar arrangement provided by the Company Group unless expressly so provided by such other plan or arrangement, or except where the Committee expressly determines that inclusion of an Award or portion of an Award should be included. Awards under the Plan may be made in combination with or in addition to, or as alternatives to, grants, awards or payments under any other Company Group plans. The Company Group may adopt such other compensation programs and additional compensation arrangements (in addition to this Plan) as it deems necessary to attract, retain, and motivate officers, directors, employees or independent contractors for their service with the Company Group.

(e) Clawback Policy. The Company may (i) cause the cancellation of any Award, (ii) require reimbursement of any Award by a Participant and (iii) effect any other right of recoupment of equity or other compensation provided under this Plan or otherwise in accordance with Company policies as may be adopted and/or modified from time to time by the Company and/or applicable law (each, a "Clawback Policy"). In addition, a Participant may be required to repay to the Company certain previously paid compensation, whether provided under this Plan or an Award Agreement or otherwise, in accordance with the Clawback Policy. By accepting an Award, a Participant is also agreeing to be bound by the Company's Clawback Policy which may be amended from time to time by the Company in its discretion (including without limitation to comply with applicable laws or stock exchange requirements) and is further agreeing that all of the Participant's Awards (and/or awards issued under Substitute Awards) may be unilaterally amended by the Company to the extent needed to comply with the Clawback Policy.

SECTION 15. TAXES.

(a) General. A Participant shall make arrangements satisfactory to the Company for the satisfaction of any withholding tax obligations (including without limitation federal, state, local and foreign taxes) that arise in connection with his or her Award. The Company shall not be required to issue any Shares or make any cash payment under the Plan until such obligations are satisfied and the Company shall, to the maximum extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to the Participant.

(b) Share Withholding. The Committee in its discretion may permit or require a Participant to satisfy all or part of his or her withholding or income tax obligations by having the Company withhold all or a portion of any Shares that otherwise would be issued to him or her or by surrendering all or a portion of any Shares that he or she previously acquired (or by stock attestation). Such Shares shall be valued based on the value of the actual trade or, if there is none, the Fair Market Value as of the previous day. Any payment of taxes by assigning Shares to the Company may be subject to restrictions, including, but not limited to, any restrictions required by rules of the SEC. The Committee may also, in its discretion, permit or require a Participant to satisfy withholding tax obligations related to an Award through a sale of Shares underlying the Award or, in the case of Options, through Net Exercise or Cashless Exercise. The number of Shares that are withheld from an Award pursuant to this section may also be limited by the Committee, to the extent necessary, to avoid liability-classification of the Award (or other adverse accounting treatment) under applicable financial accounting rules including without limitation by requiring that no amount may be withheld which is in excess of maximum statutory withholding rates. The Committee, in its discretion, may permit or require other forms of payment of applicable tax withholding.

SECTION 16. DURATION AND AMENDMENTS.

(a) Term of the Plan. The Plan is effective upon the Adoption Date and may be terminated by the Board on any date pursuant to Section 16(b). No Awards may be granted after the earlier of (i) the Board's termination of the Plan under Section 16(b) or (ii) the day before the tenth anniversary of the Adoption Date or (iii) the first anniversary of the Adoption Date if the Company stockholders have not yet approved the Plan. This Plan, and its effectiveness, is subject to and conditioned upon its timely approval by Company stockholders. No Options or SARs may be exercised and no Shares may be issued under any Award until on or after the Stockholder Approval Date. If the Stockholder Approval Date has not occurred before the first anniversary of the Adoption Date, then this Plan shall then terminate and all Awards granted under this Plan shall then be forfeited without consideration.

(b) Right to Amend or Terminate the Plan. The Board may amend or terminate the Plan at any time and for any reason. An amendment of the Plan shall be subject to the approval of the Company's stockholders only to the extent required by applicable laws, regulations or rules. In addition, no such amendment or termination shall be made which would impair the rights of any Participant, without such Participant's written consent, under any then-outstanding Award, provided that no such Participant consent shall be required with respect to any amendment or alteration if the Committee determines in its sole discretion that such amendment or alteration either (i) is required or advisable in order for the Company, the Plan or the Award to satisfy or conform to any law or regulation or to meet the requirements of any accounting standard, or (ii) is not reasonably likely to significantly diminish the benefits provided under such Award, or that any such diminishment has been adequately compensated. Notwithstanding the above, the Board may amend the Plan to take into account changes in applicable securities laws, federal income tax laws and other applicable laws. Furthermore, the Board may amend Section 5(a) hereof to change the dates upon which the potential annual increases to the Share Limit and ISO Limit are based upon in the event the Company changes its Fiscal Year end date. Further, should the provisions of Rule 16b-3, or any successor rule, under the Exchange Act be amended, the Board may amend the Plan in accordance with any modifications to that rule without the need for stockholder approval. In the event of any conflict in terms between the Plan and any Award Agreement, the terms of the Plan shall prevail and govern.

SECTION 17. EXECUTION.

To record the approval of this Plan by the Board, the Company has caused its duly authorized officer to execute this Plan on behalf of the Company.

Legacy Education Inc.

By: _____

Title:

Exhibit 10.4

PROMISSORY NOTE

$[ ] As of December 30, 2019

FOR VALUE RECEIVED, Legacy Education, LLC, a California limited liability company doing business as High Desert Medical College ("Maker"), promises to pay to the order of [ ] ("Payee"), at the address set forth herein, or at such other place as Payee may from time to time designate by written notice to Maker, the principal sum of [ ] ($[ ]), in accordance with the terms set forth below. Maker further agrees as follows:

1. Principal Payments; Interest.

(a) Principal due under this Promissory Note ("Note") shall be due and payable on the earlier to occur (i) the Nine (9) month anniversary of the first advance under the Note; or (ii) the completion of an Initial Public Offering by Payee (the "Maturity Date"). Maker may prepay this Note in whole or in part at any time, and from time to time, without being required to pay any penalty or premium for such privilege.

(b) This Note shall bear interest at a MONTHLY rate of one percent (1%) based upon the amount outstanding as of any calculation date. Interest shall be payable MONTHLY commencing on the fifteenth day of each calendar month following the date funds are first advanced hereunder, with all remaining accrued interest payable at the Maturity Date. In the event the Note is pre-paid prior to the Maturity Date, minimum interest shall be payable in an amount which would have been payable had the Note been paid at the Maturity Date.

2. Priority.

The obligation evidenced by this Note shall be senior to all obligations of the Maker other than the Strategic Education Loan Fund ("SELF") loan, to which it shall be junior in priority.

3. Default.

(a) Events of Default. The occurrence of any of the following events shall constitute an event of default ("Event of Default"):

(i) Maker's failure to make any payment when due, provided that Payee has provided Maker with written notice of default and such default remains uncured for a period of three (3) or more business days after receipt of such notice;

(ii) Maker shall commence (or take any action for the purpose of commencing) any proceeding under any bankruptcy reorganization, arrangement, readjustment of debt, moratorium or similar law or statute;

(iii) A proceeding shall be commenced against Maker under any bankruptcy, reorganization, arrangement, readjustment of debt, moratorium or similar law or statute, and relief is ordered against it, or the proceeding is controverted but is not dismissed within sixty (60) days after the commencement thereof; or

(iv) Maker shall be in default of any other obligation of Maker to the Payee.

(b) Remedies for Default.

Upon the occurrence of an Event of Default, Payee shall have the right to declare the entire remaining principal balance of and accrued but unpaid interest on this Note immediately due and payable; to foreclose any liens and security interests securing payment hereof; and to exercise any of its other rights, powers and remedies under this Note, or at law or in equity.

4. Security

This Note is an unsecured obligation of the Maker.

5. Waivers.

(a) Maker waives demand, presentment, protest, notice of protest, notice of dishonor, and all other notices or demands of any kind or nature with respect to this Note other than the initial demand for payment.

(b) Maker agrees that a waiver of rights under this Note shall not be deemed to be made by Payee unless such waiver shall be in writing, duly signed by Payee, and each such waiver, if any, shall apply only with respect to the specific instance involved and shall in no way impair the rights of Payee or the obligations of Maker in any other respect at any other time.

(c) Maker agrees that in the event Payee demands or accepts partial payment of this Note, such demand or acceptance shall not be deemed to constitute a waiver of any right to demand the entire unpaid balance of this Note at any time in accordance with the terms of this Note.

6. Collection Costs. If the indebtedness represented hereby is not paid in full when due, Maker will, upon demand, pay to Payee the amount of any and all reasonable costs and expenses, including, without limitation, the reasonable fees and disbursements of its counsel (whether or not suit is instituted) and of any experts and agents, which Payee may incur in connection with the following: (i) the enforcement of this Note, and (ii) the enforcement of payment of all obligations of Maker by any action or participation in, or in connection with the U. S. Bankruptcy Code, or any successor statute hereto.

7. Assignment of Note. Maker may not assign or transfer this Note or any of its obligations under this Note in any manner whatsoever (including, without limitation, by the consolidation or merger of Maker, of a corporation, with or into another corporation) without the prior written consent of Payee, which shall not be unreasonably withheld. Maker agrees not to assert against assignee of this Note any claim or defense which Maker may have against any assignor of this Note.

8. Miscellaneous.

(a) This Note may be altered or modified only by prior written agreement signed by the party against whom enforcement of any waiver, change, modification, or discharge is sought.

(b) This Note shall be governed by, and construed in accordance with, the law of the State of California.

(c) The covenants, terms, and conditions contained in this Note apply to and bind the heirs, successors, executors, administrators and assigns of the parties.

(d) This Note constitutes a final written expression of all the terms of the agreement between the parties regarding the subject matter thereof, is a complete and exclusive statement of those terms, and supersedes all prior and contemporaneous agreements, understandings, and representations between the parties. If any provision or any word, term, clause or other part of any provision of this Note shall be invalid for any reason, the same shall be ineffective, but the remainder of this Note shall not be affected and shall remain in full force and effect.

(e) All notices, demands, requests, or other communications which may be or are required to be given, served or sent by any party pursuant to this Note shall be in writing and shall be hand delivered (including delivery by courier), sent by facsimile, or mailed by first-class, registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to Maker:	Legacy Education, LLC 701 West Avenue K Suite 122 Lancaster, CA 93534
If to Payee:	[ ]

or such other address as the addressee may indicate by written notice to the other parties. Each notice, demand, request or communication which shall be given or made in the manner described above shall be deemed sufficiently given or made for all purposes at such time as it delivered to the addressee (with the return receipt, the delivery receipt or the affidavit of messenger being deemed conclusive but not exclusive evidence of such delivery) or at such time as delivery is refused by the addressee upon presentation.

[signature is on the next page]

IN WITNESS WHEREOF, Maker has executed this Note effective as of the date first set forth above.

LEGACY EDUCATION, LLC, dba High Desert Medical College

By: _____

Exhibit 10.5

EMPLOYMENT AGREEMENT

This Employment Agreement (this "Agreement"), entered into as of September __, 2023, and effective as of July 1, 2023 (the "Effective Date"), is by and among Legacy Education, Inc., a Nevada corporation (the "Company"), and LeeAnn Rohmann ("Executive").

WHEREAS, the Company desires to continue to employ Executive, and Executive desires to continue to be employed by, the Company;

WHEREAS, in connection with the foregoing, Executive shall be required to perform Executive's duties and obligations hereunder on behalf of the Company, as appropriate, and such duties and obligations shall be enforceable by the Company;

WHEREAS, the Company and Executive desire to enter into this Agreement, which shall supersede any and all prior employment agreements or similar agreements by and between Executive and the Company;

NOW, THEREFORE, in consideration of such employment and the mutual covenants and promises herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and Executive agree that the above recitals are hereby incorporated by reference into this Agreement and are binding upon the parties hereto and agree as follows:

1. Employment. The Company hereby agrees to employ Executive, and Executive hereby agrees to be employed with the Company, upon the terms and conditions contained in this Agreement. Unless earlier terminated by either party in accordance with Section 5, Executive's employment with the Company shall continue for an initial term commencing on the Effective Date and continuing until the third (3rd) anniversary of the Effective Date (the "Initial Term") and thereafter shall automatically renew for successive one year terms (each a "Renewal Term") unless either party provides written notice of non-renewal to the other party at least six (6) months prior to the last day of the then-current term (such Initial Term and subsequent Renewal Term(s) or portions thereof occurring prior to termination, collectively the "Employment Period").

2. Duties.

2.1 During the Employment Period, Executive shall serve the Company on a full-time basis and perform services in a capacity and in a manner consistent with Executive's position for the Company. Executive shall have the title of President and Chief Executive Officer of the Company and shall have such duties, authorities and responsibilities as are commensurate and consistent with such position, as the Board of Directors of the Company (the "Board") may designate from time to time. Executive will report directly to the Board. Notwithstanding the foregoing, Executive may (i) serve as a director, officer, and/or advisor of non-profit organizations and, with the prior written consent of the Board (which consent shall not be unreasonably withheld), other for-profit companies; (ii) perform and participate in charitable, civic, educational, professional, community and industry affairs and other related activities; and (iii) manage Executive's personal investments; provided, however, that, in each case under clauses (i) through (iii), such activities do not materially interfere, individually or in the aggregate, with the performance of Executive's duties hereunder. During Executive's employment with the Company, Executive will be nominated director and a member of the Board.

3. Location Of Employment. Executive's principal place of employment shall be in the Company's corporate offices in Temecula, California, subject to all business travel consistent with Executive's duties and responsibilities. Notwithstanding the foregoing, Executive shall be permitted to work remotely from Executive's primary residence from time to time.

4. Compensation.

4.1 Base Salary. In consideration of all services rendered by Executive under this Agreement, the Company shall pay Executive a base salary (the "Base Salary") at an annual rate of $275,000 during the Employment Period. The Base Salary shall be paid in such installments and at such times as the Company pays its regularly salaried employees, but no less often than once per month.

4.2 Annual Bonus. During each fiscal year of Executive's employment with the Company, Executive will be eligible to earn and receive an annual bonus of up to $275,000 (the "Annual Bonus"). The Annual Bonus will be based upon achievement of Company and individual performance targets established by the Compensation Committee of the Board (the "Compensation Committee"), in its sole and absolute discretion, for the fiscal year to which such Annual Bonus relates. The payment of any Annual Bonus described herein, if any, will be made at the same time annual bonuses are generally paid to other senior executives of the Company (generally the first regular payroll date following the Compensation Committee's certification of achievement of applicable performance targets). If Executive is eligible to receive an Annual Bonus, such bonus will not be deemed to be fully "earned" unless Executive is (i) employed by the Company and in good standing on the last day of the fiscal year to which the Annual Bonus relates, and (ii) has not given notice of Executive's intention to resign Executive's employment as of, or prior to, the date the Company pays the applicable Annual Bonus. The Annual Bonus shall be paid to Executive no later than the fifteenth (15th) day of the third month of the year following the year for which the bonus is payable.

4.3 Equity Award . Executive will be granted an equity-based compensation award ("Award") in such amounts and subject to such terms and conditions that are consistent with, and no less favorable to Executive than, the terms and conditions set forth in Exhibit A attached hereto. Upon termination of Executive's employment, the treatment of any portion of outstanding Award shall be determined in accordance with the terms of any agreements governing such Award (" Award Agreement "). Executive shall remain eligible to receive additional equity-based compensation awards as the Company may grant from time to time.

4.4 Vacation. During the Employment Period, Executive shall be entitled to vacation benefits consistent with Company policy, as may be in effect from time to time, except to the extent such policy is inconsistent with this Agreement, all in conformity with applicable law.

4.5 Benefits. During the Employment Period, Executive shall be entitled to participate in any benefit plans offered by the Company as in effect from time to time (collectively, "Benefit Plans") on the same basis as those generally made available to other senior employees of the Company, to the extent Executive may be eligible to do so under the terms of any such Benefit Plan. Executive acknowledges and agrees that any such Benefit Plans may be terminated or amended from time to time by the Company in its sole discretion. Notwithstanding the foregoing, if at any time during the Employment Period the Company does not provide its senior employees of the Company with health insurance under a Benefit Plan, Executive shall be entitled to secure such health insurance for Executive and Executive's immediate family (i.e., spouse and dependents) and the Company shall reimburse Executive for the cost of the employer portion of such insurance following payment by the Executive. The Company will cover Executive under directors' and officers' liability insurance, with Executive as a named insured, during Executive's employment (and for a period of six (6) years following the termination thereof), to the same general extent as other executive officers of the Company. In addition, the Company shall maintain (or hire, if applicable) a Temecula, California based executive assistant to assist Executive with Executive's duties hereunder.

5. Termination. Executive's employment hereunder may be terminated as follows:

5.1 Automatically in the event of the death of Executive;

5.2 At the option of the Company, by written notice to Executive or Executive's personal representative in the event of the Disability of Executive. As used herein, the term "Disability" shall mean that Executive is unable to perform Executive's duties under this Agreement with or without reasonable accommodation, for a period of 120 consecutive days or 180 days in any 365 day period. If there is a question as to the existence of Executive's Disability as to which Executive and the Company cannot agree, same shall be determined in writing by a qualified independent medical authority mutually acceptable to Executive and the Company. If the parties hereto cannot agree as to a qualified independent physician, each of Executive, on the one hand, and the Company, on the other, shall appoint such a physician and those two physicians shall select a third who shall make such determination in writing. The determination of Disability made in writing to the Company and Executive shall be final and conclusive for all purposes of this Agreement. Executive shall fully cooperate in connection with the determination of whether Disability exists.

5.3 At the option of the Company, for Cause (as defined in Section 6.5), on prior written notice to Executive (subject to any cure period described in Section 6.5);

5.4 At the option of the Company, without Cause, on thirty (30) days' prior written notice to Executive;

5.5 At the option of Executive, (a) for Good Reason (in accordance with the definition in Section 6.5) or (b) for any or no reason other than Good Reason on thirty (30) days' prior written notice to the Company (which the Company may, in its sole discretion, make effective as a resignation earlier than the termination date provided in such notice and further provided that if Executive unilaterally resigns Executive's employment before the end of such requisite notice period then such resignation shall be treated for purposes of this Agreement as a termination under Section 5.3); or

5.6 As of the last day of the Initial Term or the then-current Renewal Term if either Executive or the Company elects not to renew the Agreement in accordance with and subject to the notice provisions set forth in Section 1.

6. Severance Payments.

6.1 Non-Renewal by the Company, Termination by the Company Without Cause, or Termination by Executive for Good Reason. If Executive's employment is terminated by the Company without Cause (and not due to death or Disability), by Executive for Good Reason or as the result of the Company's decision not to renew the Agreement in accordance with Section 1, in each case subject to Section 6.6 hereof, Executive shall be entitled to:

(a) within thirty (30) days following such termination, or such earlier date as required by applicable law, payment of Executive's accrued and unpaid Base Salary and reimbursement of expenses under Section 7 hereof in each case accrued through the date of termination;

(b) subject to Section 13.7(b) hereof, a lump sum cash payment in an amount equal to the sum of (i) thirty-six (36) months of Executive's Base Salary and (ii) Executive's Annual Bonus (in each case, as in effect as of Executive's last day of employment) (clauses (i) and (ii), the " Severance Amount"); provided, however, if the Executive's review and revocation period for the release of claims required pursuant to Section 6.6 hereof spans two of Executive's taxable years, the payment shall be made on the first regularly scheduled payroll date of the later taxable year following the effective date of such release of claims;

(c) if Executive is eligible for and elects to enroll in "COBRA" type continuation coverage of Executive's health benefits under the Company's group health plan, for the thirty-six (36) month period following Executive's termination ("COBRA Payment Period"), the Company will pay Executive on a monthly basis a taxable amount equal to the full monthly premium for the corresponding active employee coverage type (e.g., single, single plus one, family) under the Company's group health plan that was in effect for Executive on the termination date, less applicable taxes and withholdings; provided, that the Company's obligation to make these monthly taxable COBRA premium payments to Executive hereunder shall cease on the earlier of: (i) the date on which Executive first becomes eligible for coverage under any group health plan made available by another employer (and Executive shall notify the Company in writing promptly, but within 10 days, after becoming eligible for any such benefits); and (ii) the date on which Executive's COBRA continuation coverage under the Company's group health plan ends on account of Executive's election to terminate such coverage; notwithstanding the foregoing, if the Company determines, in its sole discretion, that the payment of the COBRA premiums would result in a violation of the nondiscrimination rules of Section 105(h)(2) of the Internal Revenue Code of 1986, as amended (the "Code") or any statute or regulation of similar effect (including but not limited to the 2010 Patient Protection and Affordable Care Act, as amended by the 2010 Health Care and Education Reconciliation Act), then in lieu of providing the COBRA premiums; the Company, in its sole discretion, may elect to instead pay Executive on the first day of each month of the COBRA Payment Period, a fully taxable cash payment equal to the COBRA premiums for that month, subject to applicable tax withholdings (such amount, the "Special Severance Payment"), for the remainder of the COBRA Payment Period (Executive may, but is not obligated to, use such Special Severance Payment toward the cost of COBRA premiums); notwithstanding the foregoing, if for any reason Executive is ineligible for, or does not elect to enroll in "COBRA" type continuation coverage of Executive's health benefits under the Company's group health plan, the Company will pay Executive a lump sum equal to the aggregate payments the Company would have paid Executive on a monthly basis pursuant to the above provisions;

(d) a lump sum payment equal to the amount of any Annual Bonus earned with respect to a fiscal year ending prior to the date of such termination but unpaid as of such date, payable at the same time in the year of termination as such payment would be made if Executive continued to be employed by the Company, but in no event later than 73 days following the end of the fiscal year in which the termination occurs;

(e) a lump sum payment equal to the amount of Annual Bonus that was accrued for the year in which Executive's employment ends based upon the good faith determination of the Board in accordance with the Company's normal practices as of the last day of the calendar year during which Executive's termination became effective (it being understood that the Company will accrue the Annual Bonus on a monthly basis), payable no later than 73 days after the termination date;

(f) all other accrued or vested amounts or benefits due to Executive in accordance with this Agreement, the Company's benefit plans, programs or policies (other than severance), and the treatment of Executive's Award in accordance with the Award Agreement; and

(g) subject to Executive's compliance with the restrictive covenants set forth in Section 8 hereof, the outstanding and unvested portion of any time-vesting equity award granted to Executive by the Company shall automatically accelerate and vest in full upon Executive's termination date.

6.2 Termination due to Executive's Death or Disability. Upon the termination of Executive's employment due to Executive's death or Disability pursuant to Section 5.1 and Section 5.2, respectively, Executive or Executive's legal representatives shall be entitled to receive (i) the acceleration and vesting in full of any then outstanding and unvested portion of any time-vesting equity award granted to Executive by the Company; and (ii) the payments and benefits described under Sections 6.1(a), (d), (e) and (f).

6.3 Termination due to Non-Renewal by Executive or Termination by Executive without Good Reason. Upon the termination of Executive's employment due to the non-renewal by Executive or termination by Executive without Good Reason, Executive shall be entitled to receive only the payments and benefits described in Sections 6.1(a), (d), and (f), and the treatment of Executive's Award in accordance with the Award Agreement.

6.4 Termination by the Company for Cause. Upon the termination of Executive's employment by the Company for Cause pursuant to Section 5.3, Executive shall be entitled to receive only the payments and benefits described in Sections 6.1(a) and (f), and the treatment of Executive's Award in accordance with the Award Agreement.

6.5 Definitions.

(a) Cause. For purposes of this Agreement, "Cause" shall mean:

(i) Executive's continued failure or refusal to follow the lawful directives of the Company Board after being given written notice and thirty (30) days to remedy such failures or refusals;

(ii) Executive's willful misconduct, gross negligence, or act of material dishonesty in connection with Executive's employment;

(iii) Executive's indictment for, or a plea or conviction of guilty or plea of no contest to, any felony or any other criminal offence involving serious moral turpitude;

(iv) Executive's violation of any material written policies of the Company or its affiliates of which Executive has received written notice and which violation, in each case, if curable, is not cured within thirty (30) days of written notice from the Company;

(v) Executive's breach of any non-solicitation or non-competition obligations to the Company or its affiliates, including, without limitation, those set forth in Sections 8.1 and 8.2 of this Agreement, or Executive's willful, grossly negligent, or reckless breach of any confidentiality obligations to the Company or its affiliates, including, without limitation, those set forth in Section 8.3 of this Agreement;

(vi) material breach by Executive of any of the provisions of this Agreement or any other agreement between the Company and its affiliates on the one hand and Executive on the other hand, which (if curable) is not cured within thirty (30) days of written notice; or

(vii) as provided in Section 13.1 hereof.

(b) "Change in Control" shall have the meaning given that term in the Company's 2021 Equity Incentive Plan.

(c) "Good Reason" shall mean, without Executive's prior written consent, (i) a material diminution in Executive's title, authority, duties or responsibilities; (ii) a material reduction in Base Salary; (iii) a material reduction in the target percentage of Executive's Cash Bonus; (iv) the relocation of Executive's principal place of employment outside of Temecula, California without the consent of Executive's prior written consent; or (v) a breach by the Company of any material provision of this Agreement (the parties agreeing that Section 4.1 is one such material provision). Any Good Reason termination will require thirty (30) days' advanced written notice by Executive of the event giving rise to Good Reason within sixty (60) days after Executive first learns of the applicable event, and will not be effective unless the Company has not cured the Good Reason event within such thirty (30) day notice period. In order for Executive to resign for Good Reason, Executive must resign from Executive's employment within sixty (60) days after the failure of the Company to cure a Good Reason event.

(d) "Person" means any natural person, sole proprietorship, general partnership, limited partnership, limited liability company, joint venture, trust, unincorporated organization, association, corporation, governmental authority or any other organization, irrespective of whether it is a legal entity and includes any successor (by merger or otherwise) of such entity.

6.6 Conditions to Payment. All payments and benefits due to Executive under this Section 6, other than the payments due to Executive under Sections 6.1(a), (d), and (f) or which are otherwise required by law (all other payments under Section 6, "Severance"), shall only be payable if Executive (or Executive's beneficiary or estate) delivers to the Company and does not revoke (under the terms of applicable law) a general release of all claims, substantially in the form attached hereto as Exhibit B. Such general release shall be executed and delivered (and no longer subject to revocation) within sixty (60) days following termination. Failure to timely execute and return such release or revocation thereof shall be a waiver by Executive of Executive's right to receive any Severance. In addition, Severance shall be conditioned on Executive's compliance with Section 8 hereof.

7. Reimbursement of Expenses. The Company shall reimburse Executive for reasonable and necessary expenses actually incurred by Executive directly in connection with the business and affairs of the Company and the performance of Executive's duties hereunder, in each case subject to appropriate substantiation and itemization of such expenses in accordance with the guidelines and limitations established by the Company from time to time.

8. Restrictions on Activities of Executive.

8.1 Non-Competition. During employment (the "Restriction Period"), Executive covenants and agrees that Executive shall not directly or indirectly (whether for compensation or otherwise) own or hold any interest in, manage, operate, control, consult with, render services for, or in any manner participate in, any Competitive Business, in each case, either as a general or limited partner, proprietor, shareholder, officer, director, agent, employee, consultant, trustee, affiliate or otherwise. Nothing herein shall prohibit Executive from being a passive owner of not more than one percent (1%) of the outstanding securities of any publicly traded company engaged in a Competitive Business. For purposes of this Agreement, "Competitive Business" shall mean the licensing and/or development of (x) the same or substantially similar compounds as those which the Company is then currently licensing or developing, or (y) compounds which the Company is then currently actively considering licensing and/or developing, by virtue of management executives having held material discussions with applicable counterparties to license such compounds and material discussions with members of the Company Board regarding the same during the prior six (6) month period and of which Executive is aware; in each case, with respect to the same or similar indications for which the Company is then licensing, developing or considering the licensing and/or development of such compounds.

8.2 Non-Solicitation. Executive covenants and agrees that, except in connection with the performance of Executive's duties to the Company, during the Restriction Period, and, through the use of the Company's Confidential Information, for the one (1) year period commencing on the date Executive's employment with the Company pursuant to this Agreement ends, Executive shall not directly or indirectly (i) influence or solicit or attempt to influence or solicit any employees or independent contractors of the Company or any of its affiliates to restrict, reduce, sever or otherwise alter their relationship with the Company or such affiliates, (ii) solicit or induce, or attempt to solicit or induce, any Person that is then a client or customer of the Company, or any of its affiliates, to cease being a client or customer of the Company or any of its affiliates or to divert all or any part of such Person's business from the Company or any of its affiliates, or (iii) assist any other Person in any way to do, or attempt to do, anything prohibited by Sections 8.2(i) or (ii); provided, however, that the foregoing restrictions shall not include (A) general solicitations of employment or hiring of persons responding to general solicitations of employment (including general advertising via periodicals, the Internet and other media) not specifically directed towards employees of the Company or its affiliates, or (B) serving as a third-party reference for any employee or independent contractor or providing advice to any employees.

8.3 Confidentiality. Executive shall not, during the Employment Period or at any time thereafter, directly or indirectly, disclose, reveal, divulge or communicate to any Person other than authorized officers, directors and employees of the Company or use or otherwise exploit for Executive's own benefit or for the benefit of anyone other than the Company, any Confidential Information (as defined below). "Confidential Information" means any information with respect to the Company or any of its affiliates, including methods of operation, customer lists, products, prices, fees, costs, technology, formulas, inventions, trade secrets, know-how, software, marketing methods, plans,

personnel, suppliers, competitors, markets or other specialized information or proprietary matters; provided, that, there shall be no obligation hereunder with respect to, information that (i) is generally available to the public on the Effective Date, (ii) becomes generally available to the public other than as a result of a disclosure not otherwise permissible hereunder, or (iii) is required to be disclosed by law, court order or other legal or regulatory process and Executive gives the Company prompt written notice and the opportunity to seek a protective order. For the avoidance of doubt, Executive understands that pursuant to the federal Defend Trade Secrets Act of 2016, Executive shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (A) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Nothing contained in this Agreement shall limit Executive's ability to communicate with any federal, state or local governmental agency or commission, including to provide documents or other information, without notice to the Company. Further, nothing in this Agreement shall be deemed to preclude Executive from testifying truthfully under oath if Executive is required or compelled by law to testify in any judicial action or before any government authority or agency or from making any other legally-required truthful statements or disclosures.

8.4 Assignment of Inventions.

(a) Executive agrees that, during employment with the Company, any and all inventions, discoveries, innovations, writings, domain names, improvements, trade secrets, designs, drawings, formulas, business processes, secret processes and know-how, whether or not patentable or a copyright or trademark, which Executive may create, conceive, develop or make, either alone or in conjunction with others and related or in any way connected with the Company's strategic plans, products, processes or apparatus or the business (collectively, "Inventions"), shall be fully and promptly disclosed to the Company and shall be the sole and exclusive property of the Company as against Executive or any of Executive's assignees; provided that, as set forth in California Labor Code section 2870, Executive is entitled to sole ownership of any invention that Executive develops: (i) entirely on Executive's own time; and (ii) without using the Company's equipment, supplies, facilities, or trade secret or Confidential Information; and that does not (X) relate to the Company's business or the Company's actual or demonstrably anticipated research and development, or (Y) result from any work performed by Executive for the Company. Regardless of the status of Executive's employment by the Company, Executive and Executive's heirs, assigns and representatives shall promptly assign to the Company any and all right, title and interest in and to such Inventions made during employment with the Company.

(b) Whether during or after the Employment Period, Executive further agrees to execute and acknowledge all papers and to do, at the Company's expense, any and all other things necessary for or incident to the applying for, obtaining and maintaining of such letters patent, copyrights, trademarks or other intellectual property rights, as the case may be, and to execute, on request, all papers necessary to assign and transfer such Inventions, copyrights, patents, patent applications and other intellectual property rights to the Company and its successors and assigns. In the event that the Company is unable, after reasonable efforts and, in any event, after ten (10) business days, to secure Executive's signature on a written assignment to the Company, of any application for letters patent, trademark registration or to any common law or statutory copyright or other property right therein, whether because of Executive's physical or mental incapacity, or for any other reason whatsoever, Executive irrevocably designates and appoints the Secretary of the Company as Executive's attorney-in-fact to act on Executive's behalf to execute and file any such applications and to do all lawfully permitted acts to further the prosecution or issuance of such assignments, letters patent, copyright or trademark.

8.5 Return of Company Property. Within ten (10) days following the date of any termination of Executive's employment, or at any other time upon the request of the Company, Executive or Executive's personal representative shall return all property of the Company and its affiliates in Executive's possession, including but not limited to all Company-owned computer equipment (hardware and software), smart phones, facsimile machines, tablet computers and other communication devices, credit cards, office keys, security access cards, badges, identification cards and all copies (including drafts) of any documentation or information (however stored) relating to the business of the Company and its affiliates, its customers and clients or its prospective customers and clients. Anything to the contrary notwithstanding, Executive shall be entitled to retain (i) personal papers and other materials of a personal nature; provided, that such papers or materials do not include Confidential Information, (ii) information showing Executive's compensation or relating to reimbursement of expenses, and (iii) copies of plans, programs and agreements relating to Executive's employment, or termination thereof, with the Company which Executive received in Executive's capacity as a participant.

8.6 Cooperation. During the Employment Period and for six years thereafter, Executive shall give Executive's assistance and cooperation, upon reasonable advance notice, in any litigation matter relating to Executive's position with the Company and its affiliates, or Executive's knowledge as a result thereof, as the Company may reasonably request, including Executive's attendance and truthful testimony where deemed appropriate by the Company, with respect to any investigation or the Company's (or an affiliate's) defense or prosecution of any existing or future claims or litigations or other proceeding relating to matters in which Executive was involved or had knowledge by virtue of Executive's employment with the Company, in all cases, on schedules that are reasonably consistent with Executive's other permitted activities and commitments. The Company agrees to reimburse Executive for any costs Executive incurs in connection with complying with this Section 8.6, including Executive's reasonable attorney's fees, and reasonable travel and lodging expenses.

8.7 Non-Disparagement. During Executive's employment with the Company, and at all times thereafter, (i) Executive shall not make either orally or in writing any derogatory or disparaging statement with regard to the Company, any of its businesses, products, services or practices or any of its managers, directors, officers, employees or agents, and (ii) the Company shall direct the members of the Company Board and its senior executives not to make either orally or in writing any derogatory or disparaging statement with regard to Executive; provided, that nothing in this Section 8.7 shall prevent either party from giving a deposition, responding to any subpoena or other lawful request for information or documentation made in the course of a legal or administrative proceeding or testifying truthfully in court or in any other legal proceeding.

8.8 Survival. This Section 8 shall survive any termination or expiration of this Agreement or employment of Executive.

9. Remedies. It is specifically understood and agreed that any breach of the provisions of Section 8 of this Agreement is likely to result in irreparable injury to the Company and that the remedy at law alone will be an inadequate remedy for such breach, and that, in addition to any other remedy it may have in the event of a breach or threatened breach of Section 8 above, the Company shall be entitled to enforce the specific performance of this Agreement by Executive and to seek both temporary and permanent injunctive relief (to the extent permitted by law) without bond and without liability should such relief be denied, modified or violated.

10. Blue Pencil. Each of the rights enumerated in this Agreement shall be independent of the others and shall be in addition to and not in lieu of any other rights and remedies available to the Company or any of its direct or indirect subsidiaries at law or in equity. If any of the provisions of this Agreement or any part of any of them is hereafter construed or adjudicated to be invalid or unenforceable because of the duration of such provisions or the area or scope covered thereby, Executive agrees that the court making such determination shall have the power to reduce the duration, scope and/or area of such provisions to the maximum and/or broadest duration, scope and/or area permissible by law, and in its reduced form said provision shall then be enforceable.

11. Severable Provisions. The provisions of this Agreement are severable and the invalidity of any one or more provisions shall not affect the validity of any other provision. In the event that a court of competent jurisdiction shall determine that any provision of this Agreement or the application thereof is unenforceable in whole or in part because of the duration or scope thereof, the parties hereto agree that said court in making such determination shall have the power to reduce the duration and scope of such provision to the extent necessary to make it enforceable, and that the Agreement in its reduced form shall be valid and enforceable to the full extent permitted by law.

12. Notices. All notices hereunder, to be effective, shall be in writing and shall be deemed effective when delivered by hand or mailed by (a) certified mail, postage and fees

prepaid, or (b) nationally recognized overnight express mail service, as follows:

If to the Company:

Legacy Education, Inc.
31625 DePortola Road, Suite 200
Temecula, CA 92592
Attention: Brandon Pope, Chief Financial Officer

with a copy (which shall not constitute notice) to:

Sheppard, Mullin, Richter & Hampton LLP
30 Rockefeller Plaza
New York, New York 10112
Attention: Richard A. Friedman, Esq.

If to Executive:

The last address shown on records of the Company

or to such other address as a party may notify the other pursuant to a notice given in accordance with this Section 12.

13. Miscellaneous.

13.1 Executive Representation. Executive hereby represents to the Company that Executive's execution and delivery of this Agreement and Executive's performance of Executive's duties hereunder shall not constitute a breach of, or otherwise contravene, or be prevented, interfered with or hindered by, the terms of any employment agreement or other agreement or policy to which Executive is a party or otherwise bound, and further that Executive is not subject to any limitation on Executive's activities on behalf of the Company as a result of agreements into which Executive has entered except for obligations of confidentiality with former employers. To the extent this representation and warranty is not true and accurate, it shall be treated as a Cause event and the Company may terminate Executive for Cause or not permit Executive to commence employment.

13.2 No Mitigation or Offset. In the event of any termination of Executive's employment hereunder, Executive shall be under no obligation to seek other employment or otherwise mitigate the obligations of the Company under this Agreement, and there shall be no offset against amounts due Executive under this Agreement on account of future earnings by Executive.

13.3 Entire Agreement; Amendment. Except as otherwise expressly provided herein, this Agreement constitutes the entire agreement between the parties hereto with regard to the subject matter hereof, superseding all prior understandings and agreements, whether written or oral. This Agreement may not be amended or revised except by a writing signed by the parties.

13.4 Assignment and Transfer. The provisions of this Agreement shall be binding on and shall inure to the benefit of the Company and any successor in interest to the Company who acquires all or substantially all of the Company's assets. The Company may assign this Agreement to an affiliate. Neither this Agreement nor any of the rights, duties or obligations of Executive shall be assignable by Executive, nor shall any of the payments required or permitted to be made to Executive by this Agreement be encumbered, transferred or in any way anticipated, except as required by applicable law. All rights of Executive under this Agreement shall inure to the benefit of and be enforceable by Executive's personal or legal representatives, estates, executors, administrators, heirs and beneficiaries.

13.5 Waiver of Breach. A waiver by either party of any breach of any provision of this Agreement by the other party shall not operate or be construed as a waiver of any other or subsequent breach by the other party.

13.6 Withholding. The Company shall be entitled to withhold from any amounts to be paid or benefits provided to Executive hereunder any federal, state, local or foreign withholding, FICA and FUTA contributions, or other taxes, charges or deductions which it is from time to time required to withhold pursuant to any applicable law or regulation or as otherwise authorized by Executive. Executive (and not the Company) shall be solely liable and responsible for any taxes, penalties and/or interest (collectively, the "Taxes") imposed on Executive (including without limitation any Taxes imposed under Code Section 409A (as defined below)) and the Company shall have no duty to minimize any such Taxes or indemnify Executive for any such Taxes.

13.7 Code Section 409A.

(a) The parties agree that this Agreement shall be interpreted to comply with or be exempt from Section 409A of the Code and the regulations and guidance promulgated thereunder to the extent applicable (collectively "Code Section 409A"), and all provisions of this Agreement shall be construed in a manner consistent with the requirements for avoiding taxes or penalties under Code Section 409A. In no event whatsoever will the Company be liable for any additional tax, interest or penalties that may be imposed on Executive under Code Section 409A or any damages for failing to comply with Code Section 409A.

(b) A termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits considered "nonqualified deferred compensation" under Code Section 409A upon or following a termination of employment unless such termination is also a "separation from service" within the meaning of Code Section 409A and, for purposes of any such provision of this Agreement, references to a "termination," "termination of employment" or like terms shall mean "separation from service." If Executive is deemed on the date of termination to be a "specified employee" within the meaning of that term under Code Section 409A(a)(2)(B), then with regard to any payment or the provision of any benefit that is considered nonqualified deferred compensation under Code Section 409A payable on account of a "separation from service," such payment or benefit shall be made or provided at the date which is the earlier of (i) the expiration of the six (6)-month period measured from the date of such "separation from service" of Executive, and (ii) the date of Executive's death (the "Delay Period"). Upon the expiration of the Delay Period, all payments and benefits delayed pursuant to this Section 13.7(b) (whether they would have otherwise been payable in a single sum or in installments in the absence of such delay) shall be paid or reimbursed on the first business day following the expiration of the Delay Period to Executive in a lump sum, and any remaining payments and benefits due under this Agreement shall be paid or provided in accordance with the normal payment dates specified for them herein.

(c) With regard to any provision herein that provides for reimbursement of costs and expenses or in-kind benefits, except as permitted by Code Section 409A, (i) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit, (ii) the amount of expenses eligible for reimbursement, or in-kind benefits, provided during any taxable year shall not affect the expenses eligible for reimbursement, or in-kind benefits, to be provided in any other taxable year, provided, that, this clause (ii) shall not be violated with regard to expenses reimbursed under any arrangement covered by Internal Revenue Code Section 105(b) solely because such expenses are subject to a limit related to the period the arrangement is in effect and (iii) such payments shall be made on or before the last day of Executive's taxable year

following the taxable year in which the expense occurred.

(d) For purposes of Code Section 409A, Executive's right to receive any installment payments pursuant to this Agreement shall be treated as a right to receive a series of separate and distinct payments. Whenever a payment under this Agreement specifies a payment period with reference to a number of days (e.g., "payment shall be made within thirty (30) days following the date of termination"), the actual date of payment within the specified period shall be within the sole discretion of the Company.

13.8 Arbitration. If any contest or dispute arises between the parties with respect to this Agreement or Executive's employment or termination thereof, other than injunctive and equitable relief with regard to Section 9 hereof, such contest or dispute shall be submitted to binding arbitration to occur in San Diego, California before a single arbitrator in accordance with the rules and procedures of the Employment Dispute Resolution Rules of JAMS then in effect. The decision of the arbitrator shall be in writing, and final and binding on the parties, and may be entered in any court of applicable jurisdiction. The parties shall bear their own legal fees in any arbitration, although the Company shall be responsible for all costs specific towards arbitration, other than the filing fee to be paid by Executive up to the amount to be paid by Executive to initiate such an action in state court.

13.9 Governing Law. This Agreement shall be construed under and enforced in accordance with the laws of the State of California, without regard to the conflicts of law provisions thereof.

13.10 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and shall have the same effect as if the signatures hereto and thereto were on the same instrument.

[remainder of page intentionally left blank]

Signature page follows

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

LEGACY EDUCATION, INC.

By: _____
Name:
Title: Authorized Signatory

EXECUTIVE

_____
LeeAnn Rohmann

EXHIBIT A

EQUITY TERMS

Type of Award ("Award")	● Executive will be eligible to participate in an incentive equity plan established by the Company as soon as practicable following the execution of Executive's employment agreement. ● The Company will grant Executive options to purchase [ ] shares of common stock of the Company ("Option") equal to [ ]% of the fully diluted equity of the Company, which have an exercise price equal to the fair market value of a share of Company's common stock on the date of grant. ● Executive shall enter into a definitive Award Agreement ("Award Agreement") setting forth the terms and conditions applicable to the Option, which shall include the terms and conditions in substantially the form set forth herein.
Vesting of Award	● The Option shall vest ratably over four (4) years in equal quarterly installments, subject to Executive's continuous employment through each vesting date.
Exercise	● If the Option become vested (as provided above), Executive will be able to exercise such portion of the Option. ● The Option will remain outstanding for 10 years from grant (and, at which point, it will expire), provided that the Option will expire, if earlier, within 90 days of any termination of employment other than due to death or disability or termiantion for Cause. In case of death or disability, it will expire 6 months following such event. In case of termination for Cause the Option will be immediately forfeited for no consideration. **[Note: To discuss alternative settlement options.]**

EXHIBIT B

GENERAL RELEASE OF CLAIMS

GENERAL RELEASE and WAIVER (this "Agreement") made as of ____, by and between LeeAnn Rohmann ("Employee") and Legacy Education, Inc. (the "Employer," together with Employee, the "Parties").

WHEREAS, Employee and the Employer have agreed that Employee's employment with the Company has been terminated;

WHEREAS, Employee and the Employer have previously entered into an Employment Agreement dated September___, 2023, as may have been amended or supplemented from time to time (the "Employment Agreement"), with any terms used, but not defined herein, having the meaning set forth in the Employment Agreement; and

WHEREAS, the Parties desire to enter into this Agreement, in satisfaction of all obligations of Employee and the Employer in respect of Employee's employment with the Employer.

NOW, THEREFORE, in consideration of the mutual covenants set forth herein and for other good and valuable consideration, receipt of which is hereby acknowledged, and incorporating the recitals above herein, the Employer and Employee agree as follows:

1. Separation

(a) *Date of Separation*. Employee's employment with the Employer and all of its subsidiaries and affiliates will end on [**DATE**] (the "Termination Date"). Employee hereby acknowledges and agrees that Employee has resigned, effective as of the Termination Date, from any and all positions and titles Employee holds with the Employer and all of its affiliates (together, "Company Entities").

(b) *Severance*. In consideration for, subject to and conditioned on Employee's execution of this Agreement on or within twenty-one (21) days following the Termination Date, Employee's non-revocation thereof and compliance with such other conditions as are set forth in the Employment Agreement, Employee is eligible to receive the Severance in accordance with the terms and conditions set forth in the Employment Agreement.

(c) *Full Satisfaction*. Employee acknowledges and agrees that, except for [**TO INCLUDE RIGHTS WITH RESPECT TO AWARD IF ANY ARE VESTED ("Equity Rights")**] the payments and benefits under Sections 6.1(a), (d), (f) and (g) of the Employment Agreement, or under Section 6.1(b) and (c) of the Employment Agreement in the event that a Termination occurs within twelve (12) months following a Change in Control, and except for Severance, Employee is not entitled to any other compensation or benefits from the Company Entities (including without limitation any severance or termination compensation or benefits under any severance plan, program, policies, practices or arrangements of any of the Company Entities).

(d) *COBRA*. Pursuant to the applicable group plan terms and conditions, Employee will cease participating in the Employer's health insurance plans as of the Termination Date. If applicable, the Employer will send the Employee documentation under separate cover relating to Employee's rights pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA").

2. General Release and Waiver

(a) *Release*.

i. In exchange for and in consideration of the promises and covenants set forth in this Agreement and the Employment Agreement, and except as expressly set forth herein, Employee irrevocably and unconditionally releases and discharges the Company Entities and each of their subsidiaries, divisions, parents and member companies, institutions, affiliates or related business entities and any and all of their past and present administrators, officers, partners, members, fiduciaries, trustees, directors, agents, representatives, shareholders, employees, board members, successors and assigns (hereinafter collectively referred to as "Releasees"), jointly and individually, from any and all actions, causes of action, grievances, arbitrations, obligations, liabilities, judgments, suits, debts, attorneys' fees, costs, sums of money, wages, bonuses, benefits of any type, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, extents, executions, claims and demands whatsoever in law, or in equity, which Employee, and Employee's heirs, executors, administrators, successors and assigns, ever had, now have or hereafter can, shall or may have for, upon or by reason of any matter, cause or thing whatsoever from the beginning of time to the date Employee signs this Agreement.

ii. The foregoing release covers, without limitation, any claims of discrimination on the basis of pregnancy, gender, gender identity, race, color, sex, sexual orientation, disability, religion, creed, national origin, ancestry, age (including, without limitation, any rights or claims under the Age Discrimination Employment Act of 1967 or the Older Worker Benefits Protection Act), citizenship, ethnic characteristics, or marital status, or any other protected class under applicable law, and also includes, no matter how denominated or described, any claims of discrimination, retaliation, harassment or interference under any federal, state or local law, rule, regulation, collective bargaining agreement, or executive order, including, without limitation, any rights or claims under Title VII of the Civil Rights Act of 1964; the Genetic Information Non-Discrimination Act; the Civil Rights Acts of 1866 and 1991; 42 U.S.C. § 1981; the Equal Pay Act of 1963; the Employee Retirement Income Security Act of 1974; the Rehabilitation Act of 1973; the Americans with Disabilities Act of 1990; the Family and Medical Leave Act of 1993;the California Fair Employment and Housing Act, the California Labor Code, the California Family Rights Act, the California Constitution, the California Industrial Welfare Commission Wage Orders, the California Business & Professions Code, and the California Government Code, and all other federal, state and local laws (whether statutory, regulatory or decisional), including, but not limited to, any claims of conversion, failure to return property, failure to pay wages, wrongful discharge or termination, interference with contract, breach of covenant, breach of contract, violation of a collective bargaining agreement, whether written or oral, express or implied, breach of promise, public policy, negligence, retaliation, defamation, defamation of character, defamation of employment records, impairment of economic opportunity, loss of business opportunity, fraud, deceit, misrepresentation, whistle-blower activities, perceived disability, history of disability and payment of wages or benefits of any type, as well as any claims for attorneys' fees or costs.

It is the intention of the Parties in executing this Agreement that it shall be a general release and shall be effective as a bar to each and every matter released herein and that, should any proceeding be instituted with respect to the matters released herein, this Agreement shall be deemed in full and complete accord, satisfaction and settlement of any such released matter and sufficient basis for dismissal.

iii. Except as expressly provided herein, Employee acknowledges and agrees that, by signing this Agreement, Employee is surrendering and giving up any right Employee has or may have, without limiting the generality of any other provision herein, to assert any claim for individual relief or damages against or involving the Employer or the Releasees arising from or in any way relating to Employee's employment with the Employer or the termination thereof, or to permit Employee to become and remain a member of any class seeking individual relief or damages against the Employer or the Releasees arising from or in any way relating to Employee's employment with the Employer or the termination thereof. Nothing herein, however, shall prevent Employee from filing a charge with or participating in any investigation or proceeding conducted by the Equal Employment Opportunity Commission or a state or local fair employment practices agency; provided, however, that Employee further agrees and understands that Employee has waived Employee's right to recover monetary damages or other relief personal to employees in any such charge, complaint, grievance or lawsuit filed by Employee or on Employee's behalf arising from, or in any way relating to, Employee's employment with the Employer or the termination thereof, to the maximum extent permitted by applicable law. This release shall not apply to any claims which may not be released pursuant to applicable law and shall not apply to (1) Employee's Equity Rights and rights to enforce the Employment Agreement with respect to any claims with respect to payments and benefits under Sections 6.1(a), (d), and (f) of the Employment Agreement (and any payments and benefits under Section 6.5 of the Employment Agreement in the event that a termination occurs within twelve (12) months following a change in control), with respect to Severance and rights under Section 8.7 of the Employment Agreement, and (2) any rights in the nature of indemnification, or entitlement to insurance coverage, which Employee may have with respect to claims against Employee relating to or arising out of his employment with, or other provision of services to, the Company Entities.

iv. Notwithstanding anything herein or in any other agreement with or policy of the Employer to which Employee was or is subject, nothing herein or therein shall (A) prohibit Employee from making reports of possible violations of federal law or regulation to any governmental agency or entity in accordance with the provisions of and rules promulgated under Section 21F of the Securities Exchange Act of 1934, as amended, or Section 806 of the Sarbanes-Oxley Act of 2002, or of any other whistleblower protection provisions of state or federal law or regulation, or (B) require Employee to comply with any notification or prior approval requirement with respect to

any reporting described in clause (A); provided, however, that Employee is not authorized to disclose communications with counsel that were made for the purpose of receiving legal advice or that contain legal advice or that are protected by the attorney work product or similar privilege. Furthermore, Employee shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made (1) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney, in each case, solely for the purpose of reporting or investigating a suspected violation of law or (2) in a complaint or other document filed in a lawsuit or proceeding, if such filings are made under seal.

(b) *Covenant Not to Sue*. Additionally, Employee agrees not to sue, commence, assert, bring or file in any court or other tribunal, in any jurisdiction, any suit, action, litigation, complaint, cross-complaint, counterclaim, third-party complaint, petition or other pleading or proceeding, or otherwise seek affirmative relief against any Releasee on account of any claim released pursuant to this Agreement. Employee represents that Employee has no charges, complaints, grievances or any other claims or requests for relief pending against the Employer or the Releasees (as defined above) with the Equal Employment Opportunity Commission or any other federal, state or local administrative or other judicial tribunal and has no charges, complaints, grievances or any other claims regarding allegations of sexual harassment or sexual misconduct against the Employer.

(c) *Consideration*. Employee acknowledges the Severance is in addition to anything of value to which Employee already is entitled from the Employer and its affiliates and constitutes good and valuable additional consideration for this Agreement.

3 . Acknowledgement of Restrictive Covenants. Employee acknowledges that Employee remains bound by his obligations pursuant to Article 8 of the Employment Agreement.

4. No Admission of Liability. Employee agrees and acknowledges that nothing contained in this Agreement, nor the fact that Employee has been or will be paid any remuneration under it, shall be construed, considered or deemed to be an admission of liability or wrongdoing by either the Employer or any of the Releasees. The Employer and the Releasees deny committing any wrongdoing or violating any legal duty with respect to Employee's employment or the termination of Employee's employment from the Employer. The terms of this Agreement, including all facts, circumstances, statements and documents, shall not be admissible or submitted as evidence in any litigation, in any forum, for any purpose, other than to secure enforcement of the terms and conditions of this Agreement, or as may otherwise be required by law.

5. Knowing and Voluntary Waiver; Acknowledgements.

(a) Employee acknowledges that, by Employee's free and voluntary act of signing below, Employee agrees to all of the terms of this Agreement and intends to be legally bound thereby. By signing this Agreement, Employee hereby acknowledges and agrees that:

i. Employee has been afforded a reasonable and sufficient period of time to review this Agreement, for deliberation thereon and for negotiation of the terms thereof, and Employee is hereby specifically urged and advised by the Employer to consult with an attorney, legal counsel or a representative of Employee's choice before signing it;

ii. Employee has carefully read and understands the terms of this Agreement, all of which have been fully explained to Employee;

iii. Employee has signed this Agreement freely and voluntarily and without duress or coercion and with full knowledge of its significance and consequences and of the rights relinquished, surrendered, released and discharged hereunder;

iv. The only consideration for signing this Agreement are the terms stated herein and no other promise, agreement or representation of any kind has been made to Employee by any person or entity whatsoever to cause Employee to sign this Agreement;

v. Employee acknowledges that Employee has been informed that Employee has the right to consider this Agreement for a period of at least 21 days prior to entering into this Agreement. Employee expressly acknowledges that Employee has taken sufficient time to consider this Agreement before signing it;

vi. Employee expressly acknowledges that, if any changes – whether material or immaterial – are or were made to this Agreement after Employee's receipt for review, such changes do not commence a new 21-day period for consideration; and

vii. Employee acknowledges that this Agreement does not waive rights or claims that may arise after the date this Agreement is signed.

(b) *Effective Date*. This Agreement will become effective, enforceable and irrevocable on the eighth day after the date on which it is executed by the Employee (the "Effective Date"); provided, that the Parties acknowledge and agree that this Agreement shall be null and void if executed prior to the Termination Date. During the seven-day period prior to the Effective Date, the Employee may revoke Employee's agreement to accept the terms hereof by indicating in writing to the Employer her intention to revoke. If Employee exercises Employee's right to revoke hereunder, Employee shall forfeit Employee's right to receive any Severance Payments.

(c) Employee acknowledges that, consistent with California Government Code section 12964.5, Employee hereby has been advised and notified in writing that Employee has a right to consult an attorney regarding this Agreement and Employee is being provided with a reasonable time period of not less than five business days in which to do so. In fact, Employee has twenty-one (21) days within which to consider and decide whether to sign this Agreement. Moreover, Employee may sign this Agreement at any time within the twenty-one (21) day period and prior to the end of the reasonable time period; should Employee sign this Agreement at any time within the reasonable time period, Employee's signature on this Agreement provides Employee's express indication, acknowledgement, and agreement that it is Employee's knowing and voluntary decision to accept such shortening of time, and such decision was not induced by the Employer through fraud, misrepresentation, or a threat to withdraw or alter the offer prior to the expiration of the reasonable time period, or by providing different terms to Employee because Employee has signed this Agreement prior to the expiration of such time period. Similarly, through Employee's signature on this Agreement Employee acknowledges and agrees that Employee's decision to enter into this Agreement is voluntary, deliberate, and informed, that the Agreement provides consideration of value to Employee, and that Employee was given notice and an opportunity to retain an attorney or is represented by an attorney.

6. Miscellaneous.

(a) *Non-Disclosure*. Employee acknowledges and agrees that Employee will not disclose the terms of this Agreement to anyone except for Employee's spouse, tax advisor and/or attorney, and only then after having received assurances that they too will honor this confidentiality provision.

(b) *Withholding*. The Employer may withhold from any amounts payable to Employee all federal, state, city or other taxes that the Employer may reasonably determine are required to be withheld pursuant to any applicable law or regulation, (it being understood that Employee shall be responsible for payment of all taxes in respect of the payments and benefits provided herein).

(c) *Severability*. Any provision of this Agreement (or portion thereof) which is deemed invalid, illegal or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability, without affecting in any way the remaining provisions thereof in such jurisdiction or rendering that or any other provisions of this Agreement invalid, illegal, or unenforceable in any other jurisdiction. If any covenant should be deemed invalid, illegal or unenforceable because its scope is considered excessive, such covenant shall be modified so that the scope of the covenant is reduced only to the minimum extent necessary to render the modified covenant valid, legal and enforceable. No waiver of any provision or violation of this Agreement by the Employer shall be implied by the Employer's forbearance or failure to take action.

(d) *Notices*. All notices given hereunder shall be in writing and shall be sent by registered or certified mail, return receipt requested, or a national overnight courier service capable of providing delivery confirmation, or by hand-delivery, or by facsimile transmission with confirmed receipt, and, if intended for the Employer, shall be addressed to it at: _____, Attn: General Counsel and, if intended for Employee, shall be addressed to Employee at the address on file at the Employer. Each such notice shall be deemed to be given on the date received at the address of the addressee or upon refusal to accept delivery.

(e) *Entire Agreement*. This Agreement constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersede all prior agreements relating thereto whether written or oral.

(f) *Execution*. This Agreement may be executed in two or more facsimiled counterparts, each of which shall be equivalent to an original, but which collectively shall constitute one Agreement.

(g) *Modification; Successors and Assigns*. This Agreement may not be modified or amended, nor may any rights under it be waived, except in a writing signed and agreed to by the Parties. This Agreement shall be binding upon, inure to the benefit of and be enforceable by the Parties and their respective successors, assigns, legal representatives, executors, administrators and heirs, provided that Employee may not assign his obligations under this Agreement. Employee acknowledges and agrees that the Releasees are express third party beneficiaries of this Agreement.

7. Governing Law.

(a) *Governing Law*. This Agreement shall be governed by and construed in accordance with the laws of the State of California without giving effect to the rules of conflicts of law.

(b) *Arbitration*. Any dispute, claim or controversy arising under or in connection with this Agreement, Section 13.8 of the Employment Agreement is incorporated herein in its entirety mutatis mutandis.

[Remainder of Page Intentionally Left Blank]

Signature Page follows

IN WITNESS WHEREOF, the Parties hereto have executed and delivered this Agreement on the date first written above.

Legacy Education, Inc.

By: Brandon Pope
Title: Chief Financial Officer

LeeAnn Rohmann

Exhibit 10.9

REGISTRATION RIGHTS AGREEMENT

REGISTRATION RIGHTS AGREEMENT (this "**Agreement**") dated as of [ ], 2021, between **Legacy Education, Inc.**, a Nevada corporation (the "**Company**"), and the shareholders and other security holders of the Company that are a party to this Agreement (each a "**Shareholder**" and collectively, the "**Shareholders**").

W I T N E S S E T H:

WHEREAS, the Company and the Shareholders entered into entered into an Agreement and Plan of Merger as of June __, 2021 (the "**Merger Agreement**"), pursuant to which the Company is proposing to acquire all of the Shareholders equity interest in MDDV, Inc.; and

WHEREAS, in order to induce the Shareholders to enter into the Merger Agreement, the Shareholders and the Company hereby agree that this Agreement shall govern the rights of the Shareholders to cause the Company to register the offer and sale of shares of Common Stock held by the Shareholders under certain circumstances and to receive certain information from the Company, as well as certain other matters as set forth in this Agreement;

NOW, THEREFORE, in consideration of the mutual promises, representations, warranties, covenants and conditions set forth in the Purchase Agreement and this Agreement, the Company and the Purchaser agree as follows:

1. Certain Definitions. Capitalized terms used herein and not otherwise defined shall have the meaning ascribed thereto in the Merger Agreement. As used in this Agreement, the following terms shall have the following respective meanings:

"**Affiliate**" means, with respect to any specified Person, any other Person who, directly or indirectly, controls, is controlled by, or is under common control with such Person, including without limitation any general partner, managing member, officer, director or trustee of such Person, or any venture capital fund or registered investment company now or hereafter existing that is controlled by one or more general partners, managing members or investment adviser of, or shares the same management company or investment adviser with, such Person.

"**Board of Directors**" means the board of directors of the Company.

"**Common Stock**" means shares of the Company's common stock, par value $0.001 per share.

"**Damages**" means any loss, damage, claim or liability (joint or several) to which a party hereto may become subject under the Securities Act, the Exchange Act, or other federal or state law, insofar as such loss, damage, claim or liability (or any action in respect thereof) arises out of or is based upon: (i) any untrue statement or alleged untrue statement of a material fact contained in any registration statement of the Company, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto; (ii) an omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading; or (iii) any violation or alleged violation by the indemnifying party (or any of its agents or Affiliates) of the Securities Act, the Exchange Act, any state securities law, or any rule or regulation promulgated under the Securities Act, the Exchange Act, or any state securities law.

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Excluded Registration" means (i) a registration relating to the sale or grant of securities to employees of the Company or a subsidiary pursuant to a stock option, stock purchase, equity incentive or similar plan; (ii) a registration relating to an SEC Rule 145 transaction; (iii) a registration on any form that does not include substantially the same information as would be required to be included in a registration statement covering the sale of the Registrable Securities; or (iv) a registration in which the only Common Stock being registered is Common Stock being underwritten by an underwriter.

"**Form S-1**" means such form under the Securities Act as in effect on the date hereof or any successor registration form under the Securities Act subsequently adopted by the SEC.

"**Form S-3**" means such form under the Securities Act as in effect on the date hereof or any registration form under the Securities Act subsequently adopted by the SEC that permits forward incorporation of substantial information by reference to other documents filed by the Company with the SEC.

"**Holder**" and "**Holders**" shall include the Shareholder and any permitted transferee or transferees of Registrable Securities (as defined below) and/or the Note which have not been sold to the public to whom the registration rights conferred by this Agreement have been transferred in compliance with this Agreement and the Merger Agreement; provided that neither such person nor any affiliate of such person is registered as a broker or dealer under Section 15(a) of the Securities Exchange Act of 1934, as amended, or a member of the Financial Industry Regulatory Authority.

"Immediate Family Member" means a child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or **sister-in-law, including, adoptive relationships, of a natural person referred to herein.**

"IPO" means the Company's first underwritten public offering of its Common Stock under the Securities Act.

"Person" means any individual, corporation, partnership, trust, limited liability company, association or other entity.

The terms "**register,**" "**registered**" and "**registration**" shall refer to a registration effected by preparing and filing a registration statement in compliance with the Securities Act and applicable rules and regulations thereunder, and the declaration or ordering of the effectiveness of such registration statement.

"**Registrable Securities**" shall mean with respect to any Shareholder, (i) Exchange Shares, (ii) the Preferred Shares, (iii) the Exchange Class A Warrants, (iv) the Exchange Class B Warrants, (v) the Earnout Shares, (vi) all shares of Common Stock that may be issued or distributed or may be issuable with respect to the securities referred to in clauses (ii), (iii) or (iv) upon the conversion, exercise, dividend, stock split or other distribution, merger, consolidation, exchange, recapitalization or reclassification or similar transaction, in each case held by any Shareholder, but excluding (a) any shares of Common Stock sold or transferred by such Shareholder in a transaction in which the applicable rights under this Agreement are not assigned pursuant to Subsection 3(a), and (b) any shares of Common Stock for which registration rights have terminated pursuant to Subsection 2(j) of this Agreement.

"**Registrable Securities then outstanding**" means, with respect to any measurement time, the aggregate number of shares of Registrable Securities held by all Shareholders.

Restricted Securities" means the securities of the Company required to be notated with the legend set forth in Subsection 2.(i)(ii) hereof.

"**SEC**" means the Securities and Exchange Commission.

"**SEC Rule 144**" means Rule 144 promulgated by the SEC under the Securities Act.

"**SEC Rule 145**" means Rule 145 promulgated by the SEC under the Securities Act.

"**Securities Act**" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"**Selling Expenses**" means all underwriting discounts, selling commissions, and stock transfer taxes applicable to the sale of Registrable Securities.

2. Registration Rights.

(a) Company Registration. If, at any time commencing six months from the completion of the IPO, the Company shall determine to register (including, for this purpose, a registration effected by the Company for stockholders other than the Holders) any of its Common Stock under the Securities Act in connection with the public offering of such securities solely for cash (other than in an Excluded Registration), the Company shall promptly give each Holder notice of such registration. Upon the request of each Holder given within ten (10) days after such notice is given by the Company, the Company shall cause to be registered all of the Registrable Securities that each such Holder has requested to be included in such registration, except as provided below in the event of an underwriter cutback. The Company shall have the right to terminate or withdraw any registration initiated by it under this Subsection 2(a) before the effective date of such registration, whether or not any Holder has elected to include Registrable Securities in such registration. The expenses (other than Selling Expenses) of such withdrawn registration shall be borne by the Company in accordance with Subsection 2(d).

If any Holders request inclusion of their securities pursuant to this Subsection 2(a) in any underwritten registration, then such Holders whose shares are to be included in such registration shall be required, as a condition of participation in such registration, to enter into an underwriting agreement in customary form with the representative of the underwriter or underwriters selected for such underwriting. Notwithstanding any other provision of this Subsection 2.1, if the representative advises the Company in writing that marketing factors require a limitation on the number of shares to be underwritten, then the number of Registrable Securities included in the registration by each Holder shall be reduced on a pro rata basis (based on the number of Registrable Securities held by such Holder relative to the total number of Registrable Securities held by all Holders requesting inclusion of their securities in the underwriting), by such minimum number of shares as is necessary to comply with such request. No Registrable Securities or any other securities excluded from the underwriting by reason of the underwriter's marketing limitation shall be included in such registration.

(b) Obligations of the Company. Whenever required under this Section 2 to effect the registration of any Registrable Securities, the Company shall, as expeditiously as reasonably possible:

(i) furnish to the selling Holders such numbers of copies of a prospectus, including a preliminary prospectus, as required by the Securities Act, and such other documents as the Holders may reasonably request in order to facilitate their disposition of their Registrable Securities;

(ii) use its commercially reasonable efforts to register and qualify the securities covered by such registration statement under such other securities or blue-sky laws of such jurisdictions as shall be reasonably requested by the selling Holders; provided that the Company shall not be required to qualify to do business or to file a general consent to service of process in any such states or jurisdictions, unless the Company is already subject to service in such jurisdiction and except as may be required by the Securities Act;

(iii) use its commercially reasonable efforts to cause all such Registrable Securities covered by such registration statement to be listed on a national securities exchange or trading system and each securities exchange and trading system (if any) on which similar securities issued by the Company are then listed;

(iv) provide a transfer agent and registrar for all Registrable Securities registered pursuant to this Agreement and provide a CUSIP number for all such Registrable Securities, in each case not later than the effective date of such registration;

(v) notify each selling Holder, promptly after the Company receives notice thereof, of the time when such registration statement has been declared effective or a supplement to any prospectus forming a part of such registration statement has been filed; and

(vi) after such registration statement becomes effective, notify each selling Holder of any request by the SEC that the Company amend or supplement such registration statement or prospectus.

(c) Furnish Information. It shall be a condition precedent to the obligations of the Company to take any action pursuant to this Section 2 with respect to the Registrable Securities of any selling Holder that such Holder shall furnish to the Company such information regarding itself, the Registrable Securities held by it, and the intended method of disposition of such securities as is reasonably required to effect the registration of such Holder's Registrable Securities, which furnished information shall be reasonably satisfactory to the Company.

(d) Expenses of Registration. All expenses (other than Selling Expenses) incurred in connection with registrations, filings, or qualifications pursuant to Section 2, including all registration, filing, and qualification fees; printers' and accounting fees; fees and disbursements of counsel for the Company, shall be borne and paid by the Company. The Selling Expenses of any Holder relating to Registrable Securities registered pursuant to this Section 2 shall be borne and paid by such Holder.

(e) Delay of Registration. No Holder shall have any right to obtain or seek an injunction restraining or otherwise delaying any registration pursuant to this Agreement as the result of any controversy that might arise with respect to the interpretation or implementation of this Section 2.

(f) Indemnification. If any Registrable Securities are included in a registration statement under this Section 2:

(i) To the extent permitted by law, the Company will indemnify and hold harmless each selling Holder against any Damages, and the Company will pay to each such Holder any legal or other expenses reasonably incurred thereby in connection with investigating or defending any claim or proceeding from which Damages may result, as such expenses are incurred; provided, however, that the indemnity agreement contained in this Subsection 2(f) shall not apply to amounts paid in settlement of any such claim or proceeding if such settlement is effected without the consent of the Company, which consent shall not be unreasonably withheld, nor shall the Company be liable for any Damages to the extent that they arise out of or are based upon actions or omissions made in reliance upon and in conformity with written information furnished by or on behalf of any such Holder expressly for use in connection with such registration.

(ii) To the extent permitted by law, each selling Holder, severally and not jointly, will indemnify and hold harmless the Company, and each of its directors, each of its officers who has signed the registration statement, each Person (if any), who controls the Company within the meaning of the Securities Act, legal counsel and accountants for the Company, any underwriter (as defined in the Securities Act), any other Holder selling securities in such registration statement, and any controlling

Person of any such underwriter or other Holder, against any Damages, in each case only to the extent that such Damages arise out of or are based upon actions or omissions made in reliance upon and in conformity with written information furnished by or on behalf of such selling Holder expressly for use in connection with such registration; and each such selling Holder will pay to the Company and each other aforementioned Person any legal or other expenses reasonably incurred thereby in connection with investigating or defending any claim or proceeding from which Damages may result, as such expenses are incurred.

(iii) Promptly after receipt by an indemnified party under this Subsection 2(f) of notice of the commencement of any action (including any governmental action) for which a party may be entitled to indemnification hereunder, such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Subsection 2(f), give the indemnifying party notice of the commencement thereof. The indemnifying party shall have the right to participate in such action and, to the extent the indemnifying party so desires, participate jointly with any other indemnifying party to which notice has been given, and to assume the defense thereof with counsel mutually satisfactory to the parties; provided, however, that an indemnified party (together with all other indemnified parties that may be represented without conflict by one counsel) shall have the right to retain one separate counsel, with the fees and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interests between such indemnified party and any other party represented by such counsel in such action. The failure to give notice to the indemnifying party within a reasonable time of the commencement of any such action shall relieve such indemnifying party of any liability to the indemnified party under this Subsection 2(f), to the extent that such failure materially prejudices the indemnifying party's ability to defend such action. The failure to give notice to the indemnifying party will not relieve it of any liability that it may have to any indemnified party otherwise than under this Subsection 2(f).

(iv) To provide for just and equitable contribution to joint liability under the Securities Act in any case in which either: (i) any party otherwise entitled to indemnification hereunder makes a claim for indemnification pursuant to this Subsection 2(f) but it is judicially determined (by the entry of a final judgment or decree by a court of competent jurisdiction and the expiration of time to appeal or the denial of the last right of appeal) that such indemnification may not be enforced in such case, notwithstanding the fact that this Subsection 2(f) provides for indemnification in such case, or (ii) contribution under the Securities Act may be required on the part of any party hereto for which indemnification is provided under this Subsection 2(f), then, and in each such case, such parties will contribute to the aggregate losses, claims, damages, liabilities, or expenses to which they may be subject (after contribution from others) in such proportion as is appropriate to reflect the relative fault of each of the indemnifying party and the indemnified party in connection with the statements, omissions, or other actions that resulted in such loss, claim, damage, liability, or expense, as well as to reflect any other relevant equitable considerations. The relative fault of the indemnifying party and of the indemnified party shall be determined by reference to, among other things, whether the untrue or allegedly untrue statement of a material fact, or the omission or alleged omission of a material fact, relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission.

(v) Notwithstanding the foregoing, to the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with the underwritten public offering are in conflict with the foregoing provisions, the provisions in the underwriting agreement shall control.

(vi) Unless otherwise superseded by an underwriting agreement entered into in connection with the underwritten public offering, the obligations of the Company and Holders under this Subsection 2(f) shall survive the completion of any offering of Registrable Securities in a registration under this Section 2, and otherwise shall survive the termination of this Agreement.

(g) Reports Under Exchange Act. With a view to making available to the Holders the benefits of SEC Rule 144 and any other rule or regulation of the SEC that may at any time permit a Holder to sell securities of the Company to the public without registration, the Company shall:

(i) make and keep available adequate current public information, as those terms are understood and defined in SEC Rule 144, at all times after the effective date of the registration statement filed by the Company for the IPO; and

(ii) furnish to any Holder, so long as the Holder owns any Registrable Securities, forthwith upon request (i) to the extent accurate, a written statement by the Company that it has complied with the reporting requirements of SEC Rule 144 (at any time after ninety (90) days after the effective date of the registration statement filed by the Company for the IPO), the Securities Act, and the Exchange Act (at any time after the Company has become subject to such reporting requirements); and (ii) such other information as may be reasonably requested in availing any Holder of any rule or regulation of the SEC that permits the selling of any such securities without registration (at any time after the Company has become subject to the reporting requirements under the Exchange Act).

(h) "Market Stand-off" Agreement. Each Shareholder hereby agrees that it will not, without the prior written consent of the managing underwriter, during the period commencing on the date of the final prospectus relating to the registration by the Company for its own behalf of shares of its Common Stock or any other equity securities under the Securities Act on a registration statement on Form S-1 or Form S-3, and ending on the date specified by the Company and the managing underwriter (such period not to exceed one hundred eighty (180) days in the case of an IPO, or ninety (90) days in the case of any registration other than an IPO, (i) lend; offer; pledge; sell; contract to sell; sell any option or contract to purchase; purchase any option or contract to sell; grant any option, right, or warrant to purchase; or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock or any securities convertible into or exercisable or exchangeable (directly or indirectly) for Common Stock (whether such shares or any such securities are then owned by the Shareholder or are thereafter acquired) or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such securities, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Common Stock or other securities, in cash, or otherwise. The foregoing provisions of this Subsection 2(h) shall not apply to the sale of any shares to an underwriter pursuant to an underwriting agreement. The underwriters in connection with such registration are intended third-party beneficiaries of this Subsection 2(h) and shall have the right, power and authority to enforce the provisions hereof as though they were a party hereto. Each Shareholder further agrees to execute such agreements as may be reasonably requested by the underwriters in connection with such registration that are consistent with this Subsection 2.(h) or that are necessary to give further effect thereto.

(i) Restrictions on Transfer.

(i) The Registrable Securities shall not be sold, pledged, or otherwise transferred, and the Company shall not recognize and shall issue stop-transfer instructions to its transfer agent with respect to any such sale, pledge, or transfer, except upon the conditions specified in this Agreement, which conditions are intended to ensure compliance with the provisions of the Securities Act. A transferring Holder will cause any proposed purchaser, pledgee, or transferee of the Registrable Securities held by such Holder to agree to take and hold such securities subject to the provisions and upon the conditions specified in this Agreement.

(ii) Each certificate, instrument, or book entry representing (i) the Registrable Securities, and (ii) any other securities issued in respect of the securities referenced in clause (i), upon any stock split, stock dividend, recapitalization, merger, consolidation, or similar event, shall (unless otherwise permitted by the provisions of Subsection 2(i)(iii) be notated with a legend substantially in the following form:

THE SECURITIES REPRESENTED HEREBY HAVE BEEN ACQUIRED FOR INVESTMENT AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933. SUCH SHARES MAY NOT BE SOLD, PLEDGED, OR TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR A VALID EXEMPTION FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS OF SAID ACT.

THE SECURITIES REPRESENTED HEREBY MAY BE TRANSFERRED ONLY IN ACCORDANCE WITH THE TERMS OF AN AGREEMENT BETWEEN THE COMPANY AND THE SHAREHOLDER, A COPY OF WHICH IS ON FILE WITH THE SECRETARY OF THE COMPANY.

The Holders consent to the Company making a notation in its records and giving instructions to any transfer agent of the Restricted Securities in order to implement the restrictions on transfer set forth in this Subsection 2.(i).

(iii) The holder of such Restricted Securities, by acceptance of ownership thereof, agrees to comply in all respects with the provisions of this Section 2. Before any proposed sale, pledge, or transfer of any Restricted Securities, unless there is in effect a registration statement under the Securities Act covering the proposed transaction, the Holder thereof shall give notice to the Company of such Holder's intention to effect such sale, pledge, or transfer. Each such notice shall describe the manner and circumstances of the proposed sale, pledge, or transfer in sufficient detail and, if reasonably requested by the Company, shall be accompanied at such Holder's expense by either (i) a written opinion of legal counsel who shall, and whose legal opinion shall, be reasonably satisfactory to the Company, addressed to the Company, to the effect that the proposed transaction may be effected without registration under the Securities Act; (ii) a "no action" letter from the SEC to the effect that the proposed sale, pledge, or transfer of such Restricted Securities without registration will not result in a recommendation by the staff of the SEC that action be taken with respect thereto; or (iii) any other evidence reasonably satisfactory to counsel to the Company to the effect that the proposed sale, pledge, or transfer of the Restricted Securities may be effected without registration under the Securities Act, whereupon the Holder of such Restricted Securities shall be entitled to sell, pledge, or transfer such Restricted Securities in accordance with the terms of the notice given by the Holder to the Company. Each certificate, instrument, or book entry representing the Restricted Securities transferred as above provided shall be notated with, except if such transfer is made pursuant to SEC Rule 144, the appropriate restrictive legend set forth in Subsection 2.9(i)(ii), except that such certificate instrument, or book entry shall not be notated with such restrictive legend if, in the opinion of counsel for such Holder and the Company, such legend is not required in order to establish compliance with any provisions of the Securities Act.

(j) Termination of Registration Rights. The right of any Holder to request registration or inclusion of Registrable Securities in any registration pursuant to Subsection 2(a) shall terminate upon the earliest to occur of:

(i) such time after consummation of the IPO as Rule 144 or another similar exemption under the Securities Act is available for the sale of all of such Holder's Registrable Securities without limitation; and

(ii) the second (2^{nd}) anniversary of the IPO.

3. Miscellaneous.

(a) Successors and Assigns. The rights under this Agreement may be assigned (but only with all related obligations) by a Holder to a transferee of Registrable Securities that (i) is an Affiliate of a Holder; or (ii) is a Holder's Immediate Family Member or trust for the benefit of an individual Holder or one or more of such Holder's Immediate Family Members; provided, however, that (x) the Company is, within a reasonable time after such transfer, furnished with written notice of the name and address of such transferee and the Registrable Securities with respect to which such rights are being transferred; and (y) such transferee agrees in a written instrument delivered to the Company, which instrument shall be reasonably acceptable to the Company, to be bound by and subject to the terms and conditions of this Agreement, including the provisions of Subsection 2(h). The terms and conditions of this Agreement inure to the benefit of and are binding upon the respective successors and permitted assignees of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and permitted assignees any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided herein.

(b) Governing Law. This Agreement shall be governed by the internal laws of the State of Nevada, without regard to conflict of law principles that would result in the application of any law other than the laws of the State of Nevada.

(c) Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, *e.g.*, www.docusign.com) or other transmission method and any counterpart so delivered shall be deemed to have been duly and validly delivered and be valid and effective for all purposes.

(d) Titles and Subtitles. The titles and subtitles used in this Agreement are for convenience only and are not to be considered in construing or interpreting this Agreement.

(e) Notices. All notices and other communications given or made pursuant to this Agreement shall be in writing and shall be deemed effectively given upon the earlier of actual receipt or (i) personal delivery to the party to be notified; (ii) when sent, if sent by electronic mail or facsimile during the recipient's normal business hours, and if not sent during normal business hours, then on the recipient's next business day; (iii) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid; or (iv) one (1) business day after the business day of deposit with a nationally recognized overnight courier, freight prepaid, specifying next-day delivery, with written verification of receipt. All communications shall be sent to the Shareholders at their addresses as set forth on their respective Joinder Agreements or to such email address, facsimile number or address as subsequently modified by written notice given in accordance with this Section 3(e). If notice is given to the Company, it shall be sent to: Legacy Education Inc., 701 W Avenue K Suite 122, Lancaster, CA 93534, Attention: LeeAnn Rohmann, President, Email: LRohmann@hdmc.edu, with a copy to (which shall not constitute notice) to Sheppard, Mullin, Richter & Hampton LLP, 30 Rockefeller Plaza, 38^{th} Floor, New York, NY 10112, Attn: Richard A. Friedman, rafriedman@sheppardmullin.com.

(f) Amendments and Waivers. Any term of this Agreement may be amended, modified or terminated and the observance of any term of this Agreement may be waived (either generally or in a particular instance, and either retroactively or prospectively) only with the written consent of the Company and the holders of at least a majority of the Registrable Securities then outstanding; provided that the Company may in its sole discretion waive compliance with Subsection 2(i)(iii) (and the Company's failure to object promptly in writing after notification of a proposed assignment allegedly in violation of Subsection 2(i)(iii) shall be deemed to be a waiver); and provided further that any provision hereof may be waived by any waiving party on such party's own behalf, without the consent of any other party. The Company shall give prompt notice of any amendment, modification or termination hereof or waiver hereunder to any party hereto that did not consent in writing to such amendment, modification, termination, or waiver. Any amendment, modification, termination, or waiver effected in accordance with this Subsection 3(f) shall be binding on all parties hereto, regardless of whether any such party has consented thereto. No waivers of or exceptions to any term, condition, or provision of this Agreement, in any one or more instances, shall be deemed to be or construed as a further or continuing waiver of any such term, condition, or provision.

(g) Severability. In case any one or more of the provisions contained in this Agreement is for any reason held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision of this Agreement, and such invalid, illegal, or unenforceable provision shall be reformed and construed so that it will be valid, legal, and enforceable to the maximum extent permitted by law.

(h) Entire Agreement. This Agreement (including any Schedules and Exhibits hereto) constitutes the full and entire understanding and agreement among the parties with respect to the subject matter hereof, and any other written or oral agreement relating to the subject matter hereof existing between the parties is expressly canceled.

(i) Resolution of Disputes - Arbitration. Except for actions for injunctive or other equitable relief, any dispute whatsoever relating to the interpretation, validity or performance of this Agreement, or any dispute arising out of this Agreement, which is not resolved within the thirty (30)-day period commencing upon receipt of written notice by either party from the other party, shall be settled by binding and final arbitration. The arbitration shall be conducted pursuant to the JAMS Arbitration Rule and Procedures (the "**JAMS Rules**"). Arbitration shall be conducted by a single arbitrator that is a retired judge and experienced in resolving commercial disputes regarding the real estate business. The arbitrator shall be selected pursuant to the JAMS Rules. The arbitration shall be held in such place in the metropolitan area of San Diego, California, as may be specified by the arbitrator (or such other place upon which the parties and the arbitrator may agree), and shall be conducted pursuant to the JAMS Rules (regardless of any choice of law provision in the Agreement) to the extent not inconsistent with this Agreement. The decision of the arbitrator shall be final and binding as to any matters submitted to arbitration and shall be in lieu of any other action or proceeding of any nature whatsoever; and, if necessary, any judgment upon the arbitrator's decision may be entered in any court of record having jurisdiction over the subject matter or over the party against whom the judgment is being enforced. The award shall not include or be accompanied by any findings of fact, conclusions of law or other written explanation of the reasons for the award. Except as required by law, the parties agree to keep confidential the existence and details of any dispute subject to this provision, including the results of arbitration. The foregoing shall not be deemed to prohibit a party from disclosing relevant information to its legal, financial and other advisors in connection with any such dispute as long as such advisors agree to maintain the confidentiality thereof pursuant to this provision. Notwithstanding the foregoing, any party may seek temporary injunctive relief through any local, state, or federal court located in or around San Diego, California with proper jurisdiction over the dispute in the event of any breach or anticipatory or threatened breach of this Agreement.

(j) Delays or Omissions. No delay or omission to exercise any right, power, or remedy accruing to any party under this Agreement, upon any breach or default of any other party under this Agreement, shall impair any such right, power, or remedy of such nonbreaching or nondefaulting party, nor shall it be construed to be a waiver of or acquiescence to any such breach or default, or to any similar breach or default thereafter occurring, nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. All remedies, whether under this Agreement or by law or otherwise afforded to any party, shall be cumulative and not alternative.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

COMPANY:

LEGACY EDUCATION, INC.

By: _____
Name: LeeAnn Rohmann
Title: President

HOLDER:

_____

Exhibit 21.1

List of Subsidiaries of Legacy Education Inc.

Name	State/Country of Organization or Incorporation
Legacy Education, LLC	California
Legacy Education Pasadena, LLC	California
Advanced Health Services, LLC	California
Legacy Education Monterey, LLC	California

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the reference to our firm under the caption “Experts” and to the inclusion in the Registration Statement of Legacy Education Inc. on Form S-1 of our report dated December 8, 2023, and with respect to our audit of the consolidated financial statements of Legacy Education Inc. and Subsidiaries as of June 30, 2023 and 2022 and for the years then ended.

/s/ L J Soldinger Associates, LLC

Deer Park, Illinois
United States of America

August 16, 2024

Exhibit 107

Calculation of Filing Fee Tables

FORM S-1
(Form Type)

LEGACY EDUCATION INC.
(Exact Name of Registrant as Specified in its Charter)

Table 1: Newly Registered Securities

	Security Type	Security Class Title	Fee Calculation Rule	Amount Registered[1]	Proposed Maximum Offering Price Per Share	Maximum Aggregate Offering Price[2]	Fee Rate	Amount of Registration Fee
Fees to Be Paid	Equity	Shares of common stock, par value $0.001 per share (the "Common Stock")	Rule 457(o)	__	__	$ 10,000,000.00[3]	0.00014760	$ 1,476.00
Fees to Be Paid	Equity	Representative's warrants (the "Representative's Warrants") to purchase shares of Common Stock[4]	Rule 457(g)	__	__	__	__	__
Fees to Be Paid	Equity	Shares of Common Stock issuable upon exercise of the Representative's Warrants	Rule 457(o)	__	__	$ 575,000.00	0.00014760	$ 84.87
		Total Offering Amounts				$ 10,575,000.00		$ 1,560.87
		Total Fees Previously Paid						-
		Total Fee Offsets						-
		Net Fee Due						$ 1,560.87

(1) Pursuant to Rule 416 under the Securities Act of 1933, as amended (the "Securities Act"), the registrant is also registering an indeterminate number of additional shares of Common Stock that may become issuable as a result of any stock dividend, stock split, recapitalization or other similar transaction, and the shares of Common Stock set forth in this table shall be adjusted to include such shares, as applicable.

(2) Estimated solely for the purpose of calculating the amount of the registration fee pursuant to Rule 457(o) under the Securities Act.

(3) Includes up to an additional % of shares of Common Stock, to cover over-allotments, if any.

(4) No separate fee is required pursuant to Rule 457(g) under the Securities Act.