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

**FORM 10-Q**

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 31, 2025

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_ to \_\_\_\_

Commission File Number: 001-42283

**LEGACY EDUCATION INC.**

(Exact name of registrant as specified in its charter)

<b>Nevada</b> (State or other jurisdiction of incorporation or organization)	<b>84-5167957</b>	<b>(I.R.S. Employer Identification No.)</b>
<b>701 W Avenue K, Suite 123 Lancaster, CA</b> (Address of principal executive offices)	<b>93534</b>	<b>(Zip Code)</b>
<b>(661) 940-9300</b> (Registrant's telephone number, including area code)		

Securities registered pursuant to Section 12(b) of the Act:

<b>Title of each class</b>	<b>Trading symbol(s)</b>	<b>Name of each exchange on which registered</b>
Common stock, \$0.001 par value	LGCY	NYSE American LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

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.

<input type="checkbox"/> Large accelerated filer	<input type="checkbox"/> Accelerated filer
<input checked="" type="checkbox"/> Non-accelerated filer	<input checked="" type="checkbox"/> Smaller reporting company
	<input type="checkbox"/> 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 pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The number of shares of the issuer's common stock, \$0.001 par value per share, outstanding as of February 10, 2026 was 12,613,086.

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## Table of Contents

	Page
<b>PART I - FINANCIAL INFORMATION</b>	
ITEM 1. <b>FINANCIAL STATEMENTS</b>	F-1
Condensed Consolidated Balance Sheets as of December 31, 2025 (Unaudited) and June 30, 2025	F-1
Condensed Consolidated Income Statements for the Three and Six Months Ended December 31, 2025 and 2024 (Unaudited)	F-2
Condensed Consolidated Statements of Changes in Stockholders' Equity for the Three and Six Months Ended December 31, 2025 and 2024 (Unaudited)	F-3
Condensed Consolidated Statements of Cash Flows for the Six Months Ended December 31, 2025 and 2024 (Unaudited)	F-4
Notes to Unaudited Condensed Consolidated Financial Statements	F-5
ITEM 2. <b>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</b>	F-6
ITEM 3. <b>QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</b>	1
ITEM 4. <b>CONTROLS AND PROCEDURES</b>	9
<b>PART II - OTHER INFORMATION</b>	9
ITEM 1. <b>LEGAL PROCEEDINGS</b>	10
ITEM 1A. <b>RISK FACTORS</b>	10
ITEM 2. <b>UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS</b>	10
ITEM 3. <b>DEFAULTS UPON SENIOR SECURITIES</b>	10
ITEM 4. <b>MINE SAFETY DISCLOSURE</b>	10
ITEM 5. <b>OTHER INFORMATION</b>	11
ITEM 6. <b>EXHIBITS</b>	11
<b>SIGNATURES</b>	12

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS AND INDUSTRY DATA

This Quarterly Report on Form 10-Q contains certain forward-looking statements which are made pursuant to the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Any statements in this Quarterly Report on Form 10-Q about our expectations, beliefs, plans, objectives, assumptions or future events or performance are not historical facts and are forward-looking statements. These statements are often, but not always, made through the use of words or phrases such as “may,” “should,” “believes,” “will,” “expects,” “anticipates,” “estimates,” “predicts,” “potential,” “continues” “intends,” “plans” and “would” or the negative of these terms or other comparable terminology. For example, statements concerning financial condition, possible or assumed future results of operations, growth opportunities, and plans are all forward-looking statements. Our forward-looking statements are based on a series of expectations, assumptions, estimates and projections about our company, are not guarantees of future results or performance and involve substantial risks and uncertainty. They involve known and unknown risks, uncertainties and assumptions that may cause actual results, levels of activity, performance or achievements to differ materially from any results, levels of activity, performance or achievements expressed or implied by any forward-looking statement. We may not actually achieve the plans, intentions or expectations disclosed in these forward-looking statements. Our business and our forward-looking statements involve substantial known and unknown risks and uncertainties, including the risks and uncertainties inherent in our statements regarding:

- compliance with the extensive existing regulatory framework applicable to our industry or our failure to timely obtain and maintain regulatory approvals and accreditation;
- compliance with continuous changes in applicable federal laws and regulations including recently enacted federal legislation, executive orders and new and pending rulemaking by the U.S. Department of Education (“ED”);
- the effect of current and future Title IV Program laws and regulations arising out of recent legislation, executive orders and negotiated rulemakings, including any recent and potential future reductions in funding or restrictions on the use of funds received through Title IV Programs;
- successful updating and expansion of the content of existing programs and developing new programs in a cost-effective manner or on a timely basis;
- uncertainties regarding our ability to comply with federal laws and regulations regarding the 90/10 revenue test, gainful employment and earnings metrics, and limits on cohort default rates;
- successful implementation of our strategic plan;
- our inability to maintain eligibility for or to process federal student financial assistance;
- regulatory investigations of, or actions commenced against, us or other companies in our industry;
- changes in the state regulatory environment or budgetary constraints;
- enrollment declines or challenges in our students’ ability to find employment as a result of economic conditions;
- maintenance and expansion of existing industry relationships and develop new industry relationships;
- a loss of members of our senior management or other key employees;
- uncertainties associated with opening of new campuses and closing existing campuses;
- uncertainties associated with integration of acquired schools;
- industry competition;
- the effect of any cybersecurity incident;
- general economic conditions; and
- other factors discussed under the headings “Business,” “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

All of our forward-looking statements are as of the date of this Quarterly Report on Form 10-Q only. In each case, actual results may differ materially from such forward-looking information. We can give no assurance that such expectations or forward-looking statements will prove to be correct. An occurrence of, or any material adverse change in, one or more of the risk factors or risks and uncertainties referred to in this Quarterly Report on Form 10-Q or included in our other public disclosures or our other periodic reports or other documents or filings filed with or furnished to the U.S. Securities and Exchange Commission (the “SEC”) could materially and adversely affect our business, prospects, financial condition and results of operations. Except as required by law, we do not undertake or plan to update or revise any such forward-looking statements to reflect actual results, changes in plans, assumptions, estimates or projections or other circumstances affecting such forward-looking statements occurring after the date of this Quarterly Report on Form 10-Q, even if such results, changes or circumstances make it clear that any forward-looking information will not be realized. Any public statements or disclosures by us following this Quarterly Report on Form 10-Q that modify or impact any of the forward-looking statements contained in this Quarterly Report on Form 10-Q will be deemed to modify or supersede such statements in this Quarterly Report on Form 10-Q.

This Quarterly Report on Form 10-Q may include market data and certain industry data and forecasts, which we may obtain from internal company surveys, market research, consultant surveys, publicly available information, reports of governmental agencies and industry publications, articles and surveys. Industry surveys, publications, consultant surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. While we believe that such studies and publications are reliable, we have not independently verified market and industry data from third-party sources.

**PART I – FINANCIAL INFORMATION**

**ITEM 1. FINANCIAL STATEMENTS.**

**Legacy Education Inc.**  
(dba High Desert Medical College)  
(dba Central Coast College)  
(dba Integrity College of Health)  
(dba Contra Costa Medical Career College)  
**Condensed Consolidated Financial Statements**  
**for the three and six months**  
**ended December 31, 2025 and 2024**

Table of Contents

	Page
<a href="#"><u>Financial Statements:</u></a>	F-1
<a href="#"><u>Condensed Consolidated Balance Sheets</u></a>	F-2
<a href="#"><u>Condensed Consolidated Income Statements</u></a>	F-3
<a href="#"><u>Condensed Consolidated Statements of Stockholders' Equity</u></a>	F-4
<a href="#"><u>Condensed Consolidated Statements of Cash Flows</u></a>	F-5
<a href="#"><u>Notes to Condensed Consolidated Financial Statements</u></a>	F-6 to F-23

F-1

**Legacy Education Inc.**  
**Consolidated Balance Sheets**

	<b>December 31, 2025</b> (Unaudited)	<b>June 30, 2025</b> *
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 21,057,325	\$ 20,316,357
Accounts receivable, net of \$2,349,410 and \$1,641,052 allowance for doubtful accounts as of December 31, 2025 and June 30, 2025, respectively	17,998,673	15,050,841
Prepaid expenses	2,132,539	1,383,405
Other receivables	628,354	302,424
<b>Total current assets</b>	<u>41,816,891</u>	<u>37,053,027</u>
Property and equipment, net	2,999,421	2,484,304
Operating lease right-of-use asset	14,526,471	15,781,177
Financing lease right-of-use asset	294,708	311,711
Intangible assets	3,848,222	3,858,027
Goodwill	6,847,111	6,852,076
Accounts receivable, long-term	1,881,074	1,966,137
Deferred income tax assets	395,546	395,546
Security deposits	506,089	503,133
<b>Total assets</b>	<u>\$ 73,115,533</u>	<u>\$ 69,205,138</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 3,876,128	\$ 4,929,530
Accrued income tax payable	2,215,721	596,250
Deferred, unearned tuition	5,281,527	4,956,396
Other current liabilities	4,749	3,197
Current portion of debt	560,795	875,350
Debt owed, related party	50,000	50,000
Current portion of financing lease	67,675	63,989
Current portion of operating lease liability	1,992,934	2,306,061
<b>Total current liabilities</b>	<u>14,049,529</u>	<u>13,780,773</u>
Debt, net of current portion	49,455	481,264
Financing lease, net of current portion	75,628	151,420
Other liabilities	-	-
Operating lease liability, net of current portion	12,867,013	13,748,161
<b>Total liabilities</b>	<u>27,041,625</u>	<u>28,161,618</u>
Commitments and contingencies		
<b>Stockholders' equity</b>		
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, 12,604,386 and 12,452,670 shares issued and outstanding as of December 31, 2025, and June 30, 2025, respectively	12,604	12,453
Additional paid in capital	28,073,941	27,273,365
Retained earnings	17,987,363	13,757,702
Total stockholders' equity	46,073,908	41,043,520
<b>Total liabilities and stockholders' equity</b>	<u>\$ 73,115,533</u>	<u>\$ 69,205,138</u>

\*Derived from audited information

The accompanying notes are an integral part of these unaudited condensed financial statements.

**Legacy Education Inc.**  
**Consolidated Income Statements**  
**(Unaudited)**

	For the Three Months Ended December 31,		For the Six Months Ended December 31,	
	2025	2024	2025	2024
<b>Revenue</b>				
Tuition and related income, net	\$ 19,184,643	\$ 13,635,134	\$ 38,585,666	\$ 27,640,225
<b>Operating expenses</b>				
Educational services	10,292,079	7,479,226	20,613,676	14,683,800
General and administrative	6,105,666	4,349,129	12,213,264	8,315,176
General and administrative – related party	57,250	43,147	206,600	124,200
Depreciation and amortization	173,514	105,839	297,342	186,980
Total costs and expenses	<u>16,628,509</u>	<u>11,977,341</u>	<u>33,330,882</u>	<u>23,310,156</u>
<b>Operating income</b>	<u>2,556,134</u>	<u>1,657,793</u>	<u>5,254,784</u>	<u>4,330,039</u>
Loss on disposal of fixed assets	(3,890)	-	(3,890)	-
Interest expenses	(8,183)	(28,318)	(52,143)	(57,668)
Interest income	330,387	295,522	649,231	556,418
Total other income/(expenses)	<u>318,314</u>	<u>267,204</u>	<u>593,198</u>	<u>498,750</u>
Income before income tax expenses	2,874,448	1,924,997	5,847,982	4,828,819
Income tax expenses	(831,747)	(525,951)	(1,618,321)	(1,339,020)
<b>Net income</b>	<u>\$ 2,042,701</u>	<u>\$ 1,399,046</u>	<u>\$ 4,229,661</u>	<u>\$ 3,489,799</u>
<b>Net income per share</b>				
Basic net income per share	<u>\$ 0.16</u>	<u>\$ 0.11</u>	<u>\$ 0.34</u>	<u>\$ 0.32</u>
Diluted net income per share	<u>\$ 0.15</u>	<u>\$ 0.10</u>	<u>\$ 0.30</u>	<u>\$ 0.29</u>
<b>Weighted average number of common stock outstanding</b>				
Basic weighted average shares outstanding	12,574,114	12,254,453	12,536,527	10,787,640
Diluted weighted average shares outstanding	<u>13,858,320</u>	<u>13,417,823</u>	<u>13,923,682</u>	<u>11,951,010</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

**Legacy Education Inc.**  
**Consolidated Statements of Changes in Stockholders' Equity**  
**for the three months and six months ended December 31, 2025 and 2024**  
**(Unaudited)**

	Preferred Stock		Common Stock		Additional paid in capital	Retained Earnings	Total
	Shares	Amount	Shares	Amount			
Balance, June 30, 2025	-	\$ -	12,452,670	\$ 12,453	\$ 27,273,365	\$ 13,757,702	\$ 41,043,520
Stock-based compensation	-	-	-	-	269,246	-	269,246
Exercise of options	-	-	44,357	44	165,851	-	165,895
Net income	-	-	-	-	-	2,186,960	2,186,960
Balance, September 30, 2025	-	-	12,497,027	12,497	27,708,462	15,944,662	43,665,621
Stock-based compensation	-	-	-	-	295,958	-	295,958
Exercise of options	-	-	18,617	19	69,609	-	69,628
Cashless exercise of warrants			88,742	88	(88)		-
Net income						2,042,701	2,042,701
Balance, December 31, 2025	<u>-</u>	<u>\$ -</u>	<u>12,604,386</u>	<u>\$ 12,604</u>	<u>\$ 28,073,941</u>	<u>\$ 17,987,363</u>	<u>\$ 46,073,908</u>
	Preferred Stock		Common Stock		Additional paid in capital	Retained Earnings	Total
	Shares	Amount	Shares	Amount			
Balance, June 30, 2024	-	\$ -	9,291,149	\$ 9,291	\$ 16,186,251	\$ 6,223,470	\$ 22,419,012
Exercise of option	-	-	76,000	76	39,444	-	39,520
Issuance of common stock, net of offering costs	-	-	2,500,000	2,500	7,937,072	-	7,939,572
Stock-based compensation	-	-	-	-	67,031	-	67,031
Net income	-	-	-	-	-	2,090,753	2,090,753
Balance, September 30, 2024	-	-	11,867,149	11,867	24,229,798	8,314,223	32,555,888
True up, reverse split	-	-	2,013	2	(2)	-	-
Issuance of common stock under acquisition agreement	-	-	118,906	119	999,881	-	1,000,000
Exercise of option	-	-	10,044	10	37,553	-	37,563
Issuance of common stock, net of offering costs	-	-	375,000	375	1,312,401	-	1,312,776
Stock-based compensation	-	-	-	-	109,157	-	109,157
Net income	-	-	-	-	-	1,399,046	1,399,046
Balance, December 31, 2024	<u>-</u>	<u>\$ -</u>	<u>12,373,112</u>	<u>\$ 12,373</u>	<u>\$ 26,688,788</u>	<u>\$ 9,713,269</u>	<u>\$ 36,414,430</u>

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

**Legacy Education Inc.**  
**Consolidated Statements of Cash Flows**  
**(Unaudited)**

	<b>For the six months ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
<b>Cash flows provided by (used in) operating activities:</b>		
Net income	\$ 4,229,661	\$ 3,489,799
<b>Adjustments to reconcile net loss to net cash (used in) provided by operating activities:</b>		
Loss on disposal of fixed assets	3,890	-
Non cash compensation	565,204	176,188
Depreciation & amortization	297,342	186,980
Provision for allowance for doubtful accounts for accounts receivable and contracts receivable	1,129,780	1,621,575
<b>Changes in assets and liabilities:</b>		
Accounts receivable	(3,987,584)	(1,788,302)
Prepaid expenses	(749,134)	(246,050)
Other receivable	(325,930)	-
Other assets	57,474	(96,367)
Accounts payable and accrued liabilities	(1,053,399)	699,149
Income tax payable	1,619,471	(1,287,386)
Deferred unearned tuition	325,131	1,088,717
<b>Net cash provided by operating activities</b>	<b>2,111,906</b>	<b>3,844,303</b>
<b>Cash flows used in investing activities:</b>		
Cash paid under APA	-	(6,133,087)
Purchases of property and equipment	(789,543)	(428,091)
<b>Net cash used in investing activities</b>	<b>(789,543)</b>	<b>(6,561,178)</b>
<b>Cash flows provided by (used in) financing activities:</b>		
Proceeds from IPO, net of offering cost	-	9,252,349
Proceeds from exercise of options	235,523	77,083
Principal payment on finance lease	(72,106)	(68,807)
Principal payments on debt	(744,812)	(50,173)
<b>Net cash provided by (used in) financing activities</b>	<b>(581,395)</b>	<b>9,210,452</b>
<b>Net increase cash and cash equivalents and restricted cash</b>	<b>740,968</b>	<b>6,493,577</b>
<b>Cash and cash equivalents and restricted cash, beginning of year</b>	<b>20,316,357</b>	<b>10,376,149</b>
<b>Cash and cash equivalents and restricted cash, end of period</b>	<b>\$ 21,057,325</b>	<b>\$ 16,869,726</b>
<b>Supplemental disclosure of cash flow information</b>		
Cash paid during the periods for interest	\$ 56,326	\$ 68,496
Cash paid during the periods for income taxes	\$ -	\$ 2,626,407
<b>Supplemental disclosure of noncash activities</b>		
Non-cash purchase of equipment	\$ -	\$ 39,275
Prepaid expense reclassifies to offering cost	\$ -	\$ 276,866
Common stock issued as part of APA	\$ -	\$ 1,000,000
Promissory note under APA	\$ -	\$ 400,000
Net identifiable assets acquired under APA	\$ -	\$ 237,023

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

**Legacy Education Inc.**  
**Notes to Condensed Consolidated Financial Statements**  
**For the six months ended December 31, 2025 and 2024**  
**(Unaudited)**

**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 a 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's institutions are accredited by the Accrediting Council for Continuing Education and Training ("ACCET") or 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"), its wholly-owned subsidiary, Advanced Health Services, LLC d/b/a Integrity College of Health ("Integrity") and Legacy Education Antioch, LLC ("Antioch") d/b/a Contra Costa Medical Career College ("CCMCC"). 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.

HDMC offers instruction in several programs including, but not limited to, ultrasound technician, ultrasound technician associate of applied science degree, medical billing and coding, vocational nursing, clinical medical assisting, pharmacy technician, dental assisting, medical administrative vocational nursing associate of applied science degree and registered nursing.

CCC, a wholly-owned subsidiary of HDMC, offers instruction in healthcare career training programs, veterinary career training, and additional fields such as accounting.

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) Bachelors of Science in nursing (RN to BSN), and veterinary assistant.

CCMCC, a wholly owned subsidiary of HDMC effective as of December 18, 2024, is accredited by ACCET and has been granted temporary approval to participate in the Financial Student Aid programs by the Department of Education ("ED") following the consummation of the transaction discussed below in Note 3. CCMCC offers vocational nursing, surgical technology, sterile processing technician, pharmacy technician, dental assisting, medical assisting, diagnostic medical sonography, EKG/ECG technician, and medical administrative assistant/billing and coding specialist programs.

The accompanying consolidated financial statements, and all per share information contained herein, have been retroactively adjusted to reflect the reverse stock split described in Note 13.

**Legacy Education Inc.**  
**Notes to Condensed Consolidated Financial Statements**  
**For the six months ended December 31, 2025 and 2024**  
**(Unaudited)**

**Note 2 – Summary of Significant Accounting Principles**

*Principles of Consolidation*

The audited consolidated financial statements include the accounts of HDMC and its wholly owned subsidiaries, CCC, Integrity and CCMCC. All significant intercompany balances and transactions have been eliminated in consolidation.

*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 in the Company’s Report on Form 10-K filed on September 25, 2025, for the year ended June 30, 2025.

*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 obligations, the valuation of equity instruments and allowance for credit losses 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. As of December 31, 2025 and June 30, 2025 approximately \$10.55 million and \$10.38 million, respectively, of cash equivalents was held in instruments considered level 1 securities as defined in the “Fair Value of Financial Instruments” note below.

*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.

**Legacy Education Inc.**  
**Notes to Condensed Consolidated Financial Statements**  
**For the six months ended December 31, 2025 and 2024**  
**(Unaudited)**

*Leases*

The Company accounts for leases in accordance with the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 842 *Leases*, which requires the recognition of assets and liabilities by lessees for those leases classified as operating leases under GAAP. The Company determines if an arrangement is a lease at inception and evaluates the lease agreement to determine whether the lease is a finance or operating lease. The guidance requires that a lessee should recognize on the balance sheet a liability to make lease payments and a right-to-use asset representing the Company’s right to use the underlying assets for the term of the lease. The guidance allows a lessee who enters into a lease with a term of 12 months or less to make an accounting policy election by class of underlying assets not to recognize assets and liabilities. Right-of-use (“ROU”) assets and lease liabilities are recognized at commencement date based on the present value of lease payment over the lease term. The Company uses its incremental borrowing rate based on the information available at the commencement to determine the present value of lease payments over the lease term. See Note 12 for more information about the Company’s lease-related obligations.

*Goodwill and Intangibles*

The Company has implemented the Business Combinations Topic FASB ASC 350, *Intangibles - Goodwill and Other*. Goodwill represents the excess of the purchase price over the fair market value of the net assets (including intangibles) acquired on December 31, 2019, January 15, 2019 and on December 18, 2024.

Goodwill, trademark, 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 trademarks, for impairment when events or changes in circumstances indicate the carrying amount may not be recoverable. The Company measures 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 December 31, 2025 and June 30, 2025.

*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 FASB 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.

**Legacy Education Inc.**  
**Notes to Condensed Consolidated Financial Statements**  
**For the six months ended December 31, 2025 and 2024**  
**(Unaudited)**

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 six months ended December 31, 2025 and 2024:

	For the Three Months Ended December 31,		For the Six Months Ended December 31,	
	2025	2024	2025	2024
Tuition and lab fees (recognized over time)	\$ 16,909,731	\$ 12,477,378	\$ 33,831,534	\$ 24,598,235
Books, registration and other fees (recognized at a point in time)	2,274,912	1,157,756	4,754,132	3,041,990
<b>Total revenue</b>	<b>\$ 19,184,643</b>	<b>\$ 13,635,134</b>	<b>\$ 38,585,666</b>	<b>\$ 27,640,225</b>

**Legacy Education Inc.**  
**Notes to Condensed Consolidated Financial Statements**  
**For the six months ended December 31, 2025 and 2024**  
**(Unaudited)**

*Segment Reporting*

The Company operates one reportable business segment offering career-focused, post-secondary education services to students at all stages of adult life, from recent high school graduates to working parents, through its accredited academic institutions. The Company's primary revenue source is derived from educational programs and services provided at its colleges through tuition and lab fees as well as fees for supporting educational programs such as books and registration costs.

Operating as a cohesive educational services company, the Company offers its products and services in the State of California at a series of institutions, using a centralized management approach for all educational services and support functions.

The Chief Executive Officer ("CEO") serves as the Chief Operating Decision Maker ("CODM"). The CODM evaluates the Company's performance based on consolidated net income. This measure aligns with the Company's consolidated financial statements and serves as the basis for resource allocation and performance assessment. The measure of segment assets is reported on the balance sheet as total consolidated assets. The CODM monitors profitability and strategic growth initiatives on a consolidated basis, without disaggregating profit or loss into separate operating segments. The Company determined there are no significant segment expenses that require a separate disclosure. The consolidated net income is used to assess overall company performance, benchmark against industry standards, and identify profitability trends, which guides resource allocation and investment in expansion and program upgrades. The CODM also evaluates company performance using operating income. Operating income provides the CODM with a focused view of the Company's profitability excluding the effects of financing activities, tax strategies, and other non-operating items. This measure enables the CODM to assess operational efficiency, monitor performance trends, and evaluate the effectiveness of strategies aimed at revenue generation and cost management.

*Allowance for Credit Losses*

The Company records an allowance for credit losses 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 \$1,591,228 and \$1,157,699 for the three months ended December 31, 2025, and 2024, respectively. Advertising costs amounted to \$3,245,892 and \$2,330,376 during the six months ended December 31, 2025, and 2024, respectively. Advertising costs are included in general and administrative expenses on the consolidated income statements.

**Legacy Education Inc.**  
**Notes to Condensed Consolidated Financial Statements**  
**For the six months ended December 31, 2025 and 2024**  
**(Unaudited)**

*Share-Based Compensation*

The Company utilizes FASB 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 Company estimates the fair value of stock-based compensation awards on the date of grant using an option-pricing model. The value of the portion of the award that is ultimately expected to vest is recognized as an expense over the requisite service periods in the Company's consolidated statements of operations. The Company estimates the fair value of stock-based compensation awards using the Black-Scholes model. This model requires the Company to estimate the expected volatility and value of its common stock and the expected term of the stock options, all of which are highly complex and subjective variables. The expected life was calculated based on the simplified method as described by the SEC Staff Accounting Bulletin No. 110, Share-Based Payment. The Company's estimate of expected volatility was based on the volatility of peers. The Company has selected a risk-free rate based on the implied yield available on U.S. Treasury securities with a maturity equivalent to the expected term of the options. The Company accounts for forfeitures upon occurrence.

*Fair Value of Financial Instruments*

The Company's financial instruments primarily consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, deferred, unearned tuition, debt and finance lease obligations. The carrying values of the Company's financial instruments approximate fair value.

FASB ASC 820, *Fair Value Measurements* ("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 December 31, 2025 and June 30, 2025 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 December 31, 2025 and June 30, 2025, \$10.55 million and \$10.38 million, respectively, was maintained in a redeemable money market account bearing interest at approximately 3.84% per annum.

**Legacy Education Inc.**  
**Notes to Condensed Consolidated Financial Statements**  
**For the six months ended December 31, 2025 and 2024**  
**(Unaudited)**

*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 administrative expenses on the income statement. The estimated federal and state effective tax rates are 21% and 8.84%, respectively.

*Emerging Growth Company*

The Company is an "emerging growth company," as defined in Section 2(a) of the Securities Act of 1933, as amended (the "Securities Act"), as modified by the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. As such, the Company is eligible to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not "emerging growth companies" including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, as amended, reduced disclosure obligations regarding executive compensation in the Company's periodic reports and proxy statements, and exemptions from the requirements of holding a non-binding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved. If some investors find the securities less attractive as a result, there may be a less active trading market for securities and the prices of securities may be more volatile.

In addition, Section 107 of the JOBS Act also 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 (that is, an "emerging growth company" can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies). The Company intends to take advantage of the benefits of this extended transition period.

Additionally, the Company is a "smaller reporting company" as defined in Item 10(f)(1) of Regulation S-K. Smaller reporting companies may take advantage of certain reduced disclosure obligations, including, among other things, providing only two years of audited financial statements. The Company will remain a smaller reporting company until the last day of the fiscal year in which (1) the market value of the common stock held by non-affiliates equals or exceeds \$250 million as of the as of the last business day of its most recently completed second fiscal quarter, or (2) the annual revenues equaled or exceeded \$100 million during its most recently completed fiscal year and the market value of the common stock held by non-affiliates equals or exceeds \$700 million as of the last business day of its most recently completed second fiscal quarter.

**Legacy Education Inc.**  
**Notes to Condensed Consolidated Financial Statements**  
**For the six months ended December 31, 2025 and 2024**  
**(Unaudited)**

**Earnings Per Share**

FASB 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 is calculated using the treasury stock method, and 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 six months ended December 31, 2025 and 2024:

	For the Three Months Ended December 31,		For the Six Months Ended December 31,	
	2025	2024	2025	2024
<b>Numerator</b>				
Net income	\$ 2,042,701	1,399,046	\$ 4,229,661	\$ 3,489,799
<b>Denominator</b>				
Weighted-average shares outstanding, basic	12,574,114	12,254,453	12,536,527	10,787,640
Common stock warrants	-	-	-	-
Dilutive impact of share-based instruments	1,284,206	1,163,370	1,387,155	1,163,370
Weighted-average shares outstanding, diluted	<u>13,858,320</u>	<u>13,417,823</u>	<u>13,923,682</u>	<u>11,951,010</u>
<b>Net income per share</b>				
Basic	\$ 0.16	\$ 0.11	\$ 0.34	\$ 0.32
Diluted	<u>\$ 0.15</u>	<u>\$ 0.10</u>	<u>\$ 0.30</u>	<u>\$ 0.29</u>

**Recent Accounting Pronouncements**

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting—Improvements to Reportable Segment Disclosures* ("ASU 2023-07"), which requires incremental disclosures related to a public entity's reportable segments. Required disclosures include, on an annual and interim basis, significant segment expenses that are regularly provided to the chief operating decision maker ("CODM") and included within each reported measure of segment profit or loss, an amount for other segment items (which is the difference between segment revenue less segment expenses and less segment profit or loss) and a description of its composition, the title and position of the CODM, and an explanation of how the CODM uses the reported measure(s) of segment profit or loss in assessing segment performance and deciding how to allocate resources. The standard also permits disclosure of more than one measure of segment profit. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. There are aspects of ASU 2023-07 that apply to entities with one reportable segment. The Company adopted this guidance in the fiscal fourth quarter of 2025. The adoption of ASU 2023-07 is reflected in Note 2, "Summary of Significant Accounting Policies - Segment Reporting."

**Note 3 – Acquisition**

On December 18, 2024, Antioch completed its acquisition of CCMCC for a base purchase price of \$8,000,000. Under the asset purchase agreement ("APA"), Antioch acquired certain assets and assumed certain liabilities of CCMCC. Under the terms of the APA as consideration for the sale, Antioch paid Sellers \$6,600,000 subject to a working capital adjustment, entered into a \$400,000 promissory note, described in Note 10, and issued 118,906 shares of HDMC's common stock with a combined value equivalent to \$1,000,000 held in an escrow account for a period of one year. The working capital adjustment was required to equal zero on the transaction date and includes certain acquired assets and assumed liabilities. As of the date of this report, the net working capital adjustment has been determined to be \$466,920 for a total purchase price of \$7,533,080.

**Legacy Education Inc.**  
**Notes to Condensed Consolidated Financial Statements**  
**For the six months ended December 31, 2025 and 2024**  
**(Unaudited)**

The acquisition was accounted for in accordance with the acquisition method of accounting. Under this method, the cost of the target is allocated to the identifiable assets acquired and liabilities assumed based on their estimated fair values at the date of acquisition. The excess estimated fair values of the identifiable net assets over the amount paid was \$7,738,750 which has been allocated between goodwill and other intangible assets and is included on the accompanying consolidated balance sheet.

The following is a summary of the estimated fair values of the assets acquired and liabilities assumed at the date of the acquisition:

Current and other assets	\$ 2,162,748
Property and equipment	483,036
Total assets acquired	2,645,784
Liabilities assumed (excluding debt - see Note 9)	(2,846,489)
Net assets acquired	<u>\$ (200,705)</u>
 Purchase price	 \$ 7,533,080
Trade name	\$ 940,000
Accreditation	1,730,000
Course Curriculum	146,000
Goodwill	4,917,785
Total excess purchase price	<u>\$ 7,733,785</u>

The amounts recorded above related to the acquisition are subject to adjustment as the Company has not yet completed the final allocation of the purchase price. The Company has one year from the date of acquisition to complete its valuation of assets and liabilities assumed.

Following are the supplemental consolidated financial results of the Company and CCMCC on an unaudited pro forma basis, as if the acquisitions had been consummated as of the beginning of the fiscal year 2024 (i.e., July 1, 2023).

	<b>For the Years Ended June 30,</b>	
	<b>2025</b>	<b>2024</b>
<b>Revenue</b>	\$ 68,180,441	\$ 53,121,798
<b>Net income</b>	<u>\$ 8,838,779</u>	<u>\$ 5,294,148</u>

The pro forma financial information presented above has been prepared by combining the Company's historical results and the historical results of CCMCC and adjusting those results to reflect the effects of the acquisition as if it occurred on July 1, 2023. These results do not purport to be indicative of the results of operations had the acquisition occurred on the date indicated above, or that may result in the future, and do not reflect potential synergies or additional costs following the acquisition.

**Note 4 - Intangible Assets**

The Company's intangible assets consisted of the following as of December 31, 2025 and June 30, 2025:

	<b>December 31, 2025</b>	<b>June 30, 2025</b>
Goodwill	\$ 6,847,111	\$ 6,852,076
Trade name	1,736,100	1,736,100
Accreditation	1,818,200	1,818,200
Course curriculum	344,000	344,000
Total cost of intangibles	\$ 10,745,411	\$ 10,750,376
Less accumulated amortization	(50,078)	(40,273)
Intangibles net	<u>\$ 10,695,333</u>	<u>\$ 10,710,103</u>

**Legacy Education Inc.**  
**Notes to Condensed Consolidated Financial Statements**  
**For the six months ended December 31, 2025 and 2024**  
**(Unaudited)**

As of June 30, 2025 and June 30, 2024, no impairment of the Company's goodwill, nor other intangibles with an indefinite life was required related to its previous acquisitions of CCC, Integrity and CCMCC. The Company recognized \$4,902 and \$1,253, respectively, in amortization expense for three months ended December 31, 2025 and 2024. The Company recognized \$9,805 and \$2,506, respectively, in amortization expense for six months ended December 31, 2025 and 2024. 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 2025 and its next renewal is in April 2030. CCMCC's accreditation was most recently renewed in April 2022 and its next renewal is in April 2026. HDMC's ACCET accreditation was most recently renewed in April 2024 and its next renewal is in April 2029. Although ABHES accreditation has an indefinite life, the accreditation requires renewal every five years. Integrity's next ABHES accreditation renewal is in February 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 5 - Property and Equipment**

Property and equipment consist of the following:

	<b>December 31, 2025</b>	<b>June 30, 2025</b>
Leasehold improvements	\$ 1,593,733	\$ 1,299,825
Machinery and equipment	1,348,383	1,389,417
Computer equipment	1,889,072	1,427,842
Software	51,675	-
Furniture, fixtures and other equipment	360,586	342,886
Total	5,243,449	4,459,970
Less accumulated depreciation and amortization	(2,244,028)	(1,975,666)
Property and equipment, net	\$ 2,999,421	\$ 2,484,304

Depreciation and amortization expense associated with property and equipment totaled \$160,111 and \$270,535 for the three and six months ended December 31, 2025, respectively.

Depreciation and amortization expense associated with property and equipment totaled \$88,313 and \$168,196 for the three and six months ended December 31, 2024, respectively.

**Note 6 – 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 TuitionFlex program was \$1,881,074 and \$1,966,137 as of December 31, 2025 and June 30, 2025, respectively.

**Note 7 – Prepaid Expenses**

The prepaid expenses consist of the following as of December 31, 2025 and June 30, 2025:

	<b>December 31, 2025</b>	<b>June 30, 2025</b>
Books	\$ 181,421	\$ 190,928
Supplies and other prepaid expenses	1,951,118	1,192,477
Total prepaid expenses	\$ 2,132,539	\$ 1,383,405

**Legacy Education Inc.**  
**Notes to Condensed Consolidated Financial Statements**  
**For the six months ended December 31, 2025 and 2024**  
**(Unaudited)**

**Note 8 – Other Receivables**

The other receivables consist of the following as of December 31, 2025 and June 30, 2025:

	<b>December 31, 2025</b>	<b>June 30, 2025</b>
Other advance	94,454	94,454
Receivable from CCMCC Seller	496,180	170,250
Employee retention credit	37,720	37,720
Total other receivables	<u>\$ 628,354</u>	<u>\$ 302,424</u>

The Company paid \$106,846 of federal income taxes on behalf of a foreign investor in Legacy in the year ended June 30, 2020, and the amount due back to the Company as of each of December 31, 2025 and June 30, 2025 was \$94,454.

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 December 31, 2025 and June 30, 2025 was \$37,720.

**Note 9 – Accounts Payable and Accrued Liabilities**

Accounts payable and accrued expenses as of December 31, 2025 and June 30, 2025 consist of the following:

	<b>December 31, 2025</b>	<b>June 30, 2025</b>
Accounts payable	\$ 1,297,446	\$ 1,391,620
Accrued payroll and payroll taxes	1,253,657	1,081,600
Accrued vacation	606,346	611,136
Accrued bonuses	664,271	1,710,204
Accrued other expenses	54,408	134,970
Total	<u>\$ 3,876,128</u>	<u>\$ 4,929,530</u>

**Note 10 - Debts and Other Liabilities**

*(1) Promissory Notes and Related Parties Debt*

The Company received \$750,000 in proceeds from several creditors, including \$150,000 from related parties in the form of unsecured promissory notes. Under the terms of 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 an initial public offering and subsequently agreed to defer the repayment until demanded or paid.

	<b>December 31, 2025</b>	<b>June 30, 2025</b>
Promissory note issued on November 12, 2019	\$ 500,000	\$ 500,000
Promissory note issued on December 30, 2019, related party	50,000	50,000
Total other debt	<u>\$ 550,000</u>	<u>\$ 550,000</u>

A further note issued on February 6, 2020 in the amount of \$100,000 was repaid in cash in September 2023.

**Legacy Education Inc.**  
**Notes to Condensed Consolidated Financial Statements**  
**For the six months ended December 31, 2025 and 2024**  
**(Unaudited)**

**(2) Equipment Loan**

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 December 31, 2025 and June 30, 2025, the principal balance of the promissory note was \$8,834 and \$13,015, respectively.

In August 2023, the Company entered into an equipment loan for \$35,580. The note accrues interest at a rate of 10.14% per annum and requires 48 equal monthly payments. As of December 31, 2025 and June 30, 2025, the principal balance of the promissory note was \$15,320 and \$19,660, 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 December 31, 2025 and June 30, 2025, the principal balance of the promissory note was \$7,473 and \$9,265, 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 December 31, 2025 and June 30, 2025, the principal balance of the promissory note was \$4,119 and \$6,160, respectively.

In February 2024, the Company entered into an equipment loan for \$35,612. The note accrues interest at a rate of 8% per annum and requires 36 equal monthly payments. The first payment was on April 1, 2024. As of December 31, 2025 and June 30, 2025, the principal balance of the promissory note was \$15,880 and \$21,795, respectively.

In June 2024, the Company entered into an equipment loan for \$48,966. The note accrues interest at a rate of 11.16% per annum and requires 48 equal monthly payments. The first payment was on June 1, 2024. As of December 31, 2025 and June 30, 2025, the principal balance of the promissory note was \$32,133 and \$37,752, respectively.

In July 2024, the Company entered into an equipment loan for \$39,189. The note accrues interest at a rate of 11.15% per annum and requires 48 equal monthly payments. The first payment was on July 1, 2024. As of December 31, 2025 and June 30, 2025, the principal balance of the promissory note was \$26,849 and \$30,946, respectively.

In June 2025, the Company entered into an equipment loan for \$528,176. The note accrues interest at a rate of 9.392% per annum and requires 48 equal monthly payments. The first payment was on June 26, 2025. As of December 31, 2025 and June 30, 2025, the principal balance of the promissory note was \$0 and \$515,029, respectively.

**(3) CCMCC acquisition Seller Loan**

As part of the acquisition described in Note 3, Antioch issued the seller of CCMCC a promissory note in the principal amount of \$400,000. Under the terms of the note, interest shall accrue at 6% and shall be repaid in twelve equal monthly payments of principal and interest. As of December 31, 2025 and June 30, 2025, the principal balance of the promissory note of \$0 and \$202,992, respectively, is presented as a current liability on the accompanying consolidated balance sheet.

Future maturities over the remaining term of total debt for (1) to (3) are as follows:

2026 <sup>(1)</sup>	\$ 579,877
2027	53,351
2028	<u>27,022</u>
	660,250
Less: current portion <sup>(1)</sup>	(610,795)
Long-term portion of debt	<u>\$ 49,455</u>

(1) Includes \$50,000 related party debt

**Legacy Education Inc.**  
**Notes to Condensed Consolidated Financial Statements**  
**For the six months ended December 31, 2025 and 2024**  
**(Unaudited)**

**Note 11 - Related Party Transactions**

A shareholder of the Company was paid \$22,500 and \$45,000 as consulting fees in each of the three and six months ended December 31, 2025 and 2024, respectively.

A director of the Company was paid \$34,750 and \$161,600, as consulting fees in the three and six months ended December 31, 2025, respectively, and \$59,700 and \$79,200, as consulting fees in the three and six months ended December 31, 2024, respectively.

A company controlled by a director of the Company was paid \$25,590 and \$51,900, respectively, as consulting fees in the three and six months ended December 31, 2025, and was paid \$60,495 and \$86,445, respectively, as consulting fees in the three and six months ended December 31, 2024.

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 Company completed an initial public offering in September 2024, and the parties agreed to carry the note as due on demand. The balance of this note was \$50,000 and \$50,000 as of December 31, 2025 and June 30, 2025, respectively.

**Note 12 – Lease Commitments**

*Finance Leases*

In July 2023, the Company entered into an equipment lease for \$340,048. The related finance liability has an implied interest rate of 11.16% per annum and requires 5 equal annual payments due on September 1 of each year. As of December 31, 2025 and June 30, 2025, the balance of the finance liability was \$143,303 and \$215,409, respectively.

The present value of future minimum lease payments due at December 31, 2025, was as follows:

2026	\$ -
2027	81,459
2028	81,458
Total minimum payments	<u>162,917</u>
Less: amount representing interest	(19,614)
Present value of minimum payments	\$ 143,303
Less: current portion	(67,675)
Long term portion	<u>\$ 75,628</u>

The Company has determined to amortize the lease over the useful life of the equipment or ten years and put the equipment into service in September 2024. The Company recorded amortization of \$8,501 and \$17,002 in the three and six months ended December 31, 2025, respectively. The Company recorded amortization of \$11,335 in the three and six months ended December 31, 2024.

*Operating Leases*

The Company leases its instructional facilities under non-cancelable operating leases expiring at various dates through 2034. 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.

**Legacy Education Inc.**  
**Notes to Condensed Consolidated Financial Statements**  
**For the six months ended December 31, 2025 and 2024**  
**(Unaudited)**

The Company uses its incremental borrowing rate based on the information available at the commencement to determine the present value of lease payments over the lease term. As of December 31, 2025, the weighted average incremental borrowing rate used by the Company was approximately 6.7%, and the weighted average remaining years left on outstanding leases was 7.08 years.

The present value of future minimum lease payments due at December 31, 2025 was as follows:

2026	\$ 1,562,629
2027	2,591,045
2028	2,525,777
2029	2,414,604
2030	2,475,882
After 2030	7,336,011
Total future minimum operating lease payments	<u>18,905,948</u>
Less: imputed interest	<u>(4,046,001)</u>
Total	<u>14,859,947</u>
Current portion of operating lease	<u>1,992,934</u>
Long term portion of operating lease	<u>\$ 12,867,013</u>

Total rent expense and related taxes and operating expenses under operating leases for the three and six months ended December 31, 2025 were \$1,333,036 and \$2,668,386, respectively.

Total rent expense and related taxes and operating expenses under operating leases for the three and six months ended December 31, 2024 were \$994,159 and \$1,993,274, respectively.

Supplemental balance sheet information related to leases was as follows:

	<b>December 31, 2025</b>	<b>June 30, 2025</b>
Operating lease right-of-use assets	\$ 14,526,471	\$ 15,781,177
Operating lease liability - current	\$ 1,992,934	\$ 2,306,061
Operating lease liability – non-current	12,867,013	13,748,161
Total operating lease liability	<u>\$ 14,859,947</u>	<u>\$ 16,054,222</u>

Other supplemental information:

	<b>For the six months ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
Cash paid for operating lease	\$ 832,580	\$ 1,253,157

**Note 13 – Stockholders’ Equity**

*Reverse Stock Split*

On September 9, 2024, the Company’s stockholders approved an amendment to the Company’s articles of incorporation to effectuate a 1-for-2 reverse split of the Company’s common stock. The amendment to the Company’s articles of incorporation was filed with the Nevada Secretary of State on September 9, 2024. The consolidated financial statements, and all share and per share information contained herein, have been retroactively adjusted to reflect the reverse stock split.

As of December 31, 2025 and June 30, 2025, 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.

**Legacy Education Inc.**  
**Notes to Condensed Consolidated Financial Statements**  
**For the six months ended December 31, 2025 and 2024**  
**(Unaudited)**

*Equity Transactions*

During the six months ended December 31, 2025, 62,974 stock options were exercised at \$3.74 per share of common stock.

During the six months ended December 31, 2025, the Company issued 88,742 shares of common stock upon receipt of notice of the cashless exercise of a total of 143,750 warrants.

In August 2024, 76,000 stock options were exercised at \$0.52 per share of common stock.

On September 27, 2024, the Company completed its initial public offering of 2,500,000 shares of common stock, priced at \$4.00 per share. Concurrently, the Company issued 2,013 shares as true up shares as a result of the 1-for-2 reverse split. In conjunction with the offering, the Company granted stock purchase warrants to purchase an aggregate of 143,750 shares of its common stock at an exercise price of \$4.60 per share to underwriters.

During the three months ended December 31, 2024, in connection with the initial public offering, the Company issued 375,000 common shares in respect to the underwriters' option to purchase up to an additional 375,000 shares of common stock to cover allotments.

On December 18, 2024, the Company issued 118,906 common shares pursuant to the terms of the APA.

As of December 31, 2025 and June 30, 2025 the Company had 12,604,386 and 12,452,670 shares of common stock outstanding, respectively, and no shares of preferred stock issued and outstanding.

**Note 14 - Warrants**

*Equity Classified Warrants*

September 2024 Common Stock Warrants

In September 2024, the Company issued warrants to certain underwriters to purchase 143,750 shares of the Company's common stock in connection with the Company's initial public offering for services provided. The warrants were immediately exercisable at a price of \$4.60 per share and have an expiration date of September 27, 2029. At issuance, the fair value of the warrants was determined to be \$227,700 using the Black-Scholes model. As the warrants are accounted for as an equity issuance cost, the fair value of the warrants was recorded within additional paid-in capital on the Company's consolidated balance sheets. The warrants are not remeasured in future periods as they meet the conditions for equity classification.

The Company valued the warrants, based on a Black-Scholes Option Pricing Method, which included the following inputs:

Expected term	5 years
Expected volatility	45%
Risk-free interest rate	3.50%
Expected dividend yield	0.00%

During the six months ended December 31, 2025, the Company issued 88,742 shares of common stock in respect to 143,750 stock warrants being exercised cashless.

**Legacy Education Inc.**  
**Notes to Condensed Consolidated Financial Statements**  
**For the six months ended December 31, 2025 and 2024**  
**(Unaudited)**

**Note 15 - Share-Based Compensation Plans**

*Stock Options*

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 of its peers. The Company applied the simplified method to determine the expected term of stock-based compensation grants.

In prior years, the Company had granted time vested options to purchase shares of common stock with exercise prices ranging from \$0.52 - \$1.80 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.

On September 27, 2024, the Company granted stock options to purchase an aggregate of 250,000 shares of its common stock at an exercise price of \$4.00 per share to employees, directors, consultants and non-employee service providers pursuant to its 2021 Equity Incentive Plan. 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.

On October 16, 2025, the Company granted stock options to purchase an aggregate of 58,708 shares of its common stock at an exercise price of \$9.51 per share to employees and directors pursuant to its 2021 Equity Incentive Plan. 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:

<b>Summary of Stock Options Outstanding</b>			
	<b>Total Options</b>	<b>Weighted Average Exercise Price per Option</b>	<b>Weighted Average Remaining Contractual Term (Years)</b>
<b>Outstanding as of June 30, 2025</b>	2,389,217	4.21	8.20
<b>Exercisable as of June 30, 2025</b>	1,506,764	3.42	7.51
Granted	58,708	9.51	10
Exercised	(62,974)	3.74	-
Forfeited, canceled, or expired	(36,209)	3.74	-
<b>Outstanding as of December 31, 2025</b>	2,348,681	4.36	7.72
<b>Exercisable as of December 31, 2025</b>	1,608,340	3.64	7.15

**Legacy Education Inc.**  
**Notes to Condensed Consolidated Financial Statements**  
**For the six months ended December 31, 2025 and 2024**  
**(Unaudited)**

A summary of the activity related to vested and unvested stock option units granted is as follows:

	<b>Options Outstanding</b>	<b>Weighted Average Exercise Price</b>	<b>Weighted Average Grant Date Fair Value</b>	<b>Average Remaining Contractual Life (Years)</b>
Balance – June 30, 2025, unvested	882,453	\$ 5.54	\$ 3.40	9.36
Options issued	58,708	9.51	5.46	10
Options vested	(171,567)	5.24	3.13	10.00
Forfeited, canceled, or expired	(26,533)	3.74	1.84	-
Balance – December 31, 2025, unvested	743,061	\$ 5.92	\$ 3.195	8.95

The Company valued options issued in September 2024 using the Black Scholes model utilizing volatility 45%, and a risk-free rate of 3.75%. The fair value of the options was \$1.94 per option.

The Company valued options issued in October 2025 using the Black Scholes model utilizing volatility 58%, and a risk-free rate of 3.65%. The fair value of the options was \$5.46 per option.

The Company recorded share-based compensation expense of \$295,958 and \$565,204 during the three and six months ended December 31, 2025 respectively, which is included in educational services in the consolidated income statements. The Company recorded share-based compensation expense of \$109,157 and \$176,188 during the three and six months ended December 31, 2024 respectively, which is included in educational services in the consolidated income statements. Unamortized compensation expense associated with unvested options was \$587,549 and \$832,205 as of December 31, 2025 and June 30, 2025, respectively. The weighted average period over which these costs are expected to be recognized is approximately 1.50 and 2.00 years.

**Note 16 - 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's institutions are accredited by ACCET or ABHES and approved by other agencies and must comply with the applicable rules and regulations of the accrediting body and other agencies. 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 in all material respects with all applicable 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.

**Legacy Education Inc.**  
**Notes to Condensed Consolidated Financial Statements**  
**For the six months ended December 31, 2025 and 2024**  
**(Unaudited)**

*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, 2025.

*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 and other federal educational assistance funds (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 revenue test, as in effect for its 2025 fiscal year, HDMC, CCC, ICH and CCMCC derived 86.82%, 80.35%, 84.71% and 59.80% for its 90/10 revenue from the Title IV programs and other federal educational assistance funds, respectively, for the fiscal year ended June 30, 2025.

*Litigation*

The Company is unaware of any other pending or threatened litigation arising from services currently or formerly performed by the Company. The Company is unaware of any possible claiming that could have a material adverse effect on the Company's business, results of operations or financial condition.

**Note 17 – Subsequent Events**

The Company has evaluated subsequent events and transactions that occurred up to the date the consolidated financial statements were issued. Based upon this review, the Company did not identify any subsequent events that would have required adjustment or disclosure in the consolidated financial statements.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*You should read the following discussion and analysis of our financial condition and results of operations together with our financial statements and the related notes appearing elsewhere in this Quarterly Report on Form 10-Q. 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 in our Annual Report on Form 10-K for the fiscal year ended June 30, 2025 as may be amended, supplemented or superseded from time to time by other reports we file with the SEC. All amounts in this report are in U.S. dollars, unless otherwise noted.*

*Throughout this Quarterly Report on Form 10-Q references to "we," "our," "us," the "Company," or "Legacy," refer to Legacy Education Inc.*

### 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, Contra Costa Medical Career College, which we acquired in December 2024, 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, UT Associate of Applied Science degree programs, and an EMT program. HDMC also has obtained approval from the Accrediting Council for Continuing Education and Training ("ACCET"), Bureau for Private Postsecondary Education ("BPPE") and ED to offer a surgical technology Associate of Applied Science program and sterile processing technician program. As of December 31, 2025, HDMC had 2,033 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, VN, surgical technology, dental assisting, sterile processing technician, and pharmacy technician. CCC also offers an avocational phlebotomy technician program. CCC also has obtained approval from ACCET and BPPE to offer an MRI Associate of Applied Science program and has obtained ACCET, BPPE, and ED approvals to offer a cardiac sonography Associate of Applied Science program. As of December 31, 2025, CCC had 556 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 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). Integrity also has obtained approval from ABHES to offer a sterile processing technician program and will offer this program pending additional approvals. For purposes of our financial statements, Legacy Education, L.L.C. is deemed to have acquired Integrity in December 2019. As of December 31, 2025, Integrity had 214 students enrolled in its programs.

## *Contra Costa Medical Career College*

Contra Costa was established in the state of California in 2007. Contra Costa's campus is located in Antioch, California. Contra Costa offers VN, surgical technology, sterile processing technician, pharmacy technician, medical assisting with phlebotomy, clinical medical assisting dental assisting, diagnostic medical sonography, EKG/ECG technician, medical administrative assistant/billing and coding specialist, phlebotomy (avocational) programs. As of December 31, 2025, Contra Costa had 431 students enrolled in its programs.

## **Recent Developments**

### **Regulatory Updates**

#### *Negotiated Rulemaking*

ED has promulgated a substantial number of new regulations in recent years that impact our business on a broad range of topics that 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. See Annual Report at Form 10-K at "Education Regulations – Negotiated Rulemaking."

On July 24, 2025, ED announced it intended to establish two negotiated rulemaking committees: one that would consider changes to the federal student loan programs and one that would consider programmatic accountability metrics, changes to the Pell Grant Program and other matters. The rulemaking is intended to implement recent changes to the Title IV HEA programs included in the One Big Beautiful Bill Act ("OBBA"). See Annual Report at Form 10-K "Education Regulations – Congressional Action."

The first of the two negotiated rulemaking committees (the RISE Committee) convened for one session in September and October and one session in November. On November 6, 2025, the RISE Committee reached consensus on proposed regulations related to topics including, for example, new federal student loan borrowing limits for certain borrowers and educational programs. The OBBBA and proposed regulations include reduced limits on PLUS loans taken out by parent borrowers for undergraduate students to the amounts of \$20,000 annually and \$65,000 in the aggregate per dependent child. They also limit aggregate loans over a student borrower's lifetime, excluding PLUS loans, to \$257,500. This limitation does not apply to student borrowers during the expected time to complete their credential if the student is enrolled in a program as of June 30, 2026 and a Direct Loan was made for the program prior to July 1, 2026. Institutions will also be required to reduce federal student loan limits for students who are enrolled as less than full-time students or enrolled in a period of enrollment of less than one full academic year. See Annual Report at Form 10-K "Education Regulations – Congressional Action." The agreed upon language was incorporated into a notice of proposed rulemaking published January 30, 2026 and will undergo a period of public notice and comment before ED makes any amendments and publishes the final regulations. It is expected that the new regulations will go into effect on July 1, 2026 along with the relevant changes in the OBBBA which become effective on that date. We cannot predict the content of the final regulations, but we are currently evaluating the potential impact of the proposed regulations on our institutions and enrollments and the extent to which alternative sources of funding such as third-party loans may be needed for some of our students.

The second of the two negotiated rulemaking committees (the AHEAD Committee) convened for one session in December 2025 and one session in January 2026. On December 12, 2025, the AHEAD Committee reached consensus on proposed regulations related to Pell Grants, including the new Workforce Pell program. The proposed regulations clarify which educational programs are eligible for the Workforce Pell program introduced by the OBBBA. Under the OBBBA and the proposed regulations, to be eligible a program must meet certain short-term length requirements (at least 8 but less than 15 weeks and (i) at least 150 but less than 600 clock hours, (ii) at least four but less than sixteen semester or trimester hours, or (iii) at least six but less than 24 quarter hours) and comply with certain other prohibitions. The proposed regulations also clarify processes for approval by state governors, the Secretary of Education, and a separate "value-added earnings" measure. Among other requirements, approval from a governor requires the governor to determine the program prepares students for an occupation that aligns with the state's workforce needs, and the Secretary determines whether the program meets completion, placement rate, and value-added earnings requirements. To comply with the value-added earnings measure, the program's total published tuition and fees may not exceed the value-added earnings (as defined in the proposed regulations) of working students who received a Pell Grant for enrollment in the program and completed the program within the applicable cohort period. We are evaluating potential opportunities under the proposed regulations.

On January 9, 2026, the AHEAD Committee reached consensus on proposed regulations that create new accountability measures based in part on the accountability metrics in the OBBBA and the metrics in the existing gainful employment rules. The new earnings premium measure applies to all degree and non-degree programs at all institutions and eliminates the debt-to-earnings rate measure in the existing gainful employment regulations. Under the earnings premium measure for undergraduate programs (as opposed to the separate measure for graduate programs), the median annual earnings of program completers are compared to the "earnings threshold," which is the median earnings of holders of high school diplomas who are working adults aged 25-34 using the methodology prescribed in the regulations. If the median annual earnings of program completers fall below the earnings threshold, the Secretary informs the institution that the program is failing under the earnings premium measure and that the program could become ineligible for the Direct Loan programs based on its earnings premium measure for the next award year. The institution must provide a prescribed warning to students and prospective students explaining that it has not passed ED's standards based on reported earnings of program graduates and that the program could lose access to Direct Loans based on the next calculated metrics. The warning must also include information about accessing the program information website maintained by ED and explain that the student must acknowledge the student viewed the warning in order for the institution to disburse Title IV funds to the student. If the program fails the earnings premium measure in two out of three consecutive award years for which the earnings premium measure is calculated, this would result in the program's loss of eligibility for Title IV Direct Loans once ED completes a termination action under its established proceedings, unless the institution successfully appeals under those proceedings. Under the proposed regulations, if more than 50% of an institution's Title IV-recipient students enrolled in, or more than 50% of the institution's total Title IV funds are from, programs that fail the earnings premium measure in two out of three consecutive award years for which the earnings premium measure is calculated, the institution could be deemed not administratively capable and be placed on provisional status, and the programs could potentially lose access to all Title IV HEA funds if the institution does not successfully appeal the determination. The proposed regulations also, among other things, describe the process and formulas for calculating earnings accountability measures, revise the requirements for institutional reporting to ED, specify the period of ineligibility for programs that fail the earnings premium measure, allow for limited retention of eligibility during orderly program closure, and modify the institutional data ED is required to disclose on its program information website (this data will continue to include a program's earnings premium measure. See Annual Report at Form 10-K "Education Regulations – Administrative Capability."

The consensus regulatory language will be incorporated into a notice of proposed rulemaking which is expected to be released in the coming months and will undergo a period of public notice and comment before ED makes any amendments and publishes the final regulations. It is expected that the new regulations will go into effect on July 1, 2026 along with the relevant changes in the OBBBA which become effective on that date. It is expected that the first accountability measure calculations will take place in 2027 and “failures” can be determined beginning in July 2027, although programs would not lose eligibility until July 1, 2028. These dates are subject to change. We cannot predict the content of the final regulations, but we are currently evaluating the potential impact of the proposed regulations on the Company and are continuing to monitor the ongoing rulemaking process. If one or more of our programs fail to comply with the new requirement, those programs could lose access to Title IV Direct Loans, and potentially Pell Grant eligibility, which could have a material adverse effect on our student population and our revenues. The new regulations could also require us to modify or eliminate programs to comply with the new regulations.

We expect the new regulations that are expected to emerge from the RISE and AHEAD Committees will impact our institutions and operations, but we cannot predict the ultimate scope, content, and impact of the future ED regulations and guidance including any regulations further implementing the new OBBBA requirements. We are currently assessing, and will continue to assess, the potential impact of the new and proposed requirements on us and our institutions and to monitor the ongoing negotiated rulemaking process.

On January 26, 2026, ED announced it intends to establish a negotiated rulemaking committee that will meet in April and May 2026 to consider amendments to the regulations respecting the Secretary’s recognition of accrediting agencies and related institutional eligibility requirements for the Title IV programs. ED’s stated goals for developing these regulations include simplification of the accreditor recognition process, consideration of the effect of accreditation on higher education costs and “credential inflation,” protecting against undue influence from private trade associations, eliminating discriminatory standards, and focusing on data-driven student outcomes. Among ED’s list of ten proposed issues for negotiation are topics such as reviewing accrediting agencies’ responsibilities to ensure they do not contravene Federal or State law, and determining whether regulations should be revised or expanded to ensure accreditation standards do not impede innovation. Each of our institutions are currently accredited by an accrediting agency recognized by ED, and our participation in the Title IV Programs is dependent on ED continuing to recognize the accrediting agencies that accredit our institutions. See Annual Report at Form 10-K “Education Regulations – ED Recognition of Accrediting Agencies.” Any future regulations or regulatory changes resulting from this negotiated rulemaking process could impact the ability of the accreditors that accredit our institutions to maintain recognition by ED and the accreditation requirements applicable to our institutions. We cannot predict whether and how such rulemaking would impact our institutions and operations.

We also 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 educational 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.

#### *Financial Value Transparency and Gainful Employment Regulations and Proposed Accountability Regulations*

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 were filed challenging these regulations and these were consolidated into one case in the U.S. District Court for the Northern District of Texas. See Annual Report at Form 10-K “Education Regulations – Financial Value Transparency and Gainful Employment Regulations.” ED subsequently filed a motion for summary judgment, which was granted by the court on October 2, 2025, upholding the validity of the regulations. On November 24, 2025, the plaintiffs appealed the summary judgment ruling. We cannot predict the outcome of the appeal at the Fifth Circuit Court of Appeals.

The DOE has proposed new regulations during a negotiated rulemaking process that would replace the debt-to-earnings rate measure and the earnings premium measure in the existing financial value transparency and gainful employment regulations with a new earnings premium accountability framework based in part on the accountability measure introduced in the OBBBA. See “Regulatory Updates – Negotiated Rulemaking;” see also Annual Report at Form 10-K “Education Regulations – Congressional Action.”

#### *Administrative Capability*

Based on the Company’s fiscal year end, our annual compliance audits and audited financial statements were due to ED on December 31, 2025. Due to issues with ED’s systems which the Company raised to ED prior to the submission deadline, our institutions were unable to access the eZ-Audit portal to upload the annual audit submissions to ED. ED could conclude that the annual audit submissions were not filed timely as required and impose sanctions (which we would have the opportunity to appeal). However, we provided the entirety of the annual audit submissions to ED by electronic mail by the required deadline such that ED did receive the required annual audit submissions on a timely basis via alternative means.

#### **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, 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 CCMCC, 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 preparation of the financial statements included elsewhere in this Quarterly Report on Form 10-Q requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, expenses, and related disclosures. We evaluate our estimates and assumptions on an ongoing basis. Our estimates are based on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Our actual results could differ from these estimates.

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 evaluation of the Company's distinct performance obligations, the valuation of equity instruments and valuation allowances for credit losses related to accounts receivable.

#### ***Allowance for credit losses***

We record an allowance for doubtful credit losses 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. The Company performs an analysis annually to determine which accounts are uncollectable and write them off.

### ***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 December 31, 2025 and June 30, 2025, 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***

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 Company estimates the fair value of stock-based compensation awards on the date of grant using an option-pricing model. The value of the portion of the award that is ultimately expected to vest is recognized as an expense over the requisite service periods in the Company's consolidated statements of operations. The Company estimates the fair value of stock-based compensation awards using the Black-Scholes model. This model requires the Company to estimate the expected volatility and value of its common stock and the expected term of the stock options, all of which are highly complex and subjective variables. The expected life was calculated based on the simplified method as described by the SEC Staff Accounting Bulletin No. 110, Share-Based Payment. The Company's estimate of expected volatility was based on the volatility of peers. The Company has selected a risk-free rate based on the implied yield available on U.S. Treasury securities with a maturity equivalent to the expected term of the options. The Company accounts for forfeitures upon occurrence.

### ***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 at risk of failing.

## Results of Operations

### Three Months Ended December 31, 2025 Compared to Three Months Ended December 31, 2024

The following table sets forth our consolidated statements of income data as a percentage of revenue for the three months ended December 31, 2025 and 2024:

	Three months ended December 31,		Percentage Change (decrease)
	2025	2024	
Revenue	100%	100%	
Costs and expenses:			
Educational services	53.6%	54.8%	-1.2%
General and administrative	31.8%	31.9%	-0.1%
General and administrative – related party	0.3%	0.3%	0.0%
Depreciation and amortization	1.0%	0.8%	0.2%
Total costs and expenses	86.7%	87.8%	-1.1%
Operating income	13.3%	12.2%	1.1%
Loss on disposal of fixed assets	-0.0%	0.0%	0.0%
Interest expense	-0.0%	-0.2%	0.2%
Interest income	1.7%	2.1%	-0.4%
Income before income taxes	15%	14.1%	0.9%
Income tax expense	-4.3%	-3.9%	-0.4%
Net income	10.7%	10.2%	0.5%

**Revenue.** Our revenue was approximately 19.2 million for the three months ended December 31, 2025 compared to approximately \$13.7 million for the three months ended December 31, 2024, an increase of approximately \$5.5 million, or approximately 40.7% driven by a 49.4% increase in new student starts to 593 from 397 last year resulting in a 16.8% increase in student enrollment.

**Educational services.** Our educational services expense was approximately \$10.3 million for the three months ended December 31, 2025 compared to approximately \$7.5 million for the three months ended December 31, 2024, an increase of approximately \$2.8 million, or approximately 37.6%. The increase was primarily attributable to the increased instructional and staffing required to support the increase in enrollments as well as increased rent, externship fees and non-cash compensation charge.

**General and administrative expense.** Our general and administrative expense was approximately \$6.1 million for the three months ended December 31, 2025 compared to approximately \$4.3 million for the three months ended December 31, 2024, an increase of approximately \$1.8 million, or approximately 40.4%. The increase was primarily attributable to an increase in marketing expense, professional fees and bad debt expense. Of the total general and administrative expense, \$1.5 million and \$1.2 million relate to marketing expense for the three months ended December 31, 2025 and 2024, respectively.

**Depreciation and amortization.** Our depreciation and amortization expense was approximately \$0.2 million for the three months ended December 31, 2025 compared to approximately \$0.1 million for the three months ended December 31, 2024.

**Interest expense.** Our interest expense was approximately \$0.0 million for the three months ended December 31, 2025 compared to approximately \$0.0 million for the three months ended December 31, 2024.

**Income tax expense.** Our income tax expense was approximately \$0.8 million for the three months ended December 31, 2025 compared to approximately \$0.5 million for the three months ended December 31, 2024.

**Net Income.** Our net income was approximately \$2.0 million for the three months ended December 31, 2025 compared to approximately \$1.4 million for the three months ended December 31, 2024, an increase of approximately \$0.6 million, or approximately 46%, due to the reasons mentioned above.

**Six Months Ended December 31, 2025 Compared to Six Months Ended December 31, 2024**

The following table sets forth our consolidated statements of income data as a percentage of revenue for the six months ended December 31, 2025 and 2024:

	Six months ended December 31,		Percentage Change (decrease)
	2025	2024	
Revenue	100%	100%	
Costs and expenses:			
Educational services	53.4%	53.1%	0.3%
General and administrative	31.7%	30.1%	1.6%
General and administrative – related party	0.5%	0.5%	0.0%
Depreciation and amortization	0.8%	0.7%	0.1%
Total costs and expenses	86.4%	84.4%	2.0%
Operating income	13.6%	15.6%	-2.0%
Loss on disposal of fixed assets	0.0%	0.0%	0.0%
Interest expense	-0.1%	-0.2%	0.1%
Interest income	1.7%	2.0%	-0.3%
Income before income taxes	15.2%	17.4%	-2.2%
Income tax expense	-4.2%	-4.8%	0.6%
Net income	11.0%	12.6%	-1.6%

**Revenue.** Our revenue was approximately \$38.6 million for the six months ended December 31, 2025 compared to approximately \$27.6 million for the six months ended December 31, 2024, an increase of approximately \$10.9 million, or approximately 39.6% driven by a 37.2% increase in new student starts to 1,710 from 1,246 resulting in a 16.8% increase in ending student population.

**Educational services.** Our educational services expense was approximately \$20.6 million for the six months ended December 31, 2025 compared to approximately \$14.7 million for the six months ended December 31, 2024, an increase of approximately \$5.9 million, or approximately 40.4%. The increase was primarily attributable to the increased instructional and staffing required to support the increase in enrollments as well as increased rent, externship fees and non-cash compensation charge. As a percentage of revenue, educational expenses declined from 54.9% to 53.6% primarily due to operating efficiencies in employee compensation offset by increases in externship fees and non cash compensation.

**General and administrative expense.** Our general and administrative expense was approximately \$12.2 million for the six months ended December 31, 2025 compared to approximately \$8.3 million for the six months ended December 31, 2024, an increase of approximately \$3.9 million, or approximately 46.9%. The increase was primarily attributable to an increase in marketing expense, professional fees and bad debt expense. Of the total general and administrative expense, \$3.0 million and \$2.3 million relate to marketing expense for the six months ended December 31, 2025 and 2024, respectively.

**Depreciation and amortization.** Our depreciation and amortization expense was approximately \$0.3 million for the six months ended December 31, 2025 compared to approximately \$0.1 million for the six months ended December 31, 2024.

**Interest expense.** Our interest expense was approximately \$0.05 million for the six months ended December 31, 2025 compared to approximately \$0.06 million for the six months ended December 31, 2024.

**Income tax expense.** Our income tax expense was approximately \$1.6 million for the six months ended December 31, 2025 compared to approximately \$1.3 million for the six months ended December 31, 2024, an increase of approximately \$0.3 million, or approximately 20%. The increase is primarily attributable to the increase in income.

**Net Income.** Our net income was approximately \$4.2 million for the six months ended December 31, 2025 compared to approximately \$3.5 million for the six months ended December 31, 2024, an increase of approximately \$0.7 million, or approximately 21%, due to the reasons mentioned above.

## **Liquidity and Capital Resources**

Our cash and cash equivalents were approximately \$21.1 million and \$20.3 million as of December 31, 2025, and June 30, 2025, 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 our initial public 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 \$0.8 million and \$0.4 million for the six months ended December 31, 2025, and 2024, 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 Six Months Ended December 31, 2025 and 2024**

### ***Operating activities***

Net cash provided by operating activities was approximately \$2.1 million and \$3.8 million for the six months ended December 31, 2025, and 2024, respectively. The decrease of approximately \$1.7 million is primarily attributable to increase to accounts receivable, prepaid expenses and other receivables, offset by an increase in income taxes payable and a reduction to deferred unearned tuition.

### ***Investing activities***

Net cash used in investing activities was approximately \$0.8 million for the six months ended December 31, 2025, and approximately \$6.6 million for the six months ended December 31, 2024 with cash used for purchases of property and equipment in each of the respective reporting periods. During the six months ended December 31, 2024, the Company spent approximately \$6.1 million to the acquisition of CCMCC.

### ***Financing activities***

Net cash used by financing activities was approximately \$0.6 million for the six months ended December 31, 2025, and net cash provided of approximately \$9.2 million for the six months ended December 31, 2024.

### ***Financings***

- From July 2024 to September 2024, the Company issued 2,500,000 shares of common stock as part of its IPO at a price of \$4.00 per share for gross proceeds of \$10,000,000
- From October 2024 to December 2024, the Company issued 375,000 shares of common stock pursuant to the exercise of the over-allotment option by the underwriters to the IPO, at a price of \$4.00 per share for gross proceeds of \$1,500,000.

### ***Impact of Inflation***

We believe that inflation has not had a material impact on our results of operations for the three or six months ended December 31, 2025, and 2024. 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 November 2023, the FASB issued ASU2023-07, *Segment Reporting—Improvements to Reportable Segment Disclosures* (“ASU 2023-07”), which requires incremental disclosures related to a public entity’s reportable segments. Required disclosures include, on an annual and interim basis, significant segment expenses that are regularly provided to the chief operating decision maker (“CODM”) and included within each reported measure of segment profit or loss, an amount for other segment items (which is the difference between segment revenue less segment expenses and less segment profit or loss) and a description of its composition, the title and position of the CODM, and an explanation of how the CODM uses the reported measure(s) of segment profit or loss in assessing segment performance and deciding how to allocate resources. The standard also permits disclosure of more than one measure of segment profit. ASU 2023-07 is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. There are aspects of ASU 2023-07 that apply to entities with one reportable segment. The Company adopted this guidance in the fiscal fourth quarter of 2026. The adoption of ASU 2023-07 is reflected in Note 2, “Summary of Significant Accounting Policies – Segment Reporting.”

## **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 our initial public 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.

## **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

The Company is not required to provide the information required by this Item as it is a “smaller reporting company,” as defined in Rule 12b-2 of the Exchange Act.

## **ITEM 4. CONTROLS AND PROCEDURES**

### **Evaluation of Disclosure Controls and Procedures**

Our principal executive officer and principal financial officer evaluated the effectiveness of our “disclosure controls and procedures” as of December 31, 2025, the end of the period covered by this Quarterly Report on Form 10-Q. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files under the Exchange Act is accumulated and communicated to a company’s management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and recognized that any control and procedures, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the controls system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected. Based on the evaluation of our disclosure controls and procedures as of December 31, 2025, our Chief Executive Officer and our Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective.

### **Changes in Internal Control**

There have been no significant changes in our internal control over financial reporting during the three and six months ended December 31, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

### **Limitations on Effectiveness of Controls and Procedures**

In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the controls system are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

## PART II – OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

From time to time, we may be subject to litigation and claims arising in the ordinary course of business. We are not currently a party to any material legal proceedings and we are not aware of any pending or threatened legal proceeding against us that we believe could have a material adverse effect on our business, operating results, cash flows or financial condition.

### ITEM 1A. RISK FACTORS

Risk factors that affect our business and financial results are discussed in Part I, Item 1A “Risk Factors,” in our Annual Report on Form 10-K for the year ended June 30, 2025 as filed with the SEC on September 25, 2025 (“Annual Report”). Other than the information set forth in this Form 10-Q, including the section titled “Regulatory Updates,” there have been no material changes in our risk factors from those previously disclosed in our Annual Report. You should carefully consider the risks described in our Annual Report which could materially affect our business, financial condition or future results. The risks described in our Annual Report are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition, and/or operating results. If any of the risks actually occur, our business, financial condition, and/or results of operations could be negatively affected.

### ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

#### (a) Sales of Unregistered Securities.

None.

#### (b) Use of IPO Proceeds.

On September 27, 2024, we completed our IPO pursuant to which we issued and sold 2,500,000 shares of common stock at a price of \$4.00 per share. We also issued 375,000 shares of common stock pursuant to the exercise by the underwriters of their over-allotment option, at a price to the public of \$4.00 per share in the second quarter of fiscal 2025. The securities were sold pursuant to our Registration Statement on Form S-1 (File No. 333-281586) which was declared effective by the SEC on September 25, 2024.

We received net proceeds of approximately \$7.9 million from the sale of the 2,500,000 shares of common stock after deducting underwriting discounts and commissions and offering expenses. We also received net proceeds of approximately \$1.4 million, which includes 375,000 shares of common stock issued pursuant to the exercise by the underwriters of their over-allotment option, after deducting underwriting discounts and commissions and offering expenses.

The offering commenced on September 25, 2024, and did not terminate before all securities registered in the registration statement were sold.

None of the expenses incurred by us were direct or indirect payments to any of (i) our directors or officers or their associates, (ii) persons owning 10% or more of our common stock, or (iii) our affiliates. Northland Securities, Inc., acted as book-running manager and representative of the underwriters for the IPO.

There has been no material change in the planned use of proceeds from our IPO from that described in the final prospectus related to the offering, dated September 25, 2024, as filed with the SEC on September 27, 2024.

#### (c) Issuer Purchases of Equity Securities.

None.

### ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

**ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

**ITEM 5. OTHER INFORMATION***Rule 10b5-1 Trading Plans*

During the six months ended December 31, 2025, none of the Company's directors or executive officers adopted or terminated any contract, instruction or written plan for the purchase or sale of Company securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any "non-Rule 10b5-1 trading arrangement."

**ITEM 6. EXHIBITS**

Exhibit No.	Description
31.1*	<a href="#">Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
31.2*	<a href="#">Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
32.1**	<a href="#">Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
32.2**	<a href="#">Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104*	Cover Page Interactive Data File - the cover page from the Registrant's Quarterly Report on Form 10-Q for the quarter ended December 31, 2024 is formatted in Inline XBRL

\* Filed herewith.

\*\* Furnished herewith.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**LEGACY EDUCATION INC.**

Date: February 12 2026

By: /s/ LeeAnn Rohmann

LeeAnn Rohmann  
Chief Executive Officer  
(Principal Executive Officer)

Date: February 12, 2026

By: /s/ Brandon Pope

Brandon Pope  
Chief Financial Officer  
(Principal Financial and Accounting Officer)

**Certification of Chief Executive Officer of Legacy Education Inc.  
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, LeeAnn Rohmann, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Legacy Education Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures, and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 12, 2026

*/s/ LeeAnn Rohmann*

LeeAnn Rohmann  
Chief Executive Officer  
(Principal Executive Officer)

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**Certification of Chief Financial Officer of Legacy Education Inc.  
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Brandon Pope, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Legacy Education Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures, and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 12, 2026

*/s/ Brandon Pope*

Brandon Pope  
Chief Financial Officer  
(Principal Financial and Accounting Officer)

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**Certification of Chief Executive Officer**  
**Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, LeeAnn Rohmann, Chief Executive Officer of Legacy Education Inc. (the “Company”), hereby certifies that based on the undersigned’s knowledge:

1. The Company’s Quarterly Report on Form 10-Q for the period ended December 31, 2025 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 12, 2026

*/s/ LeeAnn Rohmann*

LeeAnn Rohmann  
Chief Executive Officer  
(Principal Executive Officer)

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**Certification of Chief Financial Officer**  
**Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned, Brandon Pope, Chief Financial Officer of Legacy Education Inc. (the "Company"), hereby certifies that based on the undersigned's knowledge:

1. The Company's Quarterly Report on Form 10-Q for the period ended December 31, 2025 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 12, 2026

*/s/ Brandon Pope*

Brandon Pope  
Chief Financial Officer  
(Principal Executive Officer)

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