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 September 30, 2026

☐ 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)

Nevada	**84-5167957**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
701 W Avenue K, Suite 123 Lancaster, CA	**93534**
(Address of principal executive offices)	(Zip Code)

(661) 940-9300
(Registrant's telephone number, including area code)

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

Title of each class	**Trading symbol(s)**	**Name of each exchange on which registered**
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.

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided 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 November 11, 2026 was 12,846,522.

Table of Contents

		Page
PART I - FINANCIAL INFORMATION		F-1
ITEM 1.	FINANCIAL STATEMENTS	F-1
	Condensed Consolidated Balance Sheets as of September 30, 2026 (Unaudited) and June 30, 2026	F-2
	Condensed Consolidated Income Statements for the Three Months Ended September 30, 2026 and 2025 (Unaudited)	F-3
	Condensed Consolidated Statements of Changes in Stockholders' Equity for the Three Months Ended September 30, 2026 and 2025 (Unaudited)	F-4
	Condensed Consolidated Statements of Cash Flows for the Three Months Ended September 30, 2026 and 2025 (Unaudited)	F-5
	Notes to Unaudited Condensed Consolidated Financial Statements	F-6
ITEM 2.	MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	1
ITEM 3.	QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	9
ITEM 4.	CONTROLS AND PROCEDURES	9
PART II - OTHER INFORMATION		10
ITEM 1.	LEGAL PROCEEDINGS	10
ITEM 1A.	RISK FACTORS	10
ITEM 2.	UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS	10
ITEM 3.	DEFAULTS UPON SENIOR SECURITIES	11
ITEM 4.	MINE SAFETY DISCLOSURE	11
ITEM 5.	OTHER INFORMATION	11
ITEM 6.	EXHIBITS	11
SIGNATURES		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 recent 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 current and future federal laws and regulations regarding the 90/10 revenue test, gainful employment and/or earnings premium 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, including "borrower defense to repayment" claims;
- 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 development of new industry relationships;
- a loss of members of our senior management or other key employees;
- uncertainties associated with opening new 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 months
ended September 30, 2026 and 2025

Table of Contents

	Page
Financial Statements:	F-1
Condensed Consolidated Balance Sheets	F-2
Condensed Consolidated Income Statements	F-3
Condensed Consolidated Statements of Stockholders' Equity	F-4
Condensed Consolidated Statements of Cash Flows	F-5
Notes to Condensed Consolidated Financial Statements	F-6

Legacy Education Inc.
Consolidated Balance Sheets

	September 30, 2026 (Unaudited)	June 30, 2026*
ASSETS		
Current assets		
Cash and cash equivalents	$ 21,650,077	$ 22,731,159
Accounts receivable, net of $2,258,184 and $1,994,492 allowance for doubtful accounts as of September 30, 2026 and June 30, 2026, respectively	21,625,580	19,861,938
Prepaid expenses	3,176,595	2,139,614
Other receivables	1,310,365	1,075,269
Total current assets	47,762,617	45,807,980
Property and equipment, net	3,236,927	3,224,839
Operating lease right-of-use asset	21,315,135	14,988,329
Financing lease right-of-use asset	269,205	277,706
Intangible assets	3,833,513	3,838,416
Goodwill	6,846,911	6,846,911
Accounts receivable, long-term	2,197,378	2,153,680
Deferred income tax assets	730,568	730,933
Security deposits	750,092	680,955
Total assets	$ 86,942,346	$ 78,549,749
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	$ 5,761,194	$ 4,998,992
Accrued income tax payable	335,126	380,666
Deferred, unearned tuition	4,910,842	4,783,947
Other current liabilities	3,197	3,197
Current portion of debt	46,070	53,351
Debt owed, related party	50,000	50,000
Current portion of financing lease	73,539	71,509
Current portion of operating lease liability	2,570,725	2,023,088
Total current liabilities	13,750,693	12,364,750
Debt, net of current portion	18,842	27,025
Financing lease, net of current portion	-	79,912
Operating lease liability, net of current portion	19,136,753	13,312,606
Total liabilities	32,906,288	25,784,293
Commitments and contingencies		
Stockholders' equity		
Preferred stock: $0.001 par value, 10,000,000 shares authorized; no shares issued and outstanding	-	-
Common stock: $0.001 par value, 100,000,000 shares authorized, 12,813,821 and 12,797,221 shares issued and outstanding as of September 30, 2026 and June 30, 2026, respectively	12,814	12,797
Additional paid in capital	30,257,349	29,855,474
Retained earnings	23,765,895	22,897,185
Total stockholders' equity	54,036,058	52,765,456
Total liabilities and stockholders' equity	$ 86,942,346	$ 78,549,749

* Derived from audited information

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

Legacy Education Inc.
Consolidated Income Statements
(Unaudited)

	For the three months ended September 30,	
	2026	**2025**
Revenue		
Tuition and related income, net	$ 20,002,919	$ 19,401,023
Operating expenses		
Educational services	11,684,049	10,335,764
General and administrative	7,172,344	6,067,482
General and administrative – related party	89,200	175,300
Depreciation and amortization	176,363	123,827
Total costs and expenses	19,121,956	16,702,373
Operating income	880,963	2,698,650
Other income and expense		
Loss on disposal of fixed assets	-	-
Loss on debt settlement	-	-
Interest expenses	(13,155)	(43,960)
Interest income	324,722	318,844
Total other income	311,567	274,884
Income before income tax expenses	1,192,530	2,973,534
Income tax expenses	(323,820)	(786,574)
Net income	$ 868,710	$ 2,186,960
Net income per share		
Basic net income per share	$ 0.07	$ 0.18
Diluted net income per share	$ 0.06	$ 0.16
Weighted average number of common stock outstanding		
Basic weighted average shares outstanding	12,807,415	12,458,551
Diluted weighted average shares outstanding	14,114,191	13,886,201

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 ended September 30, 2026 and 2025
(Unaudited)

	Preferred Stock		Common Stock		Additional paid in	Retained	
	Shares	Amount	Shares	Amount	capital	Earnings	Total
Balance, June 30, 2026	-	$ -	12,797,221	$ 12,797	$ 29,855,474	$ 22,897,185	$ 52,765,456
Stock retirement			(679)	-	-	-	-
Exercise of options	-	-	17,279	17	64,605	-	64,622
Stock-based compensation	-	-	-	-	337,270	-	337,270
Net income	-	-	-	-	-	868,710	868,710
Balance, September 30, 2026	-	$ -	12,813,821	$ 12,814	$ 30,257,349	$ 23,765,895	$ 54,036,058

	Preferred Stock		Common Stock		Additional paid in	Retained	
	Shares	Amount	Shares	Amount	capital	Earnings	Total
Balance, June 30, 2025	-	$ -	12,452,670	$ 12,453	$ 27,273,365	$ 13,757,702	$ 41,043,520
Exercise of options	-	-	44,357	44	165,851	-	165,895
Stock-based compensation	-	-	-	-	269,246	-	269,246
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

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

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

	For the three months ended September 30,	
	2026	**2025**
Cash flows provided by (used in) operating activities:		
Net income	$ 868,710	$ 2,186,960
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Non cash compensation	337,270	269,246
Depreciation & amortization	176,363	123,828
Deferred income tax	365	-
Provision for credit losses	995,538	953,246
Changes in assets and liabilities:		
Accounts receivable, net	(2,802,878)	(3,103,633)
Prepaid expenses	(1,145,290)	(795,737)
Other receivable	(144,948)	(177,090)
Other assets	(6,000)	51,912
Accounts payable and accrued liabilities	762,202	365,148
Income tax payable	(45,539)	787,724
Deferred unearned tuition	126,895	394,731
Net cash provided by (used in) operating activities	(877,312)	1,056,335
Cash flows used in investing activities:		
Purchases of property and equipment	(175,047)	(246,677)
Net cash used in investing activities	(175,047)	(246,677)
Cash flows provided by (used in) financing activities:		
Proceeds from exercise of options	64,623	165,895
Principal payment on finance lease	(77,881)	(61,104)
Principal payments on debt	(15,465)	(644,719)
Net cash provided by (used in) financing activities	(28,723)	(539,928)
Net increase (decrease) in cash and cash equivalents and restricted cash	(1,081,082)	269,730
Cash and cash equivalents and restricted cash, beginning of year	22,731,159	20,316,357
Cash and cash equivalents and restricted cash, end of period	$ 21,650,077	$ 20,586,087
Supplemental disclosure of cash flow information		
Cash paid during the periods for interest	$ 13,002	$ 43,959
Cash paid during the periods for income taxes	$ 368,995	$ -
Supplemental disclosure of noncash activities		
Right-of-use assets obtained in exchange for operating lease liabilities	$ 6,957,462	$ -

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

Note 1 - Nature of Business

For purposes of these financial statements, "Legacy," the "Company," "we," "our," "us," or similar references refers to Legacy Education Inc. and its consolidated subsidiaries, unless the context requires otherwise. Legacy Education, LLC was formed on October 19, 2009 in the state of California as a limited liability company. The Company operates as 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 thirty-three programs including 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, and veterinary career training.

Integrity, a wholly-owned subsidiary of HDMC, is an accredited college offering instruction in medical assisting, vocational nursing, medical insurance coding and billing, diagnostic medical sonography (ultrasound technician) and Bachelor of Science in Nursing (RN to BSN).

CCMCC, a wholly owned subsidiary of HDMC effective as of December 18, 2024, is accredited by ACCET and was granted temporary approval to participate in the Federal Student Aid programs by the Department of Education ("ED") following the consummation of the December 18, 2024 acquisition. ED approved CCMCC's change in ownership and control and on November 8, 2026 ED issued a fully-executed provisional program participation agreement to CCMCC with an expiration date of September 30, 2029. CCMCC offers vocational nursing, surgical technology, sterile processing technician, medical assisting, diagnostic medical sonography, EKG/ECG technician, and medical administrative assistant/billing and coding specialist programs.

Note 2 – Summary of Significant Accounting Policies

Principles of Consolidation

The unaudited condensed 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 24, 2026, for the year ended June 30, 2026.

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 September 30, 2026 and June 30, 2026 approximately $10.81 million and $10.71 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.

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 11 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, tradename, and accreditation are deemed to have an indefinite life, and course curriculum has definite lives of 10 years and 17.6 years. Goodwill and indefinite life intangible assets are not amortized but are subject to, at a minimum, annual impairment tests. The Company expenses costs to maintain or extend intangible assets as incurred.

The Company reviews intangible assets (with a definite life), excluding goodwill, accreditation and tradenames, for impairment when events or changes in circumstances indicate the carrying amount may not be recoverable. 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 is 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 September 30, 2026 and June 30, 2026.

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 in exchange for those goods or services. The Company follows the five-step 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.

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 months ended September 30, 2026 and 2025:

	2026	2025
Tuition and lab fees (recognized over time)	$ 17,245,800	$ 16,921,803
Books, registration and other fees (recognized at a point in time)	2,757,119	2,479,220
Total revenue	$ 20,002,919	$ 19,401,023

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 accounts 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 evaluates expected credit losses on a periodic basis utilizing historical collection experience, aging of receivables, student status, current economic conditions, and other relevant collectability factors.

The following table presents a roll forward of the allowance for credit losses for the three months ended September 30, 2026 and 2025 presented:

	September 30, 2026	September 30, 2025
Beginning balance	$ 1,994,492	$ 1,641,052
Provision for credit losses	995,538	953,246
Write-offs	(758,354)	(732,987)
Write-offs recoveries	26,508	-
Ending balance	$ 2,258,184	$ 1,861,311

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 $1,255,211 and $1,574,722 for the three months ended September 30, 2026, and 2025, respectively. Advertising costs are included in general and administrative expenses on the consolidated income statements.

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 the Company's revenues and student receivables are derived from students who participate in federal financial aid programs administered by the U.S. Department of Education ("ED") under Title IV of the Higher Education Act. Although financial aid funds are disbursed through these programs and represent a significant source of funding for student tuition, the related accounts receivable represent obligations of individual students and not direct receivables from ED or other governmental agencies. The Title IV programs are subject to significant federal regulatory requirements and political and budgetary considerations, and there can be no assurance that funding levels or program availability will remain at current levels. Any material noncompliance with applicable regulatory requirements could have a material adverse effect on the Company's operations and financial condition. No individual student or other customer accounted for more than 10% of consolidated revenues or gross accounts receivable as of September 30, 2026 or June 30, 2026.

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 September 30, 2026 and June 30, 2026, the Company's bank deposits in excess of FDIC insured limits were approximately $8.4 million and $10.8 million, respectively.

As of September 30, 2026 and June 30, 2026, $10.81 million and $10.71 million, respectively, was held in U.S. Treasury bills and U.S. Treasury money market funds in a brokerage account, which are not insured by the FDIC. The weighted average yield on these holdings was approximately 3.7% and 3.5% per annum as of September 30, 2026 and June 30, 2026, respectively.

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 more likely than not would not 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 statements.

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 last business day of its most recently completed second fiscal quarter, and its annual revenues equaled or exceeded $100 million during its most recently completed fiscal year or (2) 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.

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 three months ended September 30, 2026 and 2025:

	For the three months ended September 30,	
	2026	**2025**
Numerator		
Net income	$ 868,710	$ 2,186,960
Denominator		
Weighted-average shares outstanding, basic	12,807,415	12,458,551
Common stock warrants	-	77,293
Dilutive impact of share-based instruments	1,306,776	1,350,357
Weighted-average shares outstanding, diluted	14,114,191	13,886,201
Net income per share		
Basic	$ 0.07	$ 0.18
Diluted	$ 0.06	$ 0.16

For the three months ended September 30, 2026, options to purchase 100,000 shares of common stock were excluded from the computation of diluted EPS because their effect would have been anti-dilutive.

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."

In March 2024, the FASB issued ASU 2024-02, Codification Improvements—Amendments to Remove References to the Concepts Statements, which removes references to various FASB Concepts Statements from the Codification. The Company adopted this guidance on July 1, 2025. The adoption did not have a material effect on the Company's consolidated financial statements.

The Company is an emerging growth company and has elected to use the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. As a result, the Company adopts new or revised accounting standards on the dates applicable to entities that are not public business entities. The following accounting pronouncements have been issued but not yet adopted by the Company:

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures, which requires disaggregated information about the effective tax rate reconciliation by specified category and disaggregation of income taxes paid by federal, state and foreign jurisdiction. The standard is effective for the Company for the fiscal year ending June 30, 2027, and is to be applied prospectively, with retrospective application permitted. The Company is evaluating the effect of adoption, which is expected to result in expanded income tax disclosures with no change to the amounts recognized in the consolidated financial statements.

In July 2025, the FASB issued ASU 2025-05, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets, which provides a practical expedient for estimating expected credit losses on current accounts receivable and current contract assets arising from transactions accounted for under Topic 606. The standard is effective for the Company for the fiscal year ending June 30, 2027, with early adoption permitted. The Company is evaluating whether it will elect the practical expedient and the effect adoption would have on its consolidated financial statements.

In November 2024, the FASB issued ASU 2024-03, Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses, as amended in January 2025 by ASU 2025-01, which requires disaggregated disclosure of specified categories of expense included within relevant income statement expense captions. The standard is effective for the Company for the fiscal year ending June 30, 2028, and for interim periods thereafter. The Company is evaluating the effect of adoption, which is expected to result in expanded expense disclosures with no change to the amounts recognized in the consolidated financial statements.

In December 2025, the FASB issued ASU 2025-12, Codification Improvements, which includes amendments to Topic 260, Earnings Per Share. The standard is effective for the Company for the fiscal year ending June 30, 2028, and interim periods within that fiscal year, and is to be applied retrospectively to each prior period presented. The Company is evaluating the effect of adoption.

In 2025, the FASB issued ASU 2025-11, Interim Reporting (Topic 270): Narrow-Scope Improvements, which revises the disclosure requirements for interim reporting periods. The standard is effective for the Company for interim reporting periods within the fiscal year ending June 30, 2029. The Company is evaluating the effect of adoption on its interim financial statements.

Note 3 - Intangible Assets

The Company's intangible assets consisted of the following as of September 30, 2026 and June 30, 2026:

	September 30, 2026	June 30, 2026
Goodwill	$ 6,846,911	$ 6,846,911
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	$ 10,745,211	$ 10,745,211
Less accumulated amortization	(64,787)	(59,884)
Intangibles net	$ 10,680,424	$ 10,685,327

As of September 30, 2026 and June 30, 2026, 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 $4,903 and $4,903 in amortization expense for the three months ended September 30, 2026 and 2025, respectively. Estimated amortization expense for course curriculum is $19,611 for each of the fiscal years ending June 30, 2027, 2028, 2029, 2030 and 2031. 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 2026 and its next renewal is in April 2031. HDMC's ACCET accreditation was most recently renewed in April 2024 and its next renewal is in April 2029. Integrity's ABHES accreditation was renewed in February 2026 and its next renewal is scheduled for February 2032. Although ABHES accreditation has an indefinite life, the accreditation requires periodic renewal. 100% of goodwill is expected to be deductible for federal income tax purposes and will be amortized over 15 years on a straight-line basis.

Note 4 - Property and Equipment

Property and equipment consist of the following:

	September 30, 2026	June 30, 2026
Leasehold improvements	$ 1,410,940	$ 1,411,947
Machinery and equipment	2,029,219	1,968,408
Computer equipment	2,121,172	2,010,003
Furniture, fixtures and other equipment	398,137	394,063
Total	5,959,468	5,784,421
Less accumulated depreciation and amortization	(2,722,541)	(2,559,582)
Property and equipment, net	$ 3,236,927	$ 3,224,839

Depreciation and amortization expense associated with property and equipment totaled $162,959 and $118,925 for the three months ended September 30, 2026 and 2025, respectively.

Note 5 – Accounts Receivable

The following table presents the components of accounts receivable as reported in the Company's consolidated balance sheets:

	September 30, 2026	June 30, 2026
Accounts receivable, net (current)	$ 21,625,580	$ 19,861,938
Accounts receivable, long-term	2,197,378	2,153,680
Total net accounts receivable	$ 23,822,958	$ 22,015,618

Receivables are presented net of the allowance for credit losses of $2,258,184 as of September 30, 2026 and $1,994,492 as of June 30, 2026. Activity in the allowance for credit losses is presented in the roll-forward in Note 2.

Long-Term Receivables

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 6 years. The long-term portion of student receivables utilizing the TuitionFlex program was $2,197,378 and $2,153,680 as of September 30, 2026 and June 30, 2026, respectively.

Note 6 – Prepaid Expenses

The prepaid expenses consist of the following as of September 30, 2026 and June 30, 2026:

	September 30, 2026	June 30, 2026
Books	$ 509,342	$ 340,215
Supplies and other prepaid expenses	2,667,253	1,799,399
Total prepaid expenses	$ 3,176,595	$ 2,139,614

Note 7 – Other Receivables

The other receivables consist of the following as of September 30, 2026 and June 30, 2026:

	September 30, 2026	June 30, 2026
Other advance	116,515	98,324
Tenant improvement allowance receivable	430,563	244,233
Receivable from CCMCC Seller	579,632	549,057
Employee retention credit	45,978	45,978
Amounts due from the State of California	137,677	137,677
Total other receivables	$ 1,310,365	$ 1,075,269

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 September 30, 2026 and each of June 30, 2026 and 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 September 30, 2026 and June 30, 2026 was $45,978 and $45,978, respectively.

Note 8 – Accounts Payable and Accrued Liabilities

Accounts payable and accrued expenses as of September 30, 2026 and June 30, 2026 consist of the following:

	September 30, 2026	June 30, 2026
Accounts payable	$ 1,822,922	$ 1,323,488
Accrued payroll and payroll taxes	896,329	1,305,258
Accrued vacation	695,410	682,152
Accrued bonuses	1,610,987	1,610,987
Accrued legal settlement expense	687,500	-
Accrued other expenses	48,046	77,107
Total	$ 5,761,194	$ 4,998,992

Note 9 - Debts and Other Liabilities

(1) Promissory Notes and Related Parties Debt

	September 30, 2026	June 30, 2026
Promissory note issued on December 30, 2019, related party	$ 50,000	$ 50,000
Total other debt	$ 50,000	$ 50,000

In 2019, the Company received $550,000 in proceeds from several creditors, including $50,000 from related parties in the form of unsecured promissory notes. Under the terms of the unsecured promissory notes, the principal was due and payable on the earlier to occur of (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.

On May 31, 2026, the Company entered into an exchange agreement with Strategic Education Loan Fund, LLC ("SELF"), the holder of an unsecured promissory note issued on November 12, 2019 in the principal amount of $500,000. Under the exchange agreement, SELF exchanged the note for 75,000 shares of the Company's common stock and irrevocably waived all interest and other amounts accrued under the note through the date of the agreement. The exchange closed on May 31, 2026, at which time the note was cancelled and all of SELF's rights under the note were extinguished. The shares were issued in reliance on the exemptions from registration provided by Section 3(a)(9) and/or Section 4(a)(2) of the Securities Act of 1933, as amended, and are subject to transfer restrictions that expire on May 31, 2027 and terminate earlier upon a change in control of the Company.

Concurrently with the exchange, the Company engaged SELF as a consultant under a four-year consulting agreement and granted SELF an option to purchase 100,000 shares of common stock. See Note 14 – Share-Based Compensation Plans.

(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 September 30, 2026 and June 30, 2026, the principal balance of the promissory note was $2,270 and $4,498, 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 September 30, 2026 and June 30, 2026, the principal balance of the promissory note was $8,367 and $10,741, 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 September 30, 2026 and June 30, 2026, the principal balance of the promissory note was $4,590 and $5,575, 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 September 30, 2026 and June 30, 2026, the principal balance of the promissory note was $787 and $1,935, 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 September 30, 2026 and June 30, 2026, the principal balance of the promissory note was $6,541 and $9,714, 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 September 30, 2026 and June 30, 2026, the principal balance of the promissory note was $23,061 and $26,161, 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 September 30, 2026 and June 30, 2026, the principal balance of the promissory note was $19,295 and $21,752, respectively.

Future maturities over the remaining term of total debt for (1) to (2) are as follows:

2027 [1]	$	87,887
2028		27,025
		114,912
Less: current portion [1]		(96,070)
Long-term portion of debt	$	18,842

[1] Includes $50,000 related party debt

Note 10 - Related Party Transactions

A shareholder of the Company was paid $22,500 and $122,500 as consulting fees in the three months ended September 30, 2026 and 2025, respectively.

A director of the Company was paid $32,100 and $26,850 as consulting fees in the three months ended September 30, 2026 and 2025, respectively.

A company controlled by a director of the Company was paid $34,600 and $25,950 as consulting fees during the three months ended September 30, 2026 and 2025, respectively.

In December 2019, the Company received $50,000 of proceeds from a promissory note, entered into with an executive of the Company, which bears interest at the rate of 12% per annum and matures on the earlier of the nine-month anniversary of the loan or the completion of an initial public offering. The 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 September 30, 2026 and June 30, 2026, respectively.

Note 11 – 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 September 30, 2026 and June 30, 2026, the balance of the finance liability was $73,539 and $151,421, respectively.

The present value of future minimum lease payments due at September 30, 2026 was as follows:

2027	$	-
2028		81,459
Total minimum payments		81,459
Less: amount representing interest		(7,920)
Present value of minimum payments	$	73,539
Less: current portion		(73,539)
Long term portion	$	-

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 $8,501 in the three months ended September 30, 2026 and 2025, respectively.

Operating Leases

The Company leases its instructional facilities under non-cancelable operating leases expiring at various dates through 2036. 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. Operating lease cost, including the effect of rent escalation clauses, is recognized on a straight-line basis 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. As of September 30, 2026, the weighted average incremental borrowing rate used by the Company was approximately 6.45%, and the weighted average remaining years left on outstanding leases was 6.68 years.

The present value of future minimum lease payments due at September 30, 2026 was as follows:

2027	$	2,788,911
2028		3,588,461
2029		3,288,045
2030		3,462,566
2031		3,455,261
After 2031		11,378,187
Total future minimum operating lease payments		27,961,431
Less: imputed interest		(6,253,953)
Total		21,707,478
Current portion of operating lease		2,570,725
Long term portion of operating lease	$	19,136,753

Total rent expense and related taxes and operating expenses under operating leases for the three months ended September 30, 2026 and 2025 were $1,745,967 and $1,335,350, respectively.

Supplemental balance sheet information related to leases was as follows:

	September 30, 2026	June 30, 2026
Operating lease right-of-use assets	$ 21,315,135	$ 14,988,329
Operating lease liability - current	$ 2,570,725	$ 2,023,088
Operating lease liability – non-current	19,136,753	13,312,606
Total operating lease liability	$ 21,707,478	$ 15,335,694

Other supplemental information:

	For the three months ended September 30,	
	2026	2025
Cash paid for operating lease	$ 988,633	$ 832,580

Tenant improvement allowance:

(1) Under the Company's lease at 35450 Inland Valley Drive, Wildomar, California, the landlord has agreed to provide a tenant improvement allowance of $20.00 per rentable square foot, or approximately $1,062,520 in the aggregate across the three phases of the lease.

(2) On September 14, 2026, CCC entered into a lease agreement for approximately 28,218 rentable square feet in Houston, Texas for its planned new campus. Under the Company's lease the landlord will provide a tenant improvement allowance.

A summary of the information related to tenant improvement allowance is as follows:

Location	Commencement Date	September 30, 2026	June 30, 2026
35450 Inland Valley Drive, Wildomar, California:			
Phase 1: approximately 5,173 rentable square feet	April 1, 2026	$ 103,460	$ 103,460
Phase 2: approximately 31,057 rentable square feet	July 1, 2026	281,931	140,772
Phase 3: approximately 16,896 rentable square feet	estimate January 1, 2028	-	-
Subtotal		385,391	244,232
10496 Old Katy Road, Houston Texas	estimate before December 31, 2026	45,172	-
Total		$ 430,563	$ 244,232

The allowance is accounted for as a lease incentive. The allowance attributable to the lease had not been received as of the commencement date and is therefore included as a reduction of the lease payments used to measure the related lease liability and right-of-use asset. Accordingly, the 2027 amount in the table of future minimum operating lease payments above is presented net of the $103,460 allowance and $621,140 allowance for first and second phase, respectively. The remaining $337,920 relates to the third phase, which had not commenced as of September 30, 2026, and no amount has been recognized in respect of that phase.

Uncommenced lease.

(1) Estimated on January 1, 2028, the Company will commence the third phase of its building lease at 35450 Inland Valley Drive, Wildomar, California, which provides an additional 16,896 square feet of rentable space. The Company is obligated to make lease payments of approximately $251,750 during the fiscal year ending June 30, 2028 of the third phase, increasing over the 10-year lease term to approximately $581,730 in the final year, and totaling approximately $4.8 million. Because the third phase had not commenced as of September 30, 2026, no right-of-use asset or lease liability related to the third phase was recognized in the accompanying consolidated financial statements.

(2) Estimated before December 31, 2026, the Company will commence the lease in Houston, Texas for its planned new campus, which provides approximately 28,218 rentable square feet. The lease has an initial term of 130 months following the commencement date defined in the lease, which is the earlier of the substantial completion of tenant improvements to the premises or the date CCC opens for business in the entire premises. Base rent and CCC's pro rata share of the building's operating expenses are abated for the first ten months of the lease term, and total base rent over the initial lease term is approximately $6.9 million. Because the lease had not commenced as of September 30, 2026, no right-of-use asset or lease liability related to this lease was recognized in the accompanying consolidated financial statements.

Note 12 – Stockholders' Equity

As of September 30, 2026 and June 30, 2026, 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.

Equity Transactions

During the three months ended September 30, 2026, 17,279 shares of common stock were issued upon the exercise of stock options at $3.74 per share, including 1,505 shares for options exercised on June 30, 2026.

During the three months ended September 30, 2026, 679 shares of common stock were retired.

During the three months ended September 30, 2025, 44,357 stock options were exercised at $3.74 per share of common stock.

As of September 30, 2026 and June 30, 2026 the Company had 12,813,821 and 12,797,221 shares of common stock outstanding, respectively, and no shares of preferred stock issued and outstanding.

Note 13 - 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 fiscal year ended June 30, 2026, the Company issued 88,742 shares of common stock upon the cashless exercise of warrants. There were no warrants outstanding at September 30, 2026 and June 30, 2026.

Note 14 - 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 was calculated using the Black-Scholes Merton model.

On April 1, 2024, the Company granted stock options to purchase an aggregate of 1,425,171 shares of its common stock at an exercise price of $3.74 per share to employees, directors, consultants and non-employee service providers pursuant to its 2021 Equity Incentive Plan.

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 was calculated using the Black-Scholes-Merton model.

On April 2, 2025, the Company granted stock options to purchase an aggregate of 479,648 shares of its common stock at an exercise price of $7.25 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 was 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 was calculated using the Black-Scholes-Merton model.

On May 31, 2026, in connection with a four-year consulting agreement, the Company granted a non-employee consultant a nonqualified option to purchase 100,000 shares of common stock under the Company's Amended and Restated 2021 Equity Incentive Plan at an exercise price of $11.11 per share. The option expires on the tenth anniversary of the date of grant and vests in 48 equal monthly installments, subject to acceleration in full upon a change in control of the Company, a termination of the consultant by the Company without cause, or the Company's current Chief Executive Officer ceasing to serve in that capacity.

Options exercised during the three months ended September 30, 2026 exclude 1,505 options exercised on June 30, 2026, which are included in the option activity for the fiscal year ended June 30, 2026; the related 1,505 shares of common stock were issued on July 1, 2026 (see Note 12). A summary of the activity related to stock option units granted is as follows:

		Summary of Stock Options Outstanding	
	Total Options	**Weighted Average Exercise Price per Option**	**Weighted Average Remaining Contractual Term (Years)**
Outstanding as of June 30, 2026	2,312,815	4.73	7.44
Granted	-	-	-
Exercised	(15,774)	3.74	-
Forfeited, canceled, or expired	(5,901)	-	-
Outstanding as of September 30, 2026	2,291,140	4.74	7.19
Exercisable as of September 30, 2026	1,746,042	4.01	6.77

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

	Options Outstanding	Weighted Average Exercise Price	Weighted Average Grant Date Fair Value	Average Remaining Contractual Life (Years)
Balance – June 30, 2026, unvested	661,690	$ 6.82	3.79	8.71
Options issued	-	-	-	-
Options vested	(115,521)	5.64	-	-
Forfeited or cancelled	(1,071)	3.74	-	-
Balance – September 30, 2026, unvested	545,098	$ 7.08	$ 3.95	8.53

The Company valued options issued in April 2024 using the Black Scholes model utilizing volatility 45%, and a risk-free rate of 4.18%. The fair value of the options was $1.84 per option.

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 April 2025 using the Black Scholes model utilizing volatility 55%, and a risk-free rate of 4.01%. The fair value of the options was $4.05 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 valued options issued in May 2026 using the Black Scholes model utilizing volatility 60%, and a risk-free rate of 4.20%. The fair value of the options was $6.61 per option.

The Company recorded share-based compensation expense of $337,270 and $269,246 during the three months ended September 30, 2026 and 2025, respectively, which is included in educational services in the consolidated income statements. Unamortized compensation expense associated with unvested options was $2,084,500 as of September 30, 2026. The weighted average period over which these costs are expected to be recognized is approximately 1.10 years.

Note 15 - Income Tax

The Company has deferred tax assets and liabilities that reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Deferred tax assets are subject to periodic recoverability assessments. Realization of the deferred tax assets, net of deferred tax liabilities is principally dependent upon achievement of projected future taxable income.

Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more likely than not that the Company will realize the benefits of these deductible differences. The Company has no valuation allowance as of September 30, 2026 and June 30, 2026.

On December 22, 2017, the Tax Cuts and Jobs Act (the “Act”) was signed into law. For businesses, the Act reduces the corporate federal tax rate from a maximum of 35% to a flat 21% rate. The rate reduction took effect on January 1, 2018. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through income tax expense.

The Company’s effective tax rate for the three months ended September 30, 2026 was 27.15% as compared to 26.45% for the three months ended September 30, 2025. The Company is subject to taxation in the United States and the state of California.

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.

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. We have calculated the Company's composite score to be 3.0 for the fiscal year ended June 30, 2025. The composite score calculation for fiscal year ended June 30, 2026, has not yet been completed as of the date of these financial statements and is due on December 31, 2026.

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 their 90/10 revenue from Title IV program and other federal educational assistance funds, respectively, for the fiscal year ended June 30, 2025. The 90/10 calculations for fiscal year ended June 30, 2026, for each of our institutions are due to ED on December 31, 2026 and each is expected to be below 90%.

Litigation

In November 2024, a former employee filed a lawsuit against the Company in Superior Court of Orange County California alleging breach of contract. In October 2026, the parties reached a settlement amount of $687,500. The Company recorded the estimated settlement as an accrued liability at September 30, 2026, included in general and administrative expenses, for the three months ended September 30, 2026. Other than this matter, the Company is unaware of any pending or threatened litigation arising from services currently or formerly performed by the Company, or any possible claims that could have a material adverse effect on its 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, other than as described below, the Company did not identify any subsequent events that would have required adjustment or disclosure in the consolidated financial statements.

In October 2026, the Company funded the repurchase of 970 shares of its common stock for $9,989, and the shares were retired on October 21, 2026.

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, 2026 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, Integrity College of Health, which we acquired in September 2020, and Contra Costa Medical Career College, which we acquired in December 2024. As of September 30, 2026, we enrolled 3,684 students.

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 in order to accommodate 250 to 400 additional students. HDMC offers Ultrasound Technician ("UT"), Vocational Nursing ("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, Medical Billing and Coding, Veterinary Assistant, Phlebotomy Technician avocational, UT Associate of Applied Science degree programs, EMT, Surgical Technology Associate of Applied Science, and Sterile Processing Technician programs. As of September 30, 2026, HDMC had 2,314 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. In September 2026, CCC entered into a lease for a new, additional location in Houston, Texas, which CCC currently projects to open before December 31, 2026, subject to receipt of the required regulatory and accreditation approvals.

CCC offers the following certificate or degree programs: 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 (Associate of Applied Science), Dental Assisting, Sterile Processing Technician, Pharmacy Technician, MRI Associate of Applied Science, and Cardiac Sonography Associate of Applied Science. CCC also offers an avocational Phlebotomy Technician program. As of September 30, 2026, CCC had 600 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, Registered Nurse to Bachelor of Science in Nursing ("RN to BSN"), Medical Assisting, Medical Billing and Coding, Veterinary Assistant, Sterile Processing Technician, EMT, and Diagnostic Medical Sonography programs. Integrity earned initial accreditation from NLN CNEA for its Bachelor of Science in Nursing RN to BSN Track in June 2025. As of September 30, 2026, Integrity had 202 students enrolled in its programs.

Contra Costa Medical Career College

CCMCC was established in the State of California in 2007. CCMCC's campus is located in Antioch, California. CCMCC offers the following certificate and degree programs: VN, Surgical Technology (Associate of Applied Science), Sterile Processing Technician, Pharmacy Technician, Diagnostic Medical Sonography, Medical Assisting with Phlebotomy, Dental Assisting, Clinical Medical Assisting, EKG/ECG Technician, Medical Administrative Assistant/Billing and Coding Specialist, and Phlebotomy (avocational) programs. CCMCC also has obtained approval from ACCET and BPPE to offer programs in Cardiac Sonography Associate of Applied Science, Veterinary Assistant, and MRI Associate of Applied Science, and plans to begin offering the programs in the second half of fiscal 2027. As of September 30, 2026, CCMCC had 568 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. See Annual Report at Form 10-K at "Education Regulations – Negotiated Rulemaking." ED held negotiated rulemaking sessions between 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. See Annual Report at Form 10-K at "Education Regulations – ED Recognition of Accrediting Agencies." The negotiators reached consensus on the proposed rule, and on August 19, 2026, ED published a notice of proposed rulemaking containing language materially identical to the consensus language. On October 30, 2026 ED published the final regulations which will take effect on July 1, 2027 and contain similar language to the language in the notice of proposed rulemaking. The new regulations and any future ED guidance implementing these final regulations could impact the ability of the accreditors that accredit our institutions to maintain recognition by ED and the accreditation requirements applicable to our institutions. See Annual Report at Form 10-K at "Education Regulations – Negotiated Rulemaking."

Cohort default rate

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

Under the HEA, an institution whose cohort default rate is 30% or greater for three consecutive federal fiscal years loses eligibility to participate in certain Title IV Programs and the Pell programs for the remainder of the federal fiscal year in which ED determines that such institution has lost its eligibility and for the two subsequent federal fiscal years. An institution whose cohort default rate for any single federal fiscal year exceeds 40% loses its eligibility to participate in certain Title IV Programs for the remainder of the federal fiscal year in which ED determines that such institution has lost its eligibility and for the two subsequent federal fiscal years. If an institution's three-year cohort default rate equals or exceeds 30% in two of the three most recent federal fiscal years for which ED has issued cohort default rates, the institution may be placed on provisional certification status and could be required to submit a letter of credit to ED.

In September 2026, ED released the final cohort default rates for the 2023 federal fiscal year. These are the most recent final rates published by ED. The rates for our existing institutions for the 2023, 2022, and 2021 federal fiscal years are as follows: HDMC 0.3%, 0%, and 0%; CCC 1.4%, 0% and 0%; Integrity 0%, 0%, and 0%; and CCMCC 0.5%, 0%, and 0%, respectively. Consequently, none of our institutions had a cohort default rate equal to or greater than 30% for the 2023, 2022, and 2021 federal fiscal years. During the COVID-19 pandemic, ED temporarily suspended federal student loan repayment obligations. This suspension, which lasted over three years, contributed to a reduction in our cohort default rates. Our cohort default rates could be substantially higher for the periods after October 2023, when the suspension expired if borrowers do not timely repay their federal student loans. We are engaging in activities aimed at reminding borrowers of their obligations to repay loans and to reduce the number of borrowers who default on their loans; however, we cannot predict or guarantee that these activities will be successful or that the cohort default rates will not increase or exceed applicable eligibility thresholds. See Annual Report at Form 10-K at "Education Regulations – Cohort Default Rate."

CCMCC Program Participation Agreement

Under the provisions of the HEA, an institution must apply to ED for continued certification to participate in the Title IV Programs at least every six years or when it undergoes a change in ownership resulting in a change of control. CCMCC was previously participating in the Title IV Programs under a temporary provisional program participation agreement in connection with the change in ownership and control resulting from our acquisition of the institution. See Annual Report at Form 10-K at "Education Regulations." ED approved CCMCC's change in ownership and control and on November 8, 2026 ED issued a fully-executed provisional program participation agreement to CCMCC with an expiration date of September 30, 2029.

Key operating data

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

Liquidity

We currently believe our liquidity position is stable and we expect to be able to fund our business for at least the next 12 months. We believe that we have sufficient capital to withstand a potential downturn in our business.

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, Internal Revenue Service interest, and other debt related interest.

Interest income

This income relates to interest received from investments as well as interest income related to student notes.

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.

Revenue Recognition

Tuition revenue is recognized ratably over the instruction period. The transaction price is stated in the contract and known at the time of contract inception; however, variable consideration arises when a student drops from a program under the Company's refund policy and when 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. Refunds generally result in a reduction of deferred revenue during the period that the student drops or withdraws from a class.

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 accounts 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 evaluates expected credit losses on a periodic basis utilizing historical collection experience, aging of receivables, student status, current economic conditions, and other relevant collectability factors.

Because a substantial portion of our revenue is derived from Title IV Programs, any legislative or regulatory action that significantly reduces the funding available under Title IV Programs, or the ability of our students or institutions to participate in Title IV Programs, could have a material effect on the collectability of our receivables.

The allowance for credit losses was $2,258,184 and $1,994,492 as of September 30, 2026 and June 30, 2026, respectively. Our provision for credit losses as a percentage of revenue for the three months ended September 30, 2026 and 2025 was 5.0% and 4.9%, respectively. A one percentage point increase in our provision for credit losses as a percentage of revenue for the three months ended September 30, 2026 and 2025 would have resulted in an increase in the provision for credit losses of $0.2 million and $0.2 million, respectively.

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 September 30, 2026 and June 30, 2026.

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 more likely than not would not 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 statements.

Deferred tax assets are subject to periodic recoverability assessments. Realization of the deferred tax assets, net of deferred tax liabilities, is principally dependent upon achievement of projected future taxable income. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more likely than not that the Company will realize the benefits of these deductible differences. The Company had no valuation allowance as of September 30, 2026 and June 30, 2026.

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 Accounting Standards Codification ("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 the quantitative impairment test.

Results of Operations

Three Months Ended September 30, 2026 Compared to Three Months Ended September 30, 2025

The following table sets forth our consolidated statements of income data as a percentage of revenue for the three months ended September 30, 2026 and 2025:

	Three months ended September 30,		Percentage Change
	2026	**2025**	
Revenue	100%	100%	
Costs and expenses:			
Educational services	58.4%	53.3%	5.1%
General and administrative	35.9%	31.3%	4.6%
General and administrative – related party	0.4%	0.9%	-0.5%
Depreciation and amortization	0.9%	0.6%	0.3%
Total costs and expenses	95.6%	86.1%	9.5%
Operating income	4.4%	13.9%	-9.5%
Loss on disposal of fixed assets	-%	-%	-%
Interest expense	-0.1%	-0.2%	0.1%
Interest income	1.6%	1.6%	-%
Income before income taxes	6.0%	15.3%	-9.3%
Income tax expense	-1.6%	-4.1%	2.5%
Net income	4.3%	11.3%	-7.0%

Revenue. Tuition and related revenue for the three months ended September 30, 2026, increased by $0.6 million, or 3.1%, to $20.0 million, compared to $19.4 million for the same period in 2025 driven by new student starts of 1,006 resulting in a 5.4% increase in student enrollment to 3,684.

Educational services. Educational services expense for the three months ended September 30, 2026 increased by $1.3 million, or 13.0%, to $11.7 million, compared to $10.3 million in the prior year period. The increase was primarily driven by increases in personnel costs, including payroll taxes, of $0.5 million, rent and occupancy costs of $0.5 million, including the Phase 2 premises of our Wildomar, California lease that commenced on July 1, 2026, externship fees of $0.2 million and share-based compensation of $0.1 million. As a percentage of revenue, educational expenses increased from 53.3% to 58.4% primarily due to higher personnel and rent and occupancy costs.

General and administrative expense. Our general and administrative expense was $7.2 million for the three months ended September 30, 2026 compared to $6.1 million for the three months ended September 30, 2025, an increase of $1.1 million, or 18.2%. The increase was primarily attributable to an estimated legal settlement of $0.7 million, increases in professional fees of $0.5 million and in computer support and business insurance of $0.1 million each, partially offset by a decrease in advertising expense of $0.3 million. Of the total general and administrative expense, $1.3 million and $1.6 million related to advertising expense for the three months ended September 30, 2026 and 2025, respectively.

Depreciation and amortization. Our depreciation and amortization expense was $0.2 million for the three months ended September 30, 2026 compared to $0.1 million for the three months ended September 30, 2025. The increase was primarily attributable to capital expenditures associated with campus expansion and equipment purchases to support program growth.

Interest expense. Our interest expense was $13,155 for the three months ended September 30, 2026 compared to $43,960 for the three months ended September 30, 2025. The decrease was primarily attributable to the exchange of a $500,000 promissory note for common stock in May 2026 and repayments of outstanding debt balances.

Income tax expense. Our income tax expense was $0.3 million for the three months ended September 30, 2026 compared to $0.8 million for the three months ended September 30, 2025.

Net Income. Our net income was $0.9 million for the three months ended September 30, 2026 compared to $2.2 million for the three months ended September 30, 2025, a decrease of $1.3 million, or 60.3%, due to the reasons mentioned above.

Liquidity and Capital Resources

Our cash and cash equivalents were $21.7 million and $22.7 million as of September 30, 2026, and June 30, 2026, 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 $0.2 million and $0.2 million for the three months ended September 30, 2026, and 2025, respectively.

In September 2026, CCC entered into a lease for its planned new campus in Houston, Texas with an initial term of 130 months and total base rent of $6.9 million, with base rent abated for the first ten months of the lease term. CCC will also pay its pro rata share of the building's operating expenses, rent on any portion of the premises it occupies before the commencement date defined in the lease, and any tenant improvement costs in excess of the landlord's allowance. See Note 11 – Lease Commitments to our consolidated financial statements.

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 financial statements for the fiscal year ended June 30, 2025, we satisfied the composite score requirement of the financial responsibility test which institutions must satisfy in order to participate in the Title IV Programs. The composite score calculation for the fiscal year ended June 30, 2026, has not yet been completed and is due on December 31, 2026.

Cash Flow Activities for the Three Months Ended September 30, 2026 and 2025

Operating activities

Net cash (used in) provided by operating activities was $(0.9) million and $1.1 million for the three months ended September 30, 2026, and 2025, respectively. The decrease of $1.9 million was primarily attributable to lower net income, a decrease in income taxes payable compared with an increase in the prior-year period, a larger increase in prepaid expenses and a smaller increase in deferred unearned tuition, partially offset by a larger increase in accounts payable and accrued liabilities and a smaller increase in accounts receivable.

Accounts receivable increased to $21.6 million as of September 30, 2026 from $19.9 million as of June 30, 2026, primarily due to increased enrollment and tuition billings. The allowance for doubtful accounts increased to $2.3 million from $2.0 million, reflecting increased receivable balances and updated estimates of collectability based on historical experience and current economic conditions.

Investing activities

Net cash used in investing activities was $0.2 million for the three months ended September 30, 2026, compared to $0.2 million for the three months ending September 30, 2025. Cash used in investing activities during both periods primarily related to purchases of property and equipment.

Financing activities

Net cash used in financing activities was $0.03 million for the three months ended September 30, 2026, compared to net cash used in financing activities of $0.5 million for the three months ended September 30, 2025. Cash used in financing activities in both periods primarily related to principal payments on debt and the finance lease, partially offset by proceeds from the exercise of stock options.

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 months ended September 30, 2026, and 2025. 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 2025. The adoption of ASU 2023-07 is reflected in Note 2, "Summary of Significant Accounting Policies – Segment Reporting." See Note 2, "Summary of Significant Accounting Policies – Recent Accounting Pronouncements," for accounting pronouncements issued but not yet adopted.

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 September 30, 2026, 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 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 September 30, 2026, 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 months ended September 30, 2026, 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, 2026 as filed with the SEC on September 24, 2026 ("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 our quarter ended September 30, 2026, none of our directors or executive officers adopted, modified or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement" as such terms are defined under Item 408 of Regulation S-K of the Exchange Act.

ITEM 6. EXHIBITS

Exhibit No.	Description
31.1*	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
31.2*	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
32.1**	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
32.2**	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
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 September 30, 2026 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: November 12, 2026

By: */s/ LeeAnn Rohmann*
LeeAnn Rohmann
Chief Executive Officer
(Principal Executive Officer)

Date: November 12, 2026

By: */s/ Brandon Pope*
Brandon Pope
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 31.1

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: November 12, 2026

/s/ LeeAnn Rohmann
LeeAnn Rohmann
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

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: November 12, 2026

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

Exhibit 32.1

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 September 30, 2026 (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: November 12, 2026

/s/ LeeAnn Rohmann
LeeAnn Rohmann
Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

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 September 30, 2026 (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: November 12, 2026

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