As filed with the Securities and Exchange Commission on October 14, 2022

Registration No.: 333-__________

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

FORM S-1

REGISTRATION STATEMENT UNDER
THE SECURITIES ACT OF 1933

LEGACY EDUCATION ALLIANCE, INC.

(Exact name of registrant as specified in its charter)

Nevada	**8200**	**39-2079974**
State or other jurisdiction incorporation or organization	Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

1490 NE Pine Island Rd. Suite 5D
Cape Coral, FL 33909
(239) 542-0643
(Address, including zip code, and telephone number, including area code of registrant's principal executive offices)

Barry Kostiner, Interim CEO
1490 NE Pine Island Rd. Suite 5D
Cape Coral, FL 33909
(239) 542-0643
(Name, address, including zip code, and telephone number, including area code, of agent for service)

with a copy to:

Stephen Fox, Esq.
Ruskin Moscou Faltischek P.C.
1425 RXR Plaza
15th Floor, East Tower
Uniondale, New York 11556
(516) 663-6600
(516) 663-6780 (fax)

Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this Registration Statement.

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

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

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

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

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

Large accelerated filer	☐	Accelerated filed	☐
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 7(a)(2)(B) of the Securities Act. ☐

The Registrant hereby amends this Registration Statement on Form S-1 on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

EXPLANATORY NOTE

This Registration Statement on Form S-1 replaces our previously filed Registration Statements on Form S-1 (File No. 333-261414) (the "Prior Registration Statement"). The Prior Registration Statement is no longer effective. We are filing this Registration Statement on Form S-1 pursuant to registration rights agreements with certain of the Selling

Securityholders described in the prospectus which forms a part of this Registration Statement. This Registration Statement on Form S-1 contains an updated prospectus relating to shares of common stock, common stock underlying outstanding convertible debentures, and common stock underlying outstanding options, some of which were registered in the Prior Registration Statement.

The information in this preliminary prospectus is not complete and may be changed. The Selling Stockholders may not sell these securities until the registration statement filed with the Securities and Exchange Commission becomes effective. This preliminary prospectus is not an offer to sell these securities nor does it seek offers to buy these securities in any state where the offer or sale is not permitted.

PRELIMINARY PROSPECTUS Subject To Completion, Dated October 14, 2022

LEGACY EDUCATION ALLIANCE, INC.
64,423,736 Shares of Common Stock

This prospectus relates to the offer and sale by the persons named in this prospectus, whom we call Selling Shareholders, of up to:

- 15,610,236 issued and outstanding shares of our common stock, $0.0001 par value per share, held by certain of the Selling Shareholders;
- 30,413,500 shares of common stock that may be sold by certain of the Selling Shareholders upon the conversion of outstanding convertible debentures; and
- 18,400,000 shares of common stock that may be sold by a Selling Shareholder upon the exercise of outstanding options.

The Selling Shareholders may sell their shares at prevailing market or privately negotiated prices, including in one or more transactions that may take place by ordinary broker's transactions, privately negotiated transactions or through sales to one or more dealers for resale.

We will not realize any proceeds from sales by the Selling Shareholders; however, we will receive approximately $1,840 upon the exercise of outstanding options to purchase 18,400,000 shares of common stock held by a Selling Shareholder.

All costs incurred in the registration of the shares are being borne by the Company.

Our common stock trades on the OTCQB market under the symbol LEAI. On October 11, 2022, the closing price for our common stock was $.1725.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

These securities involve a high degree of risk. See "RISK FACTORS" contained in this prospectus beginning on page 4.

Prospectus dated , 2022.

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ABOUT THIS PROSPECTUS

Unless the context otherwise requires, all references in this prospectus to "we", "us" "the Company" or "Legacy" or similar terms refer to Legacy Education Alliance, Inc., a Nevada corporation, and, unless the context otherwise requires, together with its consolidated subsidiaries.

We and the Selling Shareholders have not authorized anyone to provide you with information or to make any representations other than those contained in this prospectus. We and the Selling Shareholders take no responsibility for, and provide no assurance as to the reliability of, any other information that others may give you. This prospectus is an offer to sell only the shares offered hereby, and only under circumstances and in jurisdictions where it is lawful to do so. You should assume that the information appearing in this prospectus is accurate as of the date on the front cover of this prospectus only. Our business, financial condition, results of operations and prospects may have changed since that date.

For investors outside the United States: We, and to our knowledge the Selling Shareholders have not done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. Persons outside the United States who come into possession of this prospectus must inform themselves about and observe any restrictions relating to, the offering of the shares of common stock and the distribution of this prospectus outside the United States.

TRADEMARKS

This prospectus contains references to our trademarks, trade names and service marks. Solely for convenience, trademarks, trade names and service marks referred to in this prospectus may appear without the ® or ™ symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the rights of the applicable licensor to these trademarks, trade names and service marks. Other trademarks, trade names and service marks appearing in this prospectus (or documents we have incorporated by reference) are the property of their respective holders. We do not intend our use or display of other companies' trade names, trademarks or service marks to imply a relationship with, or endorsement or sponsorship of us by, any other companies.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain statements made in this prospectus involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. In some cases, you can identify forward-looking statements by terms such as "may," "will," "should," "expect," "plan," "anticipate," "could," "intend," "target," "project," "contemplate," "believe," "estimate," "predict," "potential," "would" or "continue" or the negative of these terms or other similar expressions. All statements other than statements of historical facts contained in this prospectus, including statements regarding our future results of operations and financial position, business strategy, prospective products, research and development costs, future revenue, timing and likelihood of success, plans and objectives of management for future operations, future results of anticipated products and prospects, plans and objectives of management are forward-looking statements. The forward-looking statements included herein are based on current expectations that involve numerous risks and uncertainties. Our plans and objectives are based, in part, on assumptions involving judgments with respect to, among other things, the results projected from the introduction of new brands, products and services, expansion into new geographic markets, combinations with third parties, including, but not limited to our licensors; the development of ecommerce capabilities; projections of international growth; projected increase in profitability from our symposium-style course delivery model that should lead to increased margins; our ability to address or manage corruption concerns in certain locations in which we operate; our ability to address and manage cyber-security risks; our ability to protect our intellectual property, on which our business is substantially dependent; our expectations regarding future divided payments; our ability to manage our relationships with credit card processors, and our expectations regarding the impact of general economic conditions on our business; the ongoing effects of the COVID-19 pandemic on the global and national economies and on our business operations and financial results; and the estimates and matters described under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations." Our assumptions used for the purposes of the forward-looking statements represent estimates of future events and are subject to uncertainty as to possible changes in economic, legislative, industry, and other circumstances, including the development, acceptance and sales of our products and our ability to raise additional funding sufficient to implement our strategy. Such forward-looking statements involve assumptions, known and unknown risks, uncertainties, and other important factors that could cause the actual results, performance or our achievements, or industry results, to differ materially from historical results, any future results, or performance or achievements expressed or implied by such forward-looking statements. There are a number of risks and uncertainties that could cause our actual results to differ materially from the forward-looking statements contained in this report. Important factors that could cause our actual results to differ materially from those expressed as forward-looking statements are set forth in this prospectus, including but not limited to under "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations", and in our other filings with the Securities and Exchange Commission. There may be other factors of which we are currently unaware or deem immaterial that may cause our actual results to differ materially from the forward-looking statements.

Forward-looking statements are based on current plans, estimates, assumptions and projections, and therefore you should not place undue reliance on them, all of which are difficult or impossible to predict accurately and many of which are beyond our control.

Although we believe that our assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this prospectus will prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements included herein particularly in view of the current state of our operations, the inclusion of such information should not be regarded as a statement by us or any other person that our objectives and plans will be achieved. Factors that could cause actual results to differ materially from those expressed or implied by such forward-looking statements include, but are not limited to, the factors set forth herein under the headings "Business," "Risk Factors" and elsewhere in this prospectus.

The events and circumstances reflected in our forward-looking statements may not be achieved or occur and actual results could differ materially from those projected in the forward-looking statements. Moreover, we operate in an evolving environment. New risk factors and uncertainties may emerge from time to time, and it is not possible for management to predict all risk factors and uncertainties. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained herein, whether as a result of any new information, future events, changed circumstances or otherwise.

CAUTIONARY NOTE REGARDING INDUSTRY DATA

Unless otherwise indicated, information contained in this prospectus concerning our company, our business, the services we provide and intend to provide, our industry and our general expectations concerning our industry are based on management estimates. Such estimates are derived from publicly available information released by third party sources, as well as data from our internal research, and reflect assumptions made by us based on such data and our knowledge of the industry, which we believe to be reasonable.

PROSPECTUS SUMMARY

This summary highlights some information from this prospectus, and it may not contain all the information important to making an investment decision. A potential investor should read the following summary together with the more detailed information regarding the Company and the common stock being sold in this offering, including "Risk Factors" and the financial statements and related notes, included elsewhere in this prospectus.

The Company

Legacy Education Alliance, Inc. is a marketer of practical, high-quality, and value-based educational training on the topics of real estate, entrepreneurship, and trading strategies and techniques. Legacy focuses on delivering its education products and mentoring services through its five brands: Legacy Elite, Legacy Building Wealth Club, Legacy Degree (affordable, accredited degree completion), Legacy Capital, and non-profit division, Legacy Open Library.

Legacy Education has touched more than five million students from more than 150 countries and territories over the course of its operating history. Its curriculum is designed to help people progress from beginner to educated investor. Legacy Education is committed to bringing the message of financial independence to people all over the world.

Our students pay for their courses in full up-front or through payment agreements with independent third parties. Under United States of America generally accepted accounting principles ("U.S. GAAP"), we recognize revenue upon the earlier of (i) when our students take their courses or (ii) the term for taking their course expires, both of which could be several quarters after the student purchases a program and pays the fee. We recognize revenue immediately when we sell our (i) proprietary products delivered at time of sale and (ii) third party products sales. Our symposiums and forums combine multiple advanced training courses in one location, allowing us to achieve certain economies of scale that reduce costs and improve margins while also accelerating U.S. GAAP revenue recognition, while at the same time, enhancing our students' experience, particularly, for example, through the opportunity to network with other students.

We were founded in 1996, and through a reverse merger, became a publicly held company in November 2014.

We have recently commenced various strategic initiatives and are embarking on a number of transactions, which we expect will strengthen the Company's balance sheet and strategic positioning, including relationships with Brian Page and Jerry Conti. Further, the foundation of our proposed Nasdaq uplisting includes the potential spinoff of the existing Legacy Education business, which was previously approved by shareholders, and the proposed acquisition of Coopersmith Career Consulting, each of which are in process but we can give no assurance at this time of success.

Recent Developments

ABCImpact Loans

Between June 2022 and October 11, 2022, we borrowed an aggregate of $850,000 from ABCImpact I, LLC, evidenced by 10% Convertible Debentures. ABCImpact has the option to loan up to $5 million.

The Lender is a recently-formed entity in which an affiliate of Barry Kostiner, our Chief Executive Officer and sole director, has a non-controlling passive interest.

The then outstanding and unpaid principal and interest under the debentures shall be converted into shares of our common stock and an equal number of five-year common stock purchase warrants at the option of ABCImpact, at a conversion price per share of $0.05, subject to adjustment. The debentures and underlying warrants are subject to a beneficial ownership limitation of 4.99% (or 9.99% in ABCImpact's discretion).

PPP Loan

On July 26, 2022, we received notice that $932,455.90 in principal and interest under our April 2020 loan through the Small Business Administration Paycheck Protection Program established pursuant to the CARES Act, is due and owing as a result of a 60-day delinquency in payment. With the past due amount of $85,969.14, the total amount due and owing is $1,018.425.04.

Forbearance Agreement

On July 15, 2022, we entered into a Forbearance Agreement with GLD Legacy Holdings, LLC, the holder of our 10% Senior Secured Convertible Debenture dated August 27, 2021, and Legacy Tech Partners, LLC, the holder of our 10% Senior Secured Convertible Debenture dated March 8, 2021. Mr. Kostiner is a manager of LTP.

Pursuant to the Forbearance Agreement, GLD and LTP each agreed to forbear from exercising its rights against us under the applicable Note until the earlier of (i) a default under the Forbearance Agreement or a new default under such Note or (ii) October 15, 2022 (the "Forbearance Period").

Prior to the expiration of the Forbearance Period, the Company agreed to cause a sale of the GLD Note to ABCImpact or as directed by ABCImpact, at a purchase price equal to the outstanding balance due and payable on the GLD Note by no later than October 15, 2022, which shall be in full and complete satisfaction of our obligations to GLD under the GLD Note.

As partial consideration for GLD entering into the Forbearance Agreement, the Company agreed to issue to GLD 2,100,000 shares of our common stock and to issue to LTP 1,600,000 shares of our common stock, and to file a registration statement with the SEC to register the GLD shares for resale on or prior to August 15, 2022 and use best efforts to have the registration statement declared effective no later than October 15, 2022. The Company did not so file the registration statement. On October 7, 2022, GLD transmitted a Notice of Breach and Default under the Forbearance Agreement, notifying the Company that it intends to exercise all available rights and remedies at law and/or equity. The Company is in discussions with GLD to cure the default prior to any such exercise or rights.

The Company also agreed to use its best efforts to effect a spin-off of an existing to-be-determined subsidiary of the Company, pursuant to the terms described in the Forbearance Agreement.

Impact from COVID-19 Pandemic

Historically, our operations have relied heavily on our and our students' ability to travel and attend live events where large groups of people gather in local markets within each of the segments in which we operate. On March 11, 2020, the World Health Organization (WHO) declared the COVID-19 outbreak as a pandemic. As a result of worldwide restrictions on travel and social distancing, in March 2020 we temporarily ceased conducting live sales and fulfillment and furloughed substantially all of our employees. We resumed sales operations in June 2020 with online sales events selling into our suite of online, on-demand, and over-the-phone products. We also resumed online, on-demand, and over-the-phone fulfillment activities in June 2020. We resumed live operations on a limited basis, in November 2020, with events in Florida. In December 2021, the Company temporarily suspended live in-person events and will continue following strict safety protocols at the live events when resumed. We have simplified our product offerings and restructured our compensation program with respect to both employees and independent contractors to reduce costs and improve margins, but there can be no assurances that the Company will be effective in selling its products and services, or what the impact such activities will have on our financial performance. We are not able to fully quantify the continued impact that these factors will have on our financial results, but expect developments related to COVID-19 to continue to affect the Company's financial performance in 2022 and beyond.

Corporate Information

Our corporate address is 1490 NE Pine Island Rd - Suite 5D, Cape Coral, Florida 33909 and our telephone number is (239) 542-0643. We maintain a web site at www.legacyeducationalliance.com, along with many additional web properties. Any information that may appear on our web sites does not constitute a part of this prospectus.

The Offering

The following is a brief summary of some of the terms of the offering and is qualified in its entirety by reference to the more detailed information appearing elsewhere in this prospectus. For a more complete description of the terms of our common stock, see "Description of Securities to be Registered - Common Stock" on page 18.

Common Stock offered by the Selling Shareholders	64,423,736

Selling Shareholders	All of the shares of common stock are being offered by the Selling Shareholders. See "Selling Shareholders" on page 14 of this prospectus for more information on the Selling Shareholders.
Common stock to be outstanding after the offering	86,681,197 shares of common stock, based on our issued and outstanding shares of common stock as of October 11, 2022, and assuming the issuance of (a) all 30,413,500 shares of common stock underlying convertible debentures and (b) all 18,400,000 shares of common stock underlying outstanding options held by a Selling Shareholder, in each case being registered pursuant to the registration statement of which this prospectus forms a part. Does not include the conversion of any other debentures or other indebtedness, or the exercise of any other options or warrants that may be outstanding or issuable. As we do not currently have enough authorized shares of common stock to satisfy all potential issuances pursuant to existing and potential commitments, we intend to seek shareholder approval to amend our Second Amended and Restated Articles of Incorporation to increase our authorized shares to enable the issuance of our common stock upon all such commitments.
Use of Proceeds	We will not receive any proceeds from the sale of common stock by the Selling Shareholders participating in this offering; however, we will receive approximately $1,840 upon the exercise of outstanding options to purchase 18,400,000 shares of common stock held by a Selling Shareholder. The Selling Shareholders will receive all of the net proceeds from the sale of their respective shares of common stock in this offering. See "Use of Proceeds" on page 14 of this prospectus for more information.
Risk Factors	See "Risk Factors" on page 5 of this prospectus for a discussion of factors you should carefully consider before deciding to invest in our common stock.
Plan of Distribution	The Selling Shareholders, or their pledgees, donees, transferees, distributees, beneficiaries or other successors-in-interest, may offer or sell the shares of common stock from time to time through public or private transactions at prevailing market prices, at prices related to prevailing market prices or at privately negotiated prices. The Selling Shareholders may also resell the shares of common stock to or through underwriters, broker-dealers or agents, who may receive compensation in the form of discounts, concessions or commissions. See "Plan of Distribution" beginning on page 16 of this prospectus for additional information on the methods of sale that may be used by the Selling Shareholders.
Trading Symbol	OTCQB: LEAI

RISK FACTORS

A purchase of any of our securities involves a high degree of risk. Investors should consider carefully the following information about these risks, together with the other information contained in this prospectus before the purchase of any of our Shares. If any of the following risks actually occur, the business, financial condition or results of operations of the Company would likely suffer, the market price of the common stock would likely decline, and investors could lose all or a portion of their investment. The Company has listed the following risk factors which it believes to be those material to an investment decision in this offering.

Risks Related to Our Business and Financial Condition

There is substantial doubt on our ability to continue as a going concern.

Our independent registered public accounting firm has issued a going concern qualification as part of its audit report that accompanies our 2021 audited financial statements included herein. As stated in the notes to our audited financial statements for the fiscal year ended December 31, 2021, we have a working capital deficit and have accumulated a significant deficit. Our continued existence is dependent upon our ability to continue to execute our operating plan and to obtain additional debt or equity financing. We do not have an established source of funds sufficient to cover operating costs and accordingly, there can be no assurance that the necessary debt or equity financing will be available, or will be available on terms acceptable to us, in which case we may be unable to meet our obligations or fully implement our business plan, if at all. Additionally, should we be unable to realize our assets and discharge our liabilities in the normal course of business, the net realizable value of our assets may be materially less than the amounts recorded in our financial statements.

The Company is attempting to implement a new business strategy and effect a Nasdaq uplisting, and there can be no assurances that these efforts will be successful.

Recently we announced several strategic initiatives with the aim of expanding our customer base, including the possibility of launching real estate SPAC investment vehicles, improving our social media presence, entering into strategic relationships, spinning off our existing business and uplisting onto the Nasdaq Capital Markets. However, these initiatives are ongoing and there can be no assurance that any of these efforts will be successful or if any of them are in fact successful, that it or they will result in greater revenue, profitability, trading volume, stock price and/or other benefit to the Company or its stockholders.

The concentration of our business under one brand or a small number of brands could have a material adverse effect on our business, financial condition, and results of operation if we were unable to conduct business under such brands.

The alteration, or termination of any brand development or the suspension or termination of sales activities thereunder, would have a material adverse effect on our business, financial condition and results of operations.

Reliance on a Legacy Education Alliance focused branding strategy could result in a material adverse effect on our business, financial conditions and results of operations if consumer acceptance of such brand is insufficient to attract new customers.

Recently, our branding strategy has relied on using the goodwill and notoriety associated with our third-party branding licensors, such as Rich Dad, Tarek El Moussa, and others, to attract new customers. Any shift to a branding strategy that focuses on the Company as a brand, rather than on a third party, could adversely affect our business if consumer acceptance of such proprietary brand is insufficient to drive sales.

The termination of our license agreement to Rich Dad Education brand has materially adversely impacted our business, financial condition and results of operations, given the high concentration of sales from course offerings under Rich Dad Education brand.

Our *Rich Dad® Education* real estate and financial market course offerings accounted for approximately 55.8% of our total revenue in 2021. Our 2013 License

Agreement with Rich Dad ®, as amended, expired on September 30, 2019. Notwithstanding the expiration of the License Agreement, the Company may continue to use Licensed Intellectual Property, as defined in the License Agreement, including, but not limited to, the Rich Dad trademark and stylized logo, for the purpose of honoring and fulfilling orders by its customers in existence as of the date of the expiration of the Agreement. However, the expiration and non-renewal of the license has caused a substantial reduction in our revenues and profitability, which have not been successful in replacing and may never be successful in replacing.

The termination of any of our merchant processor agreements and/or material changes to the terms and conditions of these agreements would materially adversely impact our business, financial condition and results of operations, given the high concentration of sales from course offerings procured by our customers using credit cards.

A significant percentage of our sales are processed through credit card transactions and we are dependent on our merchant processor relationships to facilitate these transactions under favorable terms. Although we generally have been able to renew or extend the terms of contractual arrangements with third parties merchant processors on acceptable terms, there can be no assurance that we will continue to be able to do so in the future. Interruptions in service, or the imposition of reserve accounts in amounts not acceptable to us, could have a material adverse impact on our liquidity. In addition, if any of these services providers were to stop providing services to us on acceptable terms, we may be unable to procure alternatives from other third parties in a timely and efficient manner and on acceptable terms, or at all. This could materially adversely impact our business, financial condition and results of operations.

The inability of our customers to finance the purchase of our products through credit cards or third-party financing would materially adversely impact our business, financial condition and results of operations.

Our customers rely on financing, whether through credit cards or third-party financing, to purchase our products. Any limitation on the ability of our customers to obtain access to credit may impact our customers' ability to purchase our products. This could materially adversely impact our business, financial condition and results of operations.

The ability of any of our merchant processors to continue to operate and refund our merchant reserves pursuant to the terms of the agreements would materially adversely impact our business, financial condition and results of operations.

Our merchant processors withhold a percentage of our sales as part of our restricted cash reserves. Release of the restricted cash is at the sole discretion of the merchant processor. Although we generally have been able to obtain releases from time to time, and pursuant to the terms of the merchant processor agreement, there can be no assurances that we will be able to do so in the future if the merchant processor's ability to continue to operate becomes doubtful, including, but not limited to, illiquidity or fraud. This could materially adversely impact our business, financial condition and results of operations.

Our management has identified internal control deficiencies, which our management believe constitute material weaknesses.

Our management has determined that we presently do not have an internal control system or procedures that are effective and may be relied upon in connection with our financial reporting. The weaknesses in our internal control system that were identified by our management generally include weakness that present a reasonable possibility that a material misstatement of our annual or interim financial statements will not be identified, prevented or detected on a timely basis, and specifically include:

- Financial Reporting Systems: The weakness in our internal control system identified by our management relate to the implementation of our new ERP system, which went into production on January 1, 2018. Our ERP software is not able to produce complete and accurate information in regard to revenues and deferred revenues for consistent financial reporting purposes.

If we fail to effectively remediate any of these material weaknesses or other material weaknesses or deficiencies in our control environment that may be identified in the future, we may be unable to accurately report our financial results or report them within the time frames required by law or exchange regulations, to the extent applicable, which would have a negative impact on us and our share price.

Our cash flows from operations have not been restored to pre-pandemic sales. If this trend were to continue in the future, it could impair our ability to fund our working capital needs and adversely affect our financial condition.

Our management currently projects that our available cash balances will not be sufficient to maintain our operations during 2022. In addition, when considering all of the applicable operational and external risks and uncertainties, including, but not limited to cash generated from new and ongoing business initiatives, our ability to effectively execute our strategies, relationships with our credit card processors, potential claims against the Company related to the insolvency of certain its foreign subsidiaries, and potential current and future litigation matters, we believe that we are not adequately capitalized. We are seeking to obtain additional capital through the issuance of equity or debt, which may dilute the equity holdings of our current investors. In addition, we may seek to borrow additional capital from institutional and commercial banks or other sources to fund future operations on terms that may include restrictive covenants, liens on assets, high effective interest rates, and repayment provisions that reduce our cash resources and limit future access to capital markets. We do not currently have any binding commitments for future external funding. Our ability to raise additional capital may be adversely impacted by the economic environment. If we cannot generate the required cash to sustain operations or obtain additional capital on acceptable terms, we will need to make further revisions to our business plan, sell or liquidate assets, or limit or discontinue some or all of our operations.

Our ability to fulfill debt obligations could adversely affect working capital needs and financial condition.

As our business is currently unable to meet cash flow demands to fulfill debt obligations timely, we have defaulted on our outstanding indebtedness and there is a continued risk of additional defaults on debt to creditors. We can give no assurance as to whether we will ever be able to repay such indebtedness, the failure of which could lead to bankruptcy or shutting down our business.

Our operations outside the United States subject us to additional risks inherent in international operations.

Traditionally, we have operated in the United Kingdom, Canada, Hong Kong, South Africa and other international markets in addition to our U.S. operations. As a result, we face risks that are inherent in international operations, including:

- Complexity of operations across borders, including the ability to identify and obtain staff, sales speakers, trainers and suppliers;

- Currency exchange rate fluctuations;

- Restrictions on the movements of cash;

- Multiple and possibly overlapping or conflicting tax laws;

- Applicability of training concepts to foreign markets;
- Compliance with foreign regulatory requirements including anti-corruption, banking, cash repatriation, and data and privacy protection;
- Political instability;
- Travel restrictions; and
- Price controls or restrictions on exchange of foreign currencies.

If we are unable to successfully manage these and other factors, our business could be adversely affected, and our financial condition and results of operations could suffer.

Failure to comply with laws, regulations and policies, including the U.S. Foreign Corrupt Practices Act or other applicable anti-corruption legislation, could result in fines, criminal penalties and an adverse effect on our business.

We are subject to regulation under a wide variety of U.S. federal and state and non-U.S. laws, regulations and policies, including anti-corruption laws and export-import compliance and trade laws, and data protection due to our global operations. In particular, the U.S. Foreign Corrupt Practices Act, or FCPA, the U.K. Bribery Act of 2010 and similar anti-bribery laws in other jurisdictions generally prohibit companies, their agents, consultants and other business partners from making improper payments to government officials or other persons (i.e. commercial bribery) for the purpose of obtaining or retaining business or other improper advantage. They also impose recordkeeping and internal control provisions on companies such as ours. We operate and/or conduct business in some parts of the world, such as Hong Kong, that are recognized as having governmental and commercial corruption and in such countries, strict compliance with anti-bribery laws may conflict with local customs and practices. Under some circumstances, a parent company may be civilly and criminally liable for bribes paid by a subsidiary. We cannot assure you that our internal control policies and procedures have protected us, or will protect us, from unlawful conduct of our employees, agents, consultants and other business partners. In the event that we believe or have reason to believe that violations may have occurred, including without limitation violations of anti-corruption laws, we may be required to investigate and/or have outside counsel investigate the relevant facts and circumstances, which can be expensive and require significant time and attention from senior management. Violation may result in substantial civil and/or criminal fines, disgorgement of profits, sanctions and penalties, debarment from future work with governments, curtailment of operations in certain jurisdictions, and imprisonment of the individuals involved. As a result, any such violations may materially and adversely affect our business, results of operations or financial condition. In addition, actual or alleged violations could damage our reputation and ability to do business. Any of these impacts could have a material, adverse effect on our business, results of operations or financial condition.

Uncertain economic conditions and other changes experienced by our customers, including the willingness to trade or invest in securities or real estate, could influence their willingness to spend their discretionary income on our course offerings and products, and could materially adversely impact our business, financial condition and results of operations.

Uncertain economic conditions may affect our customers' discretionary income, access to credit and ability and willingness to purchase our courses offerings and products. Economic conditions and consumer spending are influenced by a wide range of factors that are beyond our control. These conditions include but are not limited to:

- Demand for our course offerings and related products;
- Conditions in the securities and investment markets;
- Conditions in the real estate market;
- Availability of mortgage financing and other forms of credit and consumer credit;
- General economic and business conditions;
- Adverse changes in consumer confidence levels;
- General political developments;
- Adverse weather or natural or man-made disasters; and
- Regional, national and/or worldwide pandemics, or other public health risks.

Any decreased interest in real estate and/or financial markets investing strategies and techniques in the future could impact our brands. Additionally, a prolonged economic downturn or uncertainty over future economic conditions, could increase these effects on our business. In addition, our ongoing business expansion efforts and related operational changes add to the difficulty and risk of forecasting the timing, magnitude and direction of operational and financial outcomes with respect to our business.

We have only a limited ability to protect our intellectual property rights, which are important to our success.

Our financial success depends, in part, upon our ability to protect our brand names, curriculums, and other proprietary and licensed intellectual property. The existing laws of some countries in which we conduct business might offer only limited protection of our intellectual property rights. To protect our intellectual property, we rely upon a combination of confidentiality policies, nondisclosure, and other contractual arrangements, as well as copyright and trademark laws. The steps we take in this regard may not be adequate to prevent or deter infringement or other misappropriation of our intellectual property, and we might not be able to detect unauthorized use of, or take appropriate and timely steps to enforce, our intellectual property rights, especially in foreign jurisdictions. The loss of proprietary content or the unauthorized use of our intellectual property, including our brand names, may create significant market confusion and result in greater competition, loss of revenue, and adverse publicity.

We face significant competition in our markets.

Our success depends upon our ability to attract customers by providing high-quality courses and training materials, as well as to attract and retain quality trainers to provide those courses. The market for training courses for specific business issues, such as real estate or stock market investing, is intensely competitive. If we are unable to successfully compete, our business, financial condition and results of operations will be materially harmed. Certain competitors may have access to certain marketing channels or be able to secure alliances with customers and affiliates on more favorable terms, devote greater resources to marketing and promotional campaigns and devote substantially more resources to course development than we can. In addition, it is possible that certain competitors, or potential competitors, could reduce their pricing to levels that would make it difficult for us to compete. Increased competition may result in reduced operating margins, as well as loss of market share and brand recognition. Our success is dependent on our ability to successfully attract customers to programs that they feel will enhance their knowledge and enhance their earning power. Their level of satisfaction with our course offerings affects our reputation as they tell others about their experience. Our business could suffer if we fail to deliver quality programs at acceptable price points.

In addition, in order to compete effectively in our markets, we may need to change our business in significant ways. For example, to respond to market competition we may change our pricing, product, or service offerings, make key decisions about technology changes or marketing strategies, or acquire additional businesses or technologies. Any of these actions could hurt our business, financial condition and results of operations. Competitors continually introduce new programs that may compete directly with our offerings that may make our offerings uncompetitive or obsolete. Larger competitors may have superior abilities to compete for customers and skilled professionals, reducing our ability to deliver our quality offerings to our customers.

Laws and regulations can affect the operation of our business and may limit our ability to operate in certain jurisdictions.

Federal, state, and international laws and regulations impact our operations and may limit our ability to obtain authorization to operate in some states or countries. Many federal, state, and international governmental agencies assert authority to regulate providers of investment training programs. Failure to comply with these regulations could result in legal action instituted by the jurisdictions, including cease and desist and injunctive actions. In the event we are subject to such legal action, our reputation could be harmed and the demand for our course offerings and products could be significantly reduced. We are involved from time to time in routine legal matters incidental to our business, including disputes with students and information requests from state regulatory agencies. Based upon available information, we believe that the resolution of such matters will not have a material adverse effect on our consolidated financial position or results of operations. Future regulatory changes with respect to the various topics of our courses or the investment techniques we teach, could also impact the content of our course offerings, which in turn, could negatively impact future sales.

Cyber-attacks as well as improper disclosure or control of personal information could result in liability and harm our reputation, which could adversely affect our business and results of operations.

We are dependent on information technology networks and systems to process, transmit and store electronic information and to communicate among our locations around the world and with our customers. Security breaches of this infrastructure could lead to shutdowns or disruptions of our systems and potential unauthorized disclosure of confidential information. We are also required at times to manage, utilize and store sensitive or confidential customer or employee data. While we take measures to protect the security of, and unauthorized access to, our systems, as well as the privacy of personal and proprietary information, it is possible that our security controls over our systems, as well as other security practices we follow, may not prevent the improper access to or disclosure of personally identifiable or proprietary information. In addition, much of our financial, customer, and employee data resides on third party equipment not within our custody or control such that we cannot prevent the improper access to or disclosure of such data or might be prevented from accessing such data for our own purposes. Any such disclosures or inability to access our proprietary information could harm our reputation and subject us to liability under our contracts and laws that protect personal data, or negatively impact our ability to manage operations resulting in increased costs or loss of revenue. Further, data privacy is subject to frequently changing rules and regulations, which sometimes conflict among the various jurisdictions and countries in which we provide services.

The European Union's General Data Protection Regulation, or GDPR took effect in May 2018 and requires EU member states to meet new and more stringent requirements regarding the handling of personal data. Failure to meet the GDPR requirements could result in substantial penalties of up to the greater of €20 million or 4% of global annual revenue of the preceding financial year. Additionally, compliance with the GDPR has resulted in increased operational costs to implement new procedures corresponding to new legal rights granted under the law. Although the GDPR applies across the EU without a need for local implementing legislation, local data protection authorities still have the ability to interpret the GDPR through so-called opening clauses, which permit region-specific data protection legislation and have the potential to create inconsistencies on a country-by-country basis.

Our efforts to comply with GDPR and other privacy and data protection laws may impose significant costs and challenges that are likely to increase over time. Our failure to adhere to or successfully implement processes in response to changing regulatory requirements in this area could result in impairment to our reputation in the marketplace and we could incur substantial penalties or litigation related to violation of existing or future data privacy laws and regulations, which could have a material adverse effect on our business, financial condition and results of operations.

We are highly dependent on our senior management, high performing sales speakers and course trainers, and if we are not able to retain them or to recruit and retain additional qualified personnel, our business could suffer.

We are highly dependent upon our senior management. With the departure of all of the board members and executives other than Mr. Kostiner, we do not yet know how having a sole executive officer and director will affect our business, financial condition, or results of operations in the near or long term.

In addition, our business model is predicated on our ability to provide our customers with qualified and experienced trainers, coaches, and mentors. The loss of services of Mr. Kostiner, any future other members of our senior management, or high performing sales speakers or course trainers could have a material adverse effect on our business, financial condition, and results of operations.

We may increase our management personnel to obtain certain additional functional capability, including regulatory, sales, business development, e-commerce, and quality assurance and control, either by hiring additional personnel or by outsourcing these functions to qualified third parties. We may not be able to engage these third parties on terms favorable to us. Also, we may not be able to attract and retain qualified personnel on acceptable terms given the competition for such personnel among companies that operate in our markets. If we fail to identify, attract, retain and motivate highly skilled personnel, or if we lose current employees or contractors, it could have a material adverse effect on our business, financial condition and results of operations. We currently do not maintain key man insurance on any member of our senior executive management team.

Our ability to sell and fulfill courses may be affected by public health risks, adverse weather, natural disaster, strikes or other unpredictable or uncontrollable events.

Adverse weather, natural disasters, external labor disruptions, pandemics, and other adverse events may affect our ability to conduct our business and could have a material adverse effect on our business, financial condition and results of operations. Public health risks, such as epidemics or pandemics, and severe weather or natural disasters, such as hurricanes, blizzards, floods and earthquakes, and other events beyond our control may reduce the ability or willingness of our students to travel to or otherwise attend our events. These events may also disrupt the printing and transportation of the materials used in our direct mail campaigns. Furthermore, postal strikes could occur in the countries where we operate which could delay and reduce delivery of our direct mail marketing materials. Transportation strikes could also occur in the countries where we operate, adversely affecting our ability to conduct business.

Remote working conditions could materially adversely impact our business, financial condition and results of operations.

Due to the COVID-19 pandemic, the Company may experience different and additional risks, such as decreased worker productivity as a result of remote working arrangements, increased medical, emergency or other leave could materially adversely impact our business, financial conditions and results of operations. Since the pandemic, the Company has been operating with all of its workforce working remotely. In addition, an extended period of remote working by the Company's employees could strain its technology resources and introduce operational risks, including heightened cybersecurity risk. Remote working environments may be less secure and more susceptible to hacking attacks, including phishing and social engineering attempts that seek to exploit the remote working conditions.

A relocation or closure of any of our office locations could materially adversely impact our business, financial condition and results of operations.

If any of the leases for our leased offices are not renewed, or if any of our offices, whether owned or leased, are inadequate for our business operations, we may be compelled to relocate operations to new locations or cease operations in that local market, which could result in disruption of the business, additional costs and expenses, and loss of key personnel, any of which could adversely affect our financial condition and results of operations.

Risks Related to Ownership of Our Common Stock

We have been and expect to continue to issue additional shares of common or preferred stock that subordinate your rights and dilute your equity interests.

We need to raise investment capital for us to successfully execute our business strategy and it may be preferable or necessary to issue preferred stock to investors. Preferred stock may grant the holders certain preferential rights in voting, dividends, liquidation or other rights in preference over a company's common stock.

The issuance by us of common or preferred stock could dilute both the equity interests and the earnings per share of existing holders of our Common Stock. Such dilution may be substantial, depending upon the number of shares issued. The newly authorized shares of preferred stock could also have voting rights superior to our Common Stock, and in such event, would have a dilutive effect on the voting power of our existing stockholders.

Any issuance of common or preferred stock with voting rights could, under certain circumstances, have the effect of delaying or preventing a change in control of us by increasing the number of outstanding shares entitled to vote and by increasing the number of votes required to approve a change in control of us. Shares of voting or convertible common or preferred stock could be issued, or rights to purchase such shares could be issued, to render more difficult or discourage an attempt to obtain control of us by means of a tender offer, proxy contest, merger or otherwise. Such issuances could therefore deprive our stockholders of benefits that could result from such an attempt, such as the realization of a premium over the market price that such an attempt could cause. Moreover, the issuance of such shares of common or preferred stock to persons friendly to our Board of Directors could make it more difficult to remove incumbent managers and directors from office even if such change were to be favorable to stockholders generally.

We do not currently have enough authorized shares of common stock under our charter to meet all of our potential obligations to third parties.

Our Second Amended and Restated Articles of Incorporation provide for 200,000,000 authorized shares of our common stock. We currently have commitments to third parties, including pursuant to convertible debentures, warrants and options, to issue a number of shares in the aggregate that with the 37,867,697 shares currently outstanding, would result in us issuing more shares than what we have authorized. Accordingly, in order to meet all of such obligations, we will need to amend our charter to increase the authorized shares of our common stock. We can give no assurance that we will obtain the requisite affirmative vote of our shareholders to so amend our charter, in which case we may default under any such obligations to the extent we do not have the authorized shares to issue, which could adversely affect our financial condition and the market for our shares.

Our Common Stock has a limited trading market, which could affect your ability to sell shares of our Common Stock and the price you may receive for our Common Stock.

Our Common Stock is currently traded in the over-the-counter market and "bid" and "asked" quotations regularly appear on the OTCQB maintained by OTC Markets, Inc. under the symbol "LEAI". There is limited trading volume in our securities. We cannot predict the extent to which investors' interest in our Common Stock will provide an active and liquid trading market, which could depress the trading price of our Common Stock and could have a long-term adverse impact on our ability to raise capital in the future. We may be vulnerable to investors taking a "short position" in our Common Stock, which would likely have a depressing effect on the price of our Common Stock and add increased volatility to our trading market. The volatility of the market for our Common Stock could have a material adverse effect on our business, financial condition and results of operations. There cannot be any guarantee that an active trading market for our securities will develop or, if such a market does develop, will be sustained. Accordingly, investors must be able to bear the financial risk of losing their entire investment in our Common Stock.

Being an SEC reporting company imposes costs and compliance risks.

Compliance with the periodic reporting requirements required by the SEC consumes a considerable amount of both internal, as well external, resources and represents a significant cost for us. Our management will be required to administer appropriate programs and policies in responding to increased legal, regulatory compliance, and reporting requirements, and any failure to do so could lead to the imposition of fines and penalties and harm our business.

In addition, if we are unable to continue to devote adequate funding and the resources needed to maintain such compliance, while continuing our operations, we may be in non-compliance with applicable SEC rules or the securities laws, and be delisted from the OTCQB or other market we may be listed on, which would result in a decrease in or absence of liquidity in our Common Stock, and potentially subject us and our officers and directors to civil, criminal and/or administrative proceedings and cause us to voluntarily file for deregistration of our Common Stock with the Commission.

Future sales of our Common Stock in the public market could lower the price of our Common Stock, dilute your equity interests, and impair our ability to raise funds in future securities offerings.

We may decide to raise additional capital through the sale of our securities or through other instruments both of which could result in the issuance of additional shares of our Common Stock. The issuance by us of Common Stock could dilute both the equity interests and the earnings per share of existing holders of our Common Stock. Such dilution may be substantial, depending upon the number of shares issued. In addition, future issuances of a substantial number of shares of our Common Stock in the public market, or the perception that such sales may occur, could adversely affect the then prevailing market price of our Common Stock and could make it more difficult for us to raise funds in the future through the sale of our securities.

In the event we raise capital through a private placement of our Common Stock and/or other securities convertible into shares of our Common Stock, such offering could dilute both the equity interests and the earnings per share of our stockholders. Such dilution may be substantial, depending upon the number of shares issued in any potential private placement.

The market price of our Common Stock may be volatile and may be affected by market conditions beyond our control.

The market for our Common Stock is characterized by significant price volatility when compared to seasoned issuers, and we expect that our share price will continue to be more volatile than a seasoned issuer for the indefinite future. The volatility in our share price is attributable to a number of factors. First, our shares of Common Stock are sporadically and thinly traded. As a consequence of this lack of liquidity, the trading of relatively small quantities of shares by our stockholders may disproportionately influence the price of those shares in either direction. The price for our shares could, for example, decline precipitously in the event that a large number of shares of our Common Stock are sold on the market without commensurate demand, as compared to a seasoned issuer which could better absorb those sales without adverse impact on its share price. Second, we are a speculative or "risky" investment due to our limited operating history, and uncertainty of future market acceptance for our potential products. As a consequence of this enhanced risk, more risk-averse investors may, under the fear of losing all or most of their investment in the event of negative news or lack of progress, be more inclined to sell their shares on the market more quickly and at greater discounts than would be the case with the stock of a seasoned issuer. Many of these factors are beyond our control and may decrease the market price of our Common Stock, regardless of our operating performance. We cannot make any predictions or projections as to what the prevailing market price for our Common Stock will be at any time, including as to whether our Common Stock will sustain its current market price, or as to what effect the sale of shares or the availability of Common Stock for sale at any time will have on the prevailing market price.

The market price of our Common Stock is subject to significant fluctuations in response to, among other factors:

- changes in our financial performance or a change in financial estimates or recommendations by securities analysts;
- announcements of innovations or new products or services by us or our competitors;
- the emergence of new competitors or success of our existing competitors;
- operating and market price performance of other companies that investors deem comparable;
- changes in our Board of Directors or management;
- sales or purchases of our Common Stock by insiders;
- commencement of, or involvement in, litigation;
- changes in governmental regulations;
- general economic conditions and slow or negative growth of related markets and;
- other risks related to our business as set forth above.

In addition, if the market for stock in our industry, or the stock market in general, experience a loss of investor confidence, the market price of our Common Stock could decline for reasons unrelated to our business, financial condition or results of operations. If any of the foregoing occurs, it could cause the price of our Common Stock to fall and may expose us to lawsuits that, even if unsuccessful, could be costly to defend and distract our Board of Directors and management.

We do not intend to pay dividends for the foreseeable future, and you must rely on increases in the market prices of our Common Stock for returns on your investment.

For the foreseeable future, we intend to retain any earnings to finance the development and expansion of our business, and we do not anticipate paying any cash dividends on our Common Stock. Accordingly, investors must be prepared to rely on sales of their Common Stock after price appreciation to earn an investment return, which may never occur. Investors seeking cash dividends should not purchase our Common Stock. Any determination to pay dividends in the future will be made at the discretion of our Board of Directors and will depend on our results of operations, financial condition, contractual restrictions, restrictions imposed by applicable law and other factors our Board of Directors deems relevant.

We are subject to penny stock regulations and restrictions and you may have difficulty selling shares of our Common Stock.

The Commission has adopted regulations which generally define so-called "penny stocks" as an equity security that has a market price of less than $5.00 per share or an exercise price of less than $5.00 per share, subject to certain exemptions. Our Common Stock is a "penny stock", and we are subject to Rule 15g-9 under the Exchange Act, or the Penny Stock Rule. This rule imposes additional sales practice requirements on broker-dealers that sell such securities to persons other than established customers and "accredited investors" (generally, individuals with a net worth in excess of $1,000,000 or annual income exceeding $200,000, or $300,000 together with their spouses). For transactions covered by Rule 15g-9, a broker-dealer must make a special suitability determination for the purchaser and receive the purchaser's written consent to the transaction prior to sale. As a result, this rule affects the ability of broker-dealers to sell our securities and affects the ability of purchasers to sell any of our securities in the secondary market.

For any transaction involving a penny stock, unless exempt, the rules require delivery, prior to any transaction in a penny stock, of a disclosure schedule prepared by the Commission relating to the penny stock market. Disclosure is also required to be made about sales commissions payable to both the broker-dealer and the registered representative and current quotations for the securities. Finally, monthly statements are required to be sent disclosing recent price information for the penny stock held in the account and information on the limited market in penny stock.

There can be no assurance that our shares of Common Stock will qualify for exemption from the Penny Stock Rule. In any event, even if our Common Stock were exempt from the Penny Stock Rule, we would remain subject to Section 15(b)(6) of the Exchange Act, which gives the Commission the authority to restrict any person from participating in a distribution of penny stock if the Commission finds that such a restriction would be in the public interest.

In addition to the "penny stock" rules described above, the Financial Industry Regulatory Authority, or FINRA has adopted similar rules that may also limit a stockholder's ability to buy and sell our Common Stock. FINRA rules require that in recommending an investment to a customer, a broker-dealer must have reasonable grounds for believing that the investment is suitable for such customer. Prior to recommending speculative low-priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer's financial status, tax status, investment objectives and other information. Under interpretations of these rules, FINRA believes that there is a high probability that speculative low-priced securities will not be suitable for at least some customers. The FINRA requirements make it more difficult for broker-dealers to recommend that their customers buy our Common Stock, which may limit your ability to buy and sell our stock and have an adverse effect on the market for our shares.

Anti-takeover provisions could limit the ability of a third party to acquire us.

On February 15, 2017, we adopted a limited duration Shareholder Rights Plan, or Rights Agreement by and between the Company and VStock Transfer LLC, or VStock as rights agent. Under the Rights Agreement, one preferred stock purchase right will be distributed for each share of common stock held by stockholders of record on March 2, 2017. The rights will trade with the common stock and will not be separable or exercisable until such time as the Plan is triggered. The Rights Agreement was scheduled to expire on February 15, 2019, subject to the Company's right to extend such date, unless earlier redeemed or exchanged by the Company or terminated.

On November 12, 2018, the Board of Directors of the Company approved an amendment to the Rights Agreement (i) extending the Final Expiration Date, as defined in the Rights Agreement, to the close of business on February 15, 2021, and (ii) providing for the construction of the Rights Agreement and all other related documents in a manner consistent with the extension of the Final Expiration Date.

On November 25, 2019, we entered into an assumption agreement with Broadridge Corporate Issuer Solutions, Inc., or Broadridge, whereby Broadridge assumes the role of rights agent under the Rights Agreement, effectively replacing VStock as rights agent.

On February 12, 2021, the Board of Directors of the Company approved an additional amendment to the Rights Agreement (i) extending the Final Expiration Date, as defined in the Rights Agreement, to the close of business on February 15, 2023, and (ii) providing for the construction of the Rights Agreement and all other related documents in a manner consistent with the extension of the Final Expiration Date.

The extension of the Final Expiration Date under the Rights Agreement was entered into to ensure that the Board of Directors would continue to have sufficient time to consider any proposal from a third party that might result in a change in control of the Company, to ensure that all stockholders receive fair and equal treatment in the event of any such a proposal, and to encourage any potential acquirer to negotiate with the Board of Directors. In addition, extending the Rights Agreement will guard against partial tender offers, open market accumulations and other coercive tactics aimed at gaining control of the Company without paying all stockholders a full control premium for their shares. The Rights Agreement was not amended in response to any specific takeover offer. The Rights Agreement may discourage delay of prevent a merger, acquisition or other change of control that shareholders may consider favorable, including transactions in which shareholders might otherwise receive a premium for their shares. These provisions could limit the price that investors might be willing to pay in the future for shares of our common stock.

The Nevada Revised Statutes, which is the general corporate law applicable to us, contain provisions governing an acquisition of a controlling interest of the Company. These provisions provide generally that any person or entity that acquires a certain percentage of our outstanding voting shares may be denied voting rights with respect to the acquired shares, unless the acquisition is approved by both (i) the holders of a majority of the voting shares of our stock, and (ii) if the acquisition would adversely alter or change any preference or other right given to any other class or series of outstanding shares, the holders of a majority of each class or series effected, excluding the shares held by any interested person (including, such acquiring person or entity, an officer or a director of the corporation, and an employee of the corporation). This provision of the Nevada Revised Statutes could impede an acquisition of us even if a premium would be paid to our stockholders for their shares.

IN ADDITION TO THE ABOVE RISKS, BUSINESSES ARE OFTEN SUBJECT TO RISKS NOT FORESEEN OR FULLY APPRECIATED BY MANAGEMENT. IN REVIEWING THIS PROSPECTUS, POTENTIAL INVESTORS SHOULD KEEP IN MIND THAT THERE MAY BE OTHER POSSIBLE RISKS THAT COULD BE IMPORTANT.

USE OF PROCEEDS

All of the shares of Common Stock being offered under this prospectus are being sold by or for the account of the Selling Shareholders. We will not receive any proceeds from the sale of the Shares; however, we will receive approximately $1,840 upon the exercise of outstanding options to purchase 18,400,000 shares of common stock held by a Selling Shareholder.

SELLING SHAREHOLDERS

This prospectus relates to the registration of 64,423,736 shares of our Common Stock, consisting of:

- 15,610,236 issued and outstanding shares of our common stock, $0.0001 par value per share, held by certain of the Selling Shareholders;
- 30,413,500 shares of common stock that may be sold by certain of the Selling Shareholders upon the conversion of outstanding convertible debentures; and
- 18,400,000 shares of common stock that may be sold by a Selling Shareholder upon the exercise of outstanding options.

The Selling Shareholders identified in this prospectus may offer the shares of our common stock at prevailing market prices at the time of sale, at prices related to the prevailing market price, at varying prices determined at the time of sale or at negotiated prices. See “Plan of Distribution” for additional information.

Unless otherwise indicated, we believe, based on information supplied by the following persons that the persons named in the table below have sole voting and investment power with respect to all shares of common stock that they beneficially own. The information presented in the columns under the heading “Number of Shares Beneficially Owned After Offering” assumes the sale of all of our shares offered by this prospectus. The registration of the offered shares does not mean that any or all of the Selling Shareholders will offer or sell any of these shares.

We have determined beneficial ownership in accordance with the rules of the SEC, and the information is not necessarily indicative of beneficial ownership for any other purpose.

Selling Shareholder information for each additional Selling Shareholder, if any, will be set forth by prospectus supplement to the extent required prior to the time of any offer or sale of such Selling Shareholder’s shares pursuant to this prospectus. Any prospectus supplement may add, update, substitute, or change the information contained in this prospectus, including the identity of each Selling Shareholder and the number of shares registered on its behalf. The inclusion of any shares in this table does not constitute an admission of beneficial ownership by the persons named below.

Certain Selling Shareholders set forth in a table below may be broker-dealers, or affiliates of broker-dealers. Each broker-dealer identified below acquired the securities identified in the table as beneficially owned by it as compensation for placement agent and financial advisory services provided to the Company, and is offering the covered securities in its proprietary capacity. No broker-dealer identified in the Selling Shareholders table below is acting as a broker-dealer in connection with this offering. Additionally, each Selling Shareholder identified in the table below as an affiliate of a broker-dealer acquired the securities identified in the table as beneficially owned by it in the ordinary course of its business and not as underwriting compensation in this offering, and at the time such securities were acquired, had no agreement or understanding, directly or indirectly, with any person to distribute such securities. Unless otherwise indicated, none of the Selling Shareholders have within the past three years had any position, office or other material relationship with the Company or any of its predecessors or affiliates.

Name	Number of Shares Beneficially Owned Prior to Offering	Number of Shares Offered by the Selling Shareholder	Number of Shares Beneficially Owned After Offering	Percentage of Common Stock Beneficially Owned After Offering
GLD Legacy Holdings, LLC (1)	22,100,000(2)	12,100,000(3)	10,000,000(3)	20.89%
Mayer & Associates, LLC (4)	1,600,000	20,000,000(4)	-(4)	-
Legacy Tech Partners LLC (5)	15,100,000(5)	11,600,000(5)	-(5)	-

ABCImpact I, LLC (6)	17,000,000(6)	17,000,000(6)	-(6)	-
Michel Botbol (7)	500,000	500,000	-	-
James E. May (8)	566,769	566,769	-	-
Cary Sucoff (9)	830,250	830,250	-	-
Peter W. Harper (10)	501,717	501,717	-	-
Vanessa Guzman-Clark (11)	20,000	20,000	-	-
Eliahu Sarfaty	315,000	315,000	-	-
GLD Advisory Services, LLC	315,000	315,000		
Barry Joseph Kostiner (12)	315,000	315,000	-	-
Jason van der Meide	160,000	160,000	-	-
Peter R. Serra	100,000	100,000	-	-
Aracle Management LLC	100,000	100,000	-	-

(1) Daniel Gordon has voting and dispositive control over these shares, as the 100% owner of GLD Management, Inc., the General Partner of GLD Partners, LP, sole member of the selling stockholder.

(2) Represents 20,000,000 shares of our common stock underlying an outstanding debenture held by the Selling Shareholder (the "GLD Debenture") and 2,100,000 shares of our common stock issued to the Selling Stockholder pursuant to the Forbearance Agreement. Does not include up to 20,000,000 shares of our common stock underlying warrants that would be issued to the Selling Shareholder upon the conversion of the GLD Debenture.
(3) Includes 10,000,000 shares of our common stock underlying the GLD Debenture. Does not include an additional 10,000,000 shares of our common stock underlying the GLD Debenture or up to 20,000,000 shares of our common stock underlying warrants that would be issued to the Selling Shareholder upon the conversion of the GLD Debenture.
(4) Benjamin Mayer has voting and dispositive control over these shares. Includes 1,600,000 issued and outstanding shares of our common stock and 18,400,000 shares of our common stock which Mayer may acquire from time to time pursuant to an option at a per share price of $0.0001. Does not include an additional 120,000,000 options at a per share price of $0.05833. The exercise of the options are subject to ownership limitations so that the selling stockholder cannot beneficially own in excess of 4.9% (or in certain circumstances, 9.9%) of the issued and outstanding common stock of the Company at any time.
(5) Legacy Tech Partners LLC beneficially owns 8,186,500 shares of our common stock. LTP further owns an outstanding 10% senior secured convertible debenture due March 8, 2022 (the "LTP Debenture"), which is convertible into (a) up to an additional 96,913,500 shares of our common stock (assuming we borrow all amounts under the LTP Debenture) and (b) up to an additional 100,000,000 shares of our common stock underlying warrants issued or to be issued to the Selling Shareholder upon conversion of the LTP Debenture, all of which are subject to a beneficial ownership blocker. Barry Kostiner, sole member of our Board of Directors and CEO, is the president of the Selling Shareholder and has voting and dispositive power over these shares. Does not include 315,000 shares of our common stock directly held by Mr. Kostiner (see footnote (11) below). We are registering all 8,186,500 issued and outstanding shares of our common stock plus an additional 3,413,500 shares of our common stock underlying the LTP Debenture.
(6) Andrew McDonald has voting and dispositive control over these shares, as the Manager of ABCImpact I, LLC. An affiliate of Mr. Kostiner, the Company's Chief Executive Officer and sole director, has a non-controlling passive interest in ABCImpact I, LLC and he disclaims beneficial ownership except to the extent of his pecuniary interest. Represents shares of our common stock underlying $850,000 of convertible debentures held by ABCImpact I, LLC that may be converted at a conversion price per share of $0.05. Does not include shares underlying common stock purchase warrants that may be issuable upon a conversion of such convertible debentures. The conversion of the convertible debentures and any subsequent exercise of warrants are subject to ownership limitations so that the selling stockholder cannot beneficially own in excess of 4.9% (or in certain circumstances, 9.9%) of the issued and outstanding common stock of the Company at any time.
(7) Mr. Botbol is our former Chairman of our Board of Directors and Chief Executive Officer.
(8) Mr. May is our former General Counsel.
(9) Mr. Sucoff is a former member of our Board of Directors.
(10) Mr. Harper is a former member of our Board of Directors.
(11) Ms. Guzman-Clark is our former Vice President and Chief Financial Officer.
(12) Mr. Kostiner is sole member of our Board of Directors and CEO, as well as the principal financial and accounting officer of the Company. Mr. Kostiner is also the president of Legacy Tech Partners LLC. See also footnote (5) above.

PLAN OF DISTRIBUTION

We are registering 64,423,736 shares of common stock, to permit the resale of these shares of Common Stock by the holders from time to time after the date of this prospectus. We will not receive any of the proceeds from the sale by the Selling Shareholder of the shares of Common Stock. We will bear all fees and expenses incident to our obligation to register the shares of Common Stock.

Each Selling Shareholder may sell all or a portion of the shares of Common Stock held by it and offered hereby from time to time directly or through one or more underwriters, broker-dealers or agents. If the shares of Common Stock are sold through underwriters or broker-dealers, the Selling Shareholder will be responsible for underwriting discounts or commissions or agent's commissions. The shares of Common Stock may be sold in one or more transactions at fixed prices, at prevailing market prices at the time of the sale, at varying prices determined at the time of sale or at negotiated prices. These sales may be effected in transactions, which may involve crosses or block transactions, pursuant to one or more of the following methods:

- on any national securities exchange or quotation service on which the securities may be listed or quoted at the time of sale;
- in the over-the-counter market;
- in transactions otherwise than on these exchanges or systems or in the over-the-counter market;
- through the writing or settlement of options, whether such options are listed on an options exchange or otherwise;
- ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;
- block trades in which the broker-dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;

- privately negotiated transactions;
- broker-dealers may agree with a selling security holder to sell a specified number of such shares at a stipulated price per share;
- a combination of any such methods of sale; and
- any other method permitted pursuant to applicable law.

Each Selling Shareholder may also sell shares of Common Stock under Rule 144 promulgated under the Securities Act of 1933, as amended, if available, rather than under this prospectus. In addition, each Selling Shareholder may transfer the shares of Common Stock by other means not described in this prospectus. If a Selling Shareholder effects such transactions by selling shares of Common Stock to or through underwriters, broker-dealers or agents, such underwriters, broker-dealers or agents may receive commissions in the form of discounts, concessions or commissions from the Selling Shareholder or commissions from purchasers of the shares of common stock for whom they may act as agent or to whom they may sell as principal (which discounts, concessions or commissions as to particular underwriters, broker-dealers or agents may be in excess of those customary in the types of transactions involved). In connection with sales of the shares of Common Stock or otherwise, a Selling Shareholder may enter into hedging transactions with broker-dealers, which may in turn engage in short sales of the shares of Common Stock in the course of hedging in positions they assume. Each Selling Shareholder may also sell shares of Common Stock short and deliver shares of Common Stock covered by this prospectus to close out short positions and to return borrowed shares in connection with such short sales. Each Selling Shareholder may also loan or pledge shares of Common Stock to broker-dealers that in turn may sell such shares.

Each Selling Shareholder may pledge or grant a security interest in some or all of the shares of Common Stock owned by it and, if it defaults in the performance of its secured obligations, the pledgees or secured parties may offer and sell the shares of Common Stock from time to time pursuant to this prospectus or any amendment to this prospectus under Rule 424(b)(3) or other applicable provision of the Securities Act amending, if necessary, the list of Selling Shareholders to include the pledgee, transferee or other successors in interest as Selling Shareholders under this prospectus. Each Selling Shareholder also may transfer and donate the shares of Common Stock in other circumstances in which case the transferees, donees, pledgees or other successors in interest will be the selling beneficial owners for purposes of this prospectus.

To the extent required by the Securities Act and the rules and regulations thereunder, each Selling Shareholder and any broker-dealer participating in the distribution of the shares of common stock may be deemed to be "underwriters" within the meaning of the Securities Act, and any commission paid, or any discounts or concessions allowed to, any such broker-dealer may be deemed to be underwriting commissions or discounts under the Securities Act. At the time a particular offering of the shares of common stock is made, a prospectus supplement, if required, will be distributed, which will set forth the aggregate amount of shares of Common Stock being offered and the terms of the offering, including the name or names of any broker-dealers or agents, any discounts, commissions and other terms constituting compensation from the Selling Shareholders and any discounts, commissions or concessions allowed or re-allowed or paid to broker-dealers.

Under the securities laws of some states, the shares of Common Stock may be sold in such states only through registered or licensed brokers or dealers. In addition, in some states the shares of Common Stock may not be sold unless such shares have been registered or qualified for sale in such state or an exemption from registration or qualification is available and is complied with.

There can be no assurance that the Selling Shareholders will sell any or all of the shares of Common Stock registered pursuant to the registration statement, of which this prospectus forms a part.

The Selling Shareholders and any other person participating in such distribution will be subject to applicable provisions of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, including, without limitation, to the extent applicable, Regulation M of the Exchange Act, which may limit the timing of purchases and sales of any of the shares of Common Stock by the Selling Shareholders and any other participating person. To the extent applicable, Regulation M may also restrict the ability of any person engaged in the distribution of the shares of common stock to engage in market-making activities with respect to the shares of Common Stock. All of the foregoing may affect the marketability of the shares of Common Stock and the ability of any person or entity to engage in market-making activities with respect to the shares of Common Stock.

We will pay all expenses of the registration of the shares of common stock, estimated to be approximately $25,000 in total, including, without limitation, Securities and Exchange Commission filing fees and expenses of compliance with state securities or "blue sky" laws; provided, however, the Selling Shareholders will pay all underwriting discounts and selling commissions, if any.

Once sold under the registration statement, of which this prospectus forms a part, the shares of Common Stock will be freely tradable in the hands of persons other than our affiliates.

DESCRIPTION OF SECURITIES TO BE REGISTERED

The following description of our capital stock is a summary only and is qualified by reference to our Second Amended and Restated Articles of Incorporation included as Exhibit 3.1, our Certificate of Designation included as Exhibit 3.2, and our Bylaws, as amended, included as Exhibits 3.3, 3.4 and 3.5, in each case to the Registration Statement on Form S-1 to which this prospectus forms a part.

General

Our authorized capital stock consists of 200,000,000 shares of Common Stock, with a par value of $0.0001 per share, and 20,000,000 shares of Preferred Stock, with a par value of $0.0001 per share. As of October 11, 2022, there were 37,867,697 shares of Common Stock issued and outstanding and zero shares of Preferred Stock issued and outstanding.

Common Stock

The Company's Certificate of Incorporation, as amended, authorizes us to issue an aggregate of 200,000,000 shares of Common Stock. As of the date of this prospectus, 37,867,697 shares of our Common Stock were issued and outstanding. All outstanding shares of Common Stock are of the same class and have equal rights and attributes. The holders of Common Stock are entitled to one vote per share on all matters submitted to a vote of stockholders of the Company. Holders of Common Stock do not have cumulative voting rights. In the event of a liquidation, dissolution or winding up, each outstanding share entitles its holder to participate pro rata in all assets that remain after payment of liabilities and after providing for each class of stock, if any, having preference over the Common Stock. The Common Stock has no pre-emptive, subscription or conversion rights and there are no applicable redemption provisions. Additionally, our authorized but unissued Common Shares could be used by our Board of Directors for defensive purposes against a hostile takeover attempt, including (by way of example) the private placement of Shares or the granting of options to purchase Shares to persons or entities sympathetic to, or contractually bound to support, management. We have no such present arrangement or understanding with any person. However, our Common Stock has been reserved for issuance upon the exercise of stock purchase rights designed to deter hostile takeovers, commonly known as a "poison pill."

Transfer Agent

The transfer agent for our Common Stock is Broadridge Corporate Issue Solutions, P.O. Box 1342, Brentwood, NY 11717.

Preferred Stock

Our Board of Directors is expressly authorized, at its discretion, to adopt resolutions to issue shares of Preferred Stock of any class or series, to fix the number of shares of any class or series of Preferred Stock and to change the number of shares constituting any series and to provide for or change the voting powers, designations, preferences and relative, participating, optional or other special rights, qualifications, limitations or restrictions thereof, including dividend rights (including whether the dividends are cumulative), dividend rates, terms of redemption (including sinking fund provisions), redemption prices, conversion rights and liquidation preferences of the shares constituting any series of the Preferred Stock, in each case without any further action or vote by our stockholders.

Series A Preferred Stock

On February 17, 2017, we filed a Certificated of Designation for a series of preferred stock designated Series A Junior Participating Preferred Stock, or Series A Preferred. There are 40,000 shares of Series A Preferred designated. Each share of such stock shall vote with the Common Stock and have 1,000 votes. Shares of the Series A Preferred have no conversion rights, but shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, quarterly dividends payable in cash on the first day of March, June, September and December in each year or liquidation rights. Upon any liquidation, dissolution or winding up of the Company, no distribution shall be made (1) to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred unless, prior thereto, the holders of Series A Preferred shall have received an amount per share equal to $5.00 per share, plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment, provided that the holders of shares of Series A Preferred shall be entitled to receive an aggregate amount per share, subject to the provision for adjustment hereinafter set forth, equal to 1,000 times the aggregate amount to be distributed per share to holders of Common Stock. As of the date of filing of this prospectus, we have not issued any shares of Series A Preferred.

MARKET PRICE OF AND DIVIDENDS ON COMMON STOCK AND RELATED STOCKHOLDER MATTERS

Our common stock is quoted on the OTCQB Market under the symbol LEAI.

The following table shows the high and low bid prices of our common stock for the periods indicated. These quotations reflect inter-dealer prices, without retail mark-up, markdown or commissions, and may not represent actual transactions.

The last reported closing price was $.1725 on October 11, 2022.

Quarter Ended		High		Low
December 31, 2022 (through October 11, 2022)	$	0.1726	$	0.1610
September 30, 2022		0.170		0.0791
June 30, 2022		0.185		0.1010
March 31, 2022		0.190		0.0560
December 31, 2021	$	0.116	$	0.0612
September 30, 2021		0.155		0.10
June 30, 2021		0.155		0.063
March 31, 2021		0.1585		0.0805
December 31, 2020	$	0.15	$	0.04
September 30, 2020		0.114		0.068
June 30, 2020		0.14		0.0661
March 31, 2020		0.1915		0.081

Holders

As of October 11, 2022, there were approximately 378 stockholders of record for our Common Stock. The number of stockholders does not include beneficial owners holding shares through nominee names.

Shares Eligible for Future Sale

As of October 11, 2022, there are 37,867,697 shares of common stock issued and outstanding, of which an aggregate of 8,501,500 shares are beneficially owned by our sole director and executive officer or his affiliates.

Approximately 21 million outstanding shares of common stock held by current shareholders are considered "restricted securities" subject to the limitations of Rule 144 under the Securities Act. In general, securities may be sold pursuant to Rule 144 after being fully paid and held for more than 6 months. While affiliates of the Company are subject to certain limits in the amount of restricted securities, they can sell under Rule 144, there are no such limitations on sales by persons who are not affiliates of the Company. In the event non-affiliated holders elect to sell such shares in the public market, there is likely to be a negative effect on the market price of the Company's securities.

Dividend Policy

We have not paid out any cash dividends for the past two years and do not anticipate paying any cash dividends on our Common Stock for the foreseeable future. Accordingly, investors must be prepared to rely on sales of their Common Stock after price appreciation to earn an investment return, which may never occur. Investors seeking cash dividends should not purchase our Common Stock. Any determination to pay dividends in the future will be made at the discretion of our Board of Directors and will depend on our results of operations, financial condition, contractual restrictions, restrictions imposed by applicable law and other factors our Board of Directors deems relevant.

Penny Stock Regulation

Shares of our Common Stock have been and will likely continue to be subject to rules adopted the SEC that regulate broker-dealer practices in connection with transactions in "penny stocks." Penny stocks are generally equity securities with a price of less than $5.00 (other than securities registered on certain national securities exchanges or quoted on the NASDAQ or NYSE system, provided that current price and volume information with respect to transactions in those securities is provided by the exchange or system). The penny stock rules require a broker-dealer, prior to a transaction in a penny stock not otherwise exempt from those rules, deliver a standardized risk disclosure document prepared by the SEC, which contains the following:

- a description of the nature and level of risk in the market for penny stocks in both public offerings and secondary trading;
- a description of the broker's or dealer's duties to the customer and of the rights and remedies available to the customer with respect to violation to such duties or other requirements of securities' laws;
- a brief, clear, narrative description of a dealer market, including "bid" and "ask" prices for penny stocks and the significance of the spread between the "bid" and "ask" price;
- a toll-free telephone number for inquiries on disciplinary actions;
- definitions of significant terms in the disclosure document or in the conduct of trading in penny stocks; and
- such other information and is in such form (including language, type, size and format), as the SEC shall require by rule or regulation.

Prior to effecting any transaction in penny stock, the broker-dealer also must provide the customer the following:

- the bid and offer quotations for the penny stock;
- the compensation of the broker-dealer and its salesperson in the transaction;
- the number of shares to which such bid and ask prices apply, or other comparable information relating to the depth and liquidity of the market for such stock; and
- monthly account statements showing the market value of each penny stock held in the customer's account.

In addition, the penny stock rules require that prior to a transaction in a penny stock not otherwise exempt from those rules, the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written acknowledgment of the receipt of a risk disclosure statement, a written agreement to transactions involving penny stocks, and a signed and dated copy of a written suitability statement. These disclosure requirements may have the effect of reducing the trading activity in the secondary market for a stock that becomes subject to the penny stock rules. Holders of shares of our Common Stock may have difficulty selling those shares because our Common Stock will probably be subject to the penny stock rules.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

The following discussion and analysis of financial condition and results of operations is based upon, and should be read in conjunction with our audited and unaudited financial statements and related notes thereto included elsewhere in this prospectus commencing on page F-1.

We caution you that reliance on any forward-looking statement involves risks and uncertainties, and that although we believe the assumptions on which our forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate, and as a result, the forward-looking statements based on those assumptions could be incorrect. In light of these and other uncertainties, you should not conclude that we will necessarily achieve any plans and objectives or projected financial results referred to in any of the forward-looking statements. We do not undertake to release the results of any revisions of these forward-looking statements to reflect future events or circumstances. Some of the factors that may cause actual results, developments and business decisions to differ materially from those contemplated by such forward-looking statements include the following:

Overview

We are a provider of practical, high-quality, and value-based educational training on the topics of personal finance, entrepreneurship, real estate, and financial markets investing strategies and techniques. Our programs are offered through a variety of formats and channels, including free workshops, basic trainings, forums, telephone mentoring, one-on-one mentoring, coaching and e-learning. During the nine months ended September 30, 2022, our education operations were limited.

Our students pay for their courses in full up-front or through payment agreements with independent third parties. Under United States of America generally accepted accounting principles ("U.S. GAAP"), we recognize revenue upon the earlier of (i) when our students take their courses or (ii) the term for taking their course expires, both of which could be several quarters after the student purchases a program and pays the fee. We recognize revenue immediately when we sell our (i) proprietary products delivered at time of sale and (ii) third party products sales. Our symposiums and forums combine multiple advanced training courses in one location, allowing us to achieve certain economies of scale that reduce costs and improve margins while also accelerating U.S. GAAP revenue recognition, while at the same time, enhancing our students' experience, particularly, for example, through the opportunity to network with other students.

We also provide a richer experience for our students through one-on-one mentoring (two to four days in length, on site or remotely and telephone mentoring (10 to 16 weekly one-on-one or one-on-many telephone sessions). Mentoring involves a subject matter expert interacting with the student remotely or in person and guiding the student, for example, through his or her first real estate transaction, providing a real hands-on experience.

We were founded in 1996, and through a reverse merger, became a publicly-held company in November 2014. Legacy Education has touched more than five million students from more than 150 countries and territories over the course of its operating history. Its curriculum is designed to help people progress from beginner to educated investor.

Historically, our operations have been managed through three operating segments: (i) North America, (ii) United Kingdom, and (iii) Other Foreign Markets. We no longer operate under our United Kingdom and Other Foreign Markets segments.

Since January 1, 2022, we have operated under five brands: Legacy Elite, Legacy Building Wealth Club, Legacy Degree (affordable, accredited degree completion), Legacy Capital, and non-profit division, Legacy Open Library.

We have recently commenced various strategic initiatives and are embarking on a number of transactions, which we expect will strengthen the Company's balance sheet and strategic positioning, including relationships with Brian Page and multiple education guidance counselors, marketers and non-profits. Further, the foundation of our proposed Nasdaq uplisting includes the potential spinoff of the existing Legacy Education business, which was previously approved by shareholders, and the proposed acquisition of Coopersmith Career Consulting, each of which are in process but we can give no assurance at this time of success.

Impact from COVID-19 Coronavirus

Historically, our operations have relied heavily on our and our students' ability to travel and attend live events where large groups of people gather in local markets within each of the segments in which we operate. On March 11, 2020, the World Health Organization (WHO) declared the COVID-19 outbreak as a pandemic. As a result of worldwide restrictions on travel and social distancing, in March 2020 we temporarily ceased conducting live sales and fulfillment and furloughed substantially all of our employees. We resumed sales operations in June 2020 with online sales events selling into our suite of online, on-demand, and over-the-phone products. We also resumed online, on-demand, and over-the-phone fulfillment activities in June 2020. We resumed live operations on a limited basis, in November 2020, with events in Florida. In December 2021, the Company temporarily suspended live in-person events and will continue following strict safety protocols at the live events when resumed. We have simplified our product offerings and restructured our compensation program with respect to both employees and independent contractors to reduce costs and improve margins, but there can be no assurances that the Company will be effective in selling its products and services, or what the impact such activities will have on our financial performance. We are not able to fully quantify the continued impact that these factors will have on our financial results, but expect developments related to COVID-19 to continue to affect the Company's financial performance in 2022 and beyond.

Critical Accounting Estimates and Policies

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect reported amounts and related disclosures. In addition to the estimates presented below, there are other items within our consolidated financial statements that require estimation but are not deemed critical as defined below. We believe these estimates are reasonable and appropriate. However, if actual experience differs from the assumptions and other considerations used, the resulting changes could have a material effect on the financial statements taken as a whole.

Management believes that the following policies and estimates are critical because they involve significant judgments, assumptions and estimates. Management has discussed the development and selection of the critical accounting estimates with the Audit Committee of our Board of Directors and the Audit Committee has reviewed the disclosures presented below relating to those policies and estimates.

Long-Lived Assets

We evaluate the carrying amount of our long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. We record an impairment loss when indications of impairment are present and undiscounted cash flows estimated to be generated by those assets are less than assets' carrying value. We evaluate the remaining life and recoverability of long-lived assets whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. At such time, we estimate the future cash flows expected from the use of the assets and their eventual dispositions and, if lower than the carrying amounts, adjust the carrying amount of the assets to their estimated fair value. Because of our changing business conditions including current and projected level of income, business trends, prospects and market conditions, our estimates of cash flows to be generated from our operations could change materially, resulting in the need to record additional impairment charges.

Revenue Recognition

We recognize revenue when our customers obtain control of promised goods or services, in an amount that reflects the consideration which we expect to receive in exchange for those goods or services, in accordance with Topic 606.

We adopted Topic 606 using the modified retrospective method applied to those contracts which were not completed as of January 1, 2018. Revenue amounts presented in our consolidated financial statements are recognized net of sales tax, value-added taxes, and other taxes.

In the normal course of business, we recognize revenue based on the customers' attendance of the course, mentoring training, coaching session or delivery of the software, data or course materials on-line. After a customer contract expires, we record breakage revenue less a reserve for cases where we allow a customer to attend after expiration. We had deferred revenue of $15.8 million and $46.5 million related to contractual commitments with customers where the performance obligation will be satisfied over time, which ranges from one to two years as of December 31, 2020 and 2019, respectively. The revenue associated with these performance obligations is recognized as the obligation is satisfied.

Income Taxes

We account for income taxes in conformity with the requirements of ASC 740, *Income Taxes*. Per ASC 740, the provision for income taxes is calculated using the asset and liability approach of accounting for income taxes. We recognize deferred tax assets and liabilities, at enacted income tax rates, based on the temporary differences between the financial reporting basis and the tax basis of our assets and liabilities. We include any effects of changes in income tax rates or tax laws in the provision for income taxes in the period of enactment. When it is more likely than not that a portion or all of a deferred tax asset will not be realized in the future, we provide a corresponding valuation allowance against the deferred tax asset.

ASC 740 also clarifies the accounting for uncertainty in income taxes recognized in a company's financial statements and prescribes a recognition threshold of more likely than not and a measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. In making this assessment, a company must determine whether it is more likely than not that a tax position will be sustained upon examination, based solely on the technical merits of the position and must assume that the tax position will be examined by taxing authorities. ASC 740 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosures and transition.

Accounting for Litigation and Settlements

We are involved in various legal proceedings. Due to their nature, such legal proceedings involve inherent uncertainties including, but not limited to, court rulings, negotiations between affected parties, and the possibility of governmental intervention. Management assesses the probability of loss for such contingencies and accrues a liability and/or discloses the relevant circumstances as appropriate. While certain of these matters involve substantial amounts, management believes, based on available information, that the ultimate resolution of such legal proceedings will not have a material adverse effect on our financial condition or results of operations.

The critical accounting policies discussed above are not intended to be a comprehensive list of all of our accounting policies. In many cases, the accounting treatment of a particular transaction is specifically dictated by accounting principles generally accepted in the U.S., with no need for management's judgment in their application. There are also areas in which management's judgment in selecting any available alternative would not produce a materially different result.

Results of Operations – Fiscal Years Ended December 31, 2021 and 2020

Our financial results continue to be significantly impacted by the COVID-19 pandemic. Due to the severity and scope of the pandemic, the pace at which governmental and private travel restrictions and public concerns about public gathering will ease, the rate at which historically large increases of unemployment rates will decrease, and the speed with which the economy recovers are all factors that impacted our financial results. In addition, our financial results were impacted due to the winding down our Rich Dad brand.

Our Results of Operations for the fiscal years ended December 31, 2021 and 2020 were as follows:

(in thousands, except per share data)	Years Ended December 31, 2021	Years Ended December 31, 2020
Revenue	$ 7,710	$ 25,914
Operating costs and expenses:		
Direct course expenses	2,294	5,801
Advertising and sales expenses	1,636	2,293
Royalty expenses	-	68
General and administrative expenses	4,195	4,555
Total operating costs and expenses	8,125	12,717
Income (loss) from operations	(415)	13,197
Other income (expense):		
Interest expense, net	(524)	(210)
Other income (expense), net	8	1,641
Gain on forgiveness of PPP Loan	910	-
Total other income (expense), net	394	1,431
Income (loss) from continuing operations before income taxes	(21)	14,628
Income tax (expense) benefit	(716)	(2,883)
Net income (loss) from continuing operations	(737)	11,745
Income from discontinued operations	171	4,264
Net income from discontinued operations	171	4,264
Net income (loss)	$ (566)	$ 16,009
Basic earnings (loss) per common share - continuing operations	$ (0.02)	$ 0.51
Basic earnings (loss) per common share - discontinued operations	-	0.18
Basic earnings (loss) per common share	$ (0.02)	$ 0.69
Diluted earnings (loss) per common share - continuing operations	$ (0.03)	$ 0.51
Diluted earnings (loss) per common share - discontinued operations	-	0.18
Diluted earnings (loss) per common share	$ (0.03)	$ 0.69
Basic weighted average common shares outstanding	29,187	23,076
Diluted weighted average common shares outstanding	29,187	23,230
Comprehensive income:		
Net income (loss)	$ (566)	$ 16,009
Foreign currency translation adjustments, net of tax of $0	421	(294)
Total comprehensive income	$ (145)	$ 15,715

Our operating results are expressed as a percentage of revenue in the table below:

	Years Ended December 31, 2021	Years Ended December 31, 2020
Revenue	100%	100%
Operating costs and expenses:		
Direct course expenses	29.8	22.4
Advertising and sales expenses	21.2	8.8
Royalty expenses	-	0.3
General and administrative expenses	54.4	17.6
Total operating costs and expenses	105.4	49.1
Income (loss) from operations	(5.4)	50.9
Other income (expense):		
Interest expense, net	(6.7)	(0.8)
Other income (expense), net	0.1	6.3
Gain on forgiveness of PPP Loan	11.8	-
Total other income (expense), net	5.2	5.5
Income (loss) from continuing operations before income taxes	(0.2)	56.4
Income tax (expense) benefit	(9.3)	(11.1)
Net income (loss) from continuing operations	(9.5)	45.3
Income from discontinued operations	2.2	16.5
Net income from discontinued operations	2.2	16.5
Net income (loss)	(7.3)%	61.8%

Outlook

Cash sales were $1.9 million for the year ended December 31, 2021, compared to $3.8 million for the year ended December 31, 2020, a decrease of $1.9 million or 100.0%. The decrease was driven primarily by a $1.9 million decrease in our North American segment due to Covid-19 limitations and the decreased number of live in-person events.

We believe that cash sales remain an important metric when evaluating our operating performance. Pursuant to U.S. GAAP, we recognize revenue upon the earlier of (i) when our students take their courses or (ii) the term for taking their course expires, both of which could be several quarters after the student purchases a program. Our students pay for their courses in full up-front or through payment agreements with independent third parties.

Historically, our operations have relied heavily on our and our students' ability to travel and attend live events where large groups of people gather in local markets within each of the segments in which we operate. On March 11, 2020, the World Health Organization (WHO) declared the COVID-19 coronavirus outbreak as a pandemic. As a result of worldwide restrictions on travel and social distancing, in March 2020 we ceased conducting live sales and fulfillment events which had a material adverse impact on results of our operations. We resumed live operations in November 2020, with events in Florida. The Company conducted additional live events in other areas as lockdown restrictions continue to ease. The Company will continue following strict safety protocols at the live events. We have simplified our product offerings, shifted focus to enhanced eLearning, and restructured our compensation program with respect to both employees and independent contractors to reduce costs and improve margins.

Due to the economic severity of the COVID-19 pandemic on the Company's results of operations, financial condition, and liquidity, live in-person events were temporarily suspended in December 2021 to assess the Company's strategic plan for fiscal year 2022 and beyond. The impact of the temporary suspension of live events is unknown.

Operating Segments

Our operations have historically been managed through three operating segments: (i) North America, (ii) the United Kingdom, and (iii) Other Foreign Markets. The proportion of our total revenue attributable to each segment is as follows:

	Years Ended December 31,	
As a percentage of total revenue	**2021**	**2020**
North America	65.1%	91.1%
U.K.	34.9%	3.3%
Other foreign markets	-%	5.6%
Total consolidated revenue	100.0%	100.0%

North America

Revenue derived from the Rich Dad brands in our North America segment was $2.5 million and $16.9 million or as a percentage of total segment revenue, 50.0% and 71.6%, for the years ended December 31, 2021, and 2020, respectively. We continue to fulfill contracts for students under the Rich Dad brand, however, we are no longer actively selling the Rich Dad brand. The majority pertained to real estate-related education, with the balance pertaining to financial markets training. We are continuing to develop methods of connecting to our students, diversify our products, and develop proprietary brands in order to increase the North America segment. Revenue derived from our Homemade Investor brand was $0.4 million and $1.0 million or as a percentage of total segment revenue, 8.0% and 4.2%, for the years ended December 31, 2021 and 2020, respectively.

The North America segment revenue was $5.0 million and $23.6 million or as a percentage of total revenue was 65.1% and 91.1% for the years ended December 31, 2021 and 2020, respectively.

The decrease in revenue of $18.6 million or 78.8% during the year ended December 31, 2021 compared to the same period in 2020, was due to the decrease in fulfillment of $4.0 million and decrease in recognition of revenue from expired contracts of $14.6 million.

U.K.

Revenue derived from the Rich Dad brands in our U.K. segment was $1.8 million and $0.7 million or as a percentage of total segment revenue was 66.7% and 87.5% for the years ended December 31, 2021 and 2020, respectively. The majority pertained to real estate-related education, with the balance pertaining to financial markets training. With the discontinued operations of UK Legacy, our U.K. segment is no longer as diverse.

The U.K. segment revenue was $2.7 million and $0.8 million or as a percentage of total revenue was 34.9% and 3.3% for the years ended December 31, 2021 and 2020, respectively. The increase in revenue of $1.9 million for the year ended December 31, 2021 compared to the same period in 2020, was due to increased fulfillment of $0.1 million and an increase in recognition of revenue from expired contracts of $1.8 million.

Other Foreign Markets

Our other foreign markets segment includes other European, Asian and African countries. Revenue derived from the Rich Dad brands was $0.0 million and $0.7 million or as a percentage of total segment revenue was 0.0% and 46.7% for the years ended December 31, 2021 and 2020, respectively.

The Other Foreign Markets segment revenue was $0.0 million and $1.5 million or as a percentage of total revenue was 0.0% and 5.6% for the years ended December 31, 2021 and 2020, respectively.

The decrease in revenue of $1.5 million or 100.0% during the year ended December 31, 2021 compared to the same period in 2020, was due to decreased fulfillment of $1.2 million and a decrease in recognition of revenue from expired contracts of $0.3 million. The segment is in liquidation and we are no longer actively selling in the market.

Year Ended December 31, 2021 Compared to Year Ended December 31, 2020

Revenue

Revenue was $7.7 million for the year ended December 31, 2021 compared to $25.9 million for the year ended December 31, 2020, a decrease of $18.2 million or 70.3%. The decrease was due to decreased fulfillment of $5.2 million or 70.5% and a decrease in recognition of revenue from expired contracts of $13.0 million or 70.2%.

Cash sales were $1.9 million for the year ended December 31, 2021 compared to $3.8 million for the year ended December 31, 2020, a decrease of $1.9 million or 100.0%. The decrease was driven primarily by a $1.9 million decrease in our North American segment.

Operating Expenses

Total operating costs and expenses were $8.1 million for the year ended December 31, 2021 compared to $12.7 million for the year ended December 31, 2020, a decrease of $4.6 million or 36.2%. The decrease was due to a $3.5 million decrease in direct course expenses, a $0.7 million decrease in advertising and sales expenses, and a $0.1 million decrease in general and administrative expenses, including the ERC credit from the Cares Act which reduced payroll expense in the amount of $292 thousand.

Direct course expenses

Direct course expenses relate to our free preview workshops, basic and elite training, and individualized mentoring programs, consisting of instructor fees, facility costs, salaries, commissions and fees associated with our field representatives and related travel expenses. Direct course expenses were $2.3 million for the year ended December 31, 2021 compared to $5.8 million for the year ended December 31, 2020, a decrease of $3.5 million or 60.3%, which was related to decreases in sales and training compensation, due to the economic impact of the COVID-19 pandemic on consumers.

Advertising and sales expenses

We generally obtain most of our potential customers through internet-based advertising. Advertising and sales expenses consist of purchased media to generate registrations to our free preview workshops and costs associated with supporting customer recruitment. We obtain the majority of our customers through free preview workshops. Historically, these preview workshops are offered in various metropolitan areas in North America, United Kingdom, and other international markets. Prior to the actual workshop, we spend a significant amount of money in the form of advertising through various media channels.

Advertising and sales expenses were $1.6 million for the year ended December 31, 2021 compared to $2.3 million for the year ended December 31, 2020, a decrease of $0.7 million or 30.4%. As a percentage of revenue, advertising and sales expenses were 21.2% and 8.8% for the years ended December 31, 2021 and 2020, respectively. The increase is primarily related to the decrease in COVID-19 restrictions on our ability to operate and resuming live events.

Royalty expenses

We are required to pay royalties under the licensing and related agreements pursuant to which we develop, market, and sell Rich Dad and Homemade Investor branded live seminars, training courses, and related products worldwide. There were no royalty expenses for the years ended December 31, 2021 and 2020, respectively due to transitioning sales to our proprietary *Building Wealth with Legacy* TM.

General and administrative expenses

General and administrative expenses primarily consist of compensation, benefits, insurance, professional fees, facilities expenses and travel expenses for the corporate staff, as well as depreciation and amortization expenses. General and administrative expenses were $4.2 million for the year ended December 31, 2021 compared to $4.6 million for the year ended December 31, 2020, a decrease of $0.4 million, or 8.7%. The decrease in general and administrative expenses was partially a result of a decrease in our personnel expenses due to the fact that we furloughed substantially all of our employees during Q2 2020. In addition, the Company assessed eligibility for the business relief provision under the CARES Act known as the Employee Retention Credit ("ERC"), a refundable payroll tax credit, which reduced payroll expense $292 thousand.

Other income, net

Other income was $0.0 million for the year ended December 31, 2021 compared to other income of $1.6 million for the year ended December 31, 2020, a decrease in other income of $1.6 million, mainly representing gain on sale of our property and equipment, and investment property during the year ended December 31, 2020.

Gain on forgiveness of PPP Loan

In March 2021, we were notified that PPBI sold substantially all of its PPP loans, including ELE's loan, to The Loan Source, Inc. ("TLS"), which, together with its servicing partner, ACAP SME, LLC, took over the forgiveness and ongoing servicing process for ELE's PPP loan. On August 4, 2021, we received notice from TLS that its First Draw PPP Loan had been partially forgiven in the amount of $899.0 thousand in principal and $11.0 thousand in interest. Thus, during the nine months ended September 30, 2021, we recognized the gain on forgiveness of PPP Loan in the total amount of $910.0 thousand (see Note 6 - *"Short-Term and Long-Term Debt"* to our Consolidated financial statements for further discussion).

Income tax expense

We recorded income tax expense of $0.7 million and $2.9 million for the year ended December 31, 2021 and 2020, respectively, a $2.2 million decrease in income tax expense.

Our effective tax rate was (3409.5)% and 19.7% for the year ended December 31, 2021 and 2020, respectively. Our effective tax rates differed from the U.S. statutory corporate tax rate of 21.0%, primarily because of the mix of pre-tax income or loss earned in certain jurisdictions, and intercompany activities.

We record a valuation allowance when it is more likely than not that some portion, or all, of the deferred tax assets will not be realized. We have retained a full valuation allowances of $3.5 million against the deferred tax assets of our Australian, Canadian, U.K., Hong Kong, and South Africa subsidiaries as of December 31, 2021. We have retained full valuation allowances of $3.6 million against the deferred tax assets of our Australian, Canadian, U.K., Hong Kong, and South Africa subsidiaries as of December 31, 2020. The most significant negative factor that was considered in determining whether a valuation allowance was required is a cumulative recent history of losses in all jurisdictions for the entities mentioned above.

Net income (loss) from continuing operations

Net loss from continuing operations was $0.7 million or ($0.02) per basic and diluted common share for the year ended December 31, 2021, compared to net income from continuing operations of $11.7 million or $0.51 per basic and $0.50 per diluted common share for the year ended December 31, 2020, a decrease in net income from continuing operations of $12.4 million or $0.53 per basic and $0.52 per diluted common share.

Net income from discontinued operations

Net income from discontinued operations was $0.1 million or $0.0 per basic and diluted common share for the year ended December 31, 2021, compared to net income from discontinued operations of $$0.1 million or $4.3 million or $0.18 per basic and diluted common share for the year ended December 31, 2020.

Results of Operations – Three and Six Months Ended June 30, 2022 and 2021

Our financial results continue to be significantly impacted by the COVID-19 pandemic. Due to the severity and scope of the pandemic, the pace at which government and private travel restrictions and public concerns about public gathering will ease, the rate at which historically large increases of unemployment rates will decrease, and the speed with which the economy recovers are all factors that impacted our financial results. In addition, our financial results were impacted due to the winding down our Rich Dad brand and other matters as disclosed in the litigation section of Note 13 "Commitments and Contingencies" in the Notes to Consolidated Financial Statements.

Our Results of Operations for the three and six months ended June 30, 2022 and 2021 were as follows (dollars in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Revenue	68	3,362	353	5,982
Operating costs and expenses:				
Direct course expenses	100	790	204	1,224
Advertising and sales expenses	54	556	142	614
Royalty expenses	0	0	0	0
General and administrative expenses	662	1,398	1,309	2,396
Total operating costs and expenses	816	2,744	1,655	4,234
Income (loss) from operations	(748)	618	(1,302)	1,748
Other income (expense):				
Interest expense, net	(112)	(386)	(237)	(386)
Other expense, net	3	(1)	3	(3)
Gain on forgiveness of PPP Loan	-	-	-	-
Total other income (expense), net	(109)	(387)	(234)	(389)
Income (loss) from continuing operations before income taxes	(856)	231	(1,535)	1,359
Income tax (expense) benefit	-	131	136	(915)
Net income (loss) from continuing operations	(856)	362	(1,399)	444
Income from discontinued operations	—	—	—	171
Net income from discontinued operations	—	—	—	$ 171
Net income (loss)	$ (856)	$ 362	$ (1,399)	$ 615
Basic earnings (loss) per common share - continuing operations	$ (0.04)	$ 0.01	$ (0.04)	$ 0.02
Basic earnings (loss) per common share - discontinued operations	—	—	—	$ -
Basic earnings (loss) per common share	$ (0.04)	$ 0.01	$ (0.04)	$ 0.02
Diluted earnings (loss) per common share - continuing operations	$ (0.04)	$ 0.01	$ (0.04)	$ 0.02
Diluted earnings (loss) per common share - discontinued operations	—	—	—	$ -
Diluted earnings (loss) per common share	$ (0.04)	$ 0.01	$ (0.04)	$ 0.02
Basic weighted average common shares outstanding	24,410	25,113	34,168	24,156
Diluted weighted average common shares outstanding	24,410	31,843	34,168	30,048
Comprehensive income:				
Net income (loss)	(856)	362	(1,399)	615
Foreign currency translation adjustments, net of tax of $0	765	(52)	621	51
Total comprehensive income (loss)	$ (91)	$ 310	$ (778)	$ 666

Our operating results are expressed as a percentage of revenue in the table below:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Revenue	100%	100%	100%	100%
Operating costs and expenses:				
Direct course expenses	146	23	58	21
Advertising and sales expenses	78	17	40	10
Royalty expenses	-	-	-	-
General and administrative expenses	967	42	371	40
Total operating costs and expenses	1,192	82	469	71
Income (loss) from operations	(1,092)	18	(369)	29
Other expense:	-	-	-	-
Interest expense, net	163	(11)	67	(6)
Other expense, net	(4)	(0)	(1)	(0)
Gain on forgiveness of PPP Loan	-	-	-	-
Total other expense, net	159	(11)	66	(6)
Income (loss) from continuing operations before income taxes	(1,251)	7	(435)	23
Income tax (expense) benefit	-	4	38	(15)
Net income (loss) from continuing operations	(1,251)	11	(396)	7
Income from discontinued operations	-	-	-	3
Net income from discontinued operations	-	-	-	-
Net income (loss)	(1,251)%	11%	(396)%	10%

Outlook

Cash sales were $ 0.1 for the six months ended June 30, 2022 compared to $0.7 million for the six months ended June 30, 2021, a decrease of $0.7 million or 100%. The decrease was driven by the temporary suspension of live in-person events and ongoing student fulfillment in the North America segment.

We believe that cash sales remain an important metric when evaluating our operating performance. Pursuant to U.S. GAAP, we recognize revenue upon the earlier of

(i) when our students take their courses or (ii) the term for taking their course expires, both of which could be several quarters after the student purchases a program. Our students pay for their courses in full up-front or through payment agreements with independent third parties.

Due to the economic severity of COVID-19 pandemic on the Company's results of operations, financial condition, and liquidity, live in-person events were temporarily suspended in December 2021 to focus on strategic initiatives. The impact of the temporary suspension of live events is unknown.

Operating Segments

Historically, our operations are managed through three operating segments: (i) North America, (ii) the United Kingdom, and (iii) Other Foreign Markets. The proportion of our total revenue attributable to each segment is as follows:

	Three Months Ended June 30,	
	2022	2021
As a percentage of total revenue		
North America	100.0%	46.2%
U.K.	—	53.8%
Other foreign markets	—	—
Total consolidated revenue	100.0%	100.0%

	Six Months Ended June 30,	
	2022	2021
As a percentage of total revenue		
North America	100.0%	96.6%
U.K.	—	1.4%
Other foreign markets	—	2.0%
Total consolidated revenue	100.0%	100.0%

North America

Revenue derived in the North America segment majorly pertained to real estate-related education, and also included the remaining to financial markets training. We are continuing to develop methods of connecting to our students, diversify products, and develop proprietary brands in order to increase the North America segment. Revenue derived from our Homemade Investor brand was $Nil and $71.0 thousand and or as a percentage of total segment revenue was 0% and 4.6% for the three months ended June 30, 2022 and 2021, and $Nil and $346.0 thousand or as a percentage of total segment revenue was 0% and 10.5% for the six months ended June 30, 2022 and 2021, respectively. There was no revenue derived from the Rich Dad brands in our North America segment for the three months ended June 30, 2022. Revenue for the three months ended June 30, 2021 was $1.1 million or as a percentage of total segment revenue was 68.8%. We continue to fulfill contracts for students under the Rich Dad brand, however, we are no longer actively selling the Rich Dad brand.

The North America segment revenue was $0.07 million and $1.6 million or as a percentage of total revenue was 100% and 46.2% for the three months ended and $0.3 million and $3.3 million or as a percentage of revenue was 100% and 55.0% for the six months ended June 30, 2022 and 2021, respectively. The decrease in revenue of $0.9 million or 56% during the three months ended June 30, 2022 compared to the same period in 2021. The decrease in revenue of $1.53 million or 96% was due to the temporary suspension of events during the 3 months ended June 2022. We held no events in 2022, to generate any revenue from attendances. The revenue of $3 million or 91% for the 6 months is due to the same reasons.

U.K.

There was no revenue derived from the Rich Dad brands in our U.K. segment for the three and six months ended June 30, 2022. The Rich Dad brands in our U.K. segment was $1.2 million or as a percentage of total segment revenue was 66.7% for the three months ended June 30, 2021 and $1.8 million or as a percentage of total segment revenue was 66.7% for the six months ending June 30, 2021. The majority pertained to real estate-related education, with the balance pertaining to financial markets education. With the discontinued operations of UK Legacy, our U.K. segment is no longer as diverse.

There was no U.K. segment revenue for the three and six months ended June 30, 2022. The U.K. segment revenue was $1.8 million or as a percentage of total revenue 53.8% for the three months ended June 30, 2021 and $2.7 million or as a percentage of total revenue was 45.0% for the six months ended June 30, 2021. The decrease in revenue of $2.7 million for the six months ended June 30, 2022 compared to the same period in 2021, was due to decrease in revenue from expired contracts of $ 2.7 million and satisfying all outstanding obligations to students of our subsidiary Elite Legacy Education UK LTD (ELE UK) within the U.K. segment. There is no current sales activity in this segment.

Other Foreign Markets

Historically, we have operated in other foreign markets, including Australia, New Zealand, South Africa, Hong Kong and other European, Asian and African countries. As a result of the COVID-19 pandemic, we placed in liquidation certain entities that operated in this segment, resulting in zero revenues and expenses from continuing operations in the other foreign markets segment for the six months ended June 30, 2022 and June 30, 2021, respectively. We are no longer actively selling in the market.

Three months ended June 30, 2022 compared to three months ended June 30, 2021

Revenue

Revenue was $0.07 million for the three months ended June 30, 2022 compared to $3.4 million for the three months ended June 30, 2021. Revenue decreased $3.3 million or 98% during the three months ended June 30, 2022 compared to the same period in 2021. The decrease in revenue was mainly due to decreased attendance (i.e. fulfillment) of $0.4 million or 61.5% and decreases in recognition of revenue from expired contracts of $1.9 million or 98.1%. The decrease in attendance was due to a temporary suspension of live in-person events during the six months ended June 30, 2022. In addition, the decrease is attributed to contract fulfillment of $880.0 thousand for the three month ended June 30, 2021 to fulfill student contract obligations during the liquidation process.

Cash sales were $0 million for the three months ended June 30, 2022 compared to $0.5 million for the three months ended June 30, 2021, a decrease of $0.5 million or

100%. The decrease is due to the temporary suspension of live in-person events and ongoing student fulfillment in the North America segment.

Operating Expenses

Total operating costs and expenses were $0.8 million for the three months ended June 30, 2022 compared to $2.8 million for the three months ended June 30, 2021, a decrease of $ 2 million or 71%. The decrease was primarily due to a $0.7 million decrease in direct course expenses and a $0.7 million decrease in general and administrative expenses. These decreases were related to the temporary suspension of live in-person events and the ongoing impact of the COVID-19 pandemic.

Direct course expenses

Direct course expenses relate to our free preview workshops, basic and elite training, and individualized mentoring programs, consisting of instructor fees, facility costs, salaries, commissions and fees associated with our field representatives and related travel expenses. Direct course expenses were $0.1 million for the three months ended June 30, 2022 compared to $0.8 million for the three months ended June 30, 2021, a decrease of $0.7 million or 87 %, which was related to decreases in sales and training compensation, due to the economic impact of the COVID-19 pandemic on consumers and the temporary suspension of live in-person events.

Advertising and sales expenses

We generally obtain most of our potential customers through internet-based advertising. Advertising and sales expenses consist of purchased media to generate registrations to our free preview workshops and costs associated with supporting customer recruitment. We obtain the majority of our customers through free preview workshops. Historically, these preview workshops are offered in various metropolitan areas in North America, United Kingdom, and other international markets. Prior to the actual workshop, we spend a significant amount of money in the form of advertising through various media channels. Today, we offer live online and on- demand trainings as the live in-person trainings have temporarily been suspended.

Advertising and sales expenses were $ 0.05 million and $0.6 million for the three months ended June 30, 2022 and 2021, respectively, a decrease of $ 0.55 million. As a percentage of revenue, advertising and sales expenses were 78% and 16.5% of revenue for the three months ended June 30, 2022 and 2021, respectively. The decrease is due to the temporary suspension of live in-person events beginning December 2021.

Royalty expenses

We are required to pay royalties under the licensing and related agreements pursuant to which we develop, market, and sell Rich Dad and Homemade Investor branded live seminars, training courses, and related products worldwide. There were no royalty expenses for the three months ended June 30, 2022 and 2021, respectively due to transitioning sales to our *Building Wealth with Legacy* ^{TM}.

General and administrative expenses

General and administrative expenses primarily consist of compensation, benefits, insurance, professional fees, facilities expenses and travel expenses for the corporate staff, as well as depreciation and amortization expenses. General and administrative expenses were $0.6 million for the three months ended June 30, 2022 compared to $1.4 million for the three months ended June 30, 2021, a decrease of $0.8 million, or 53%.

Income tax expense

We recorded income tax benefit of $0 and $131 thousand for the three months ended June 30, 2022 and 2021, respectively. Our effective tax rate was 20.0% and (56.7%) for the three months ended June 30, 2022 and 2021, respectively. Our effective tax rates differed from the U.S. statutory corporate tax rate of 21.0%, primarily because of the mix of pre-tax income or loss earned in certain jurisdictions.

We record a valuation allowance when it is more likely than not that some portion, or all, of the deferred tax assets will not be realized. As of June 30, 2022 and December 31, 2021, valuation allowances of $3.5 million and $3.5 million, respectively have been provided against net operating loss carryforwards and other deferred tax assets.

Net income (loss) from continuing operations

Net income (loss) from continuing operations was $(0.9) million or $(0.04) per basic and diluted common share for the three months ended June 30, 2022 compared to net income from continuing operations of $0.4 million or $0.01 per basic and diluted common share for the three months ended June 30, 2021, a decrease in net income from continuing operations of $(1.3) million or $(0.05) per basic and diluted common share.

Net income from discontinued operations

There was no Net income from discontinued operations for the three months ended June 30, 2022 and 2021.

Net Income

Net income (loss) was $(0.8) million or $(0.04) per basic and diluted common share for the three months ended June 30, 2022, compared to a net income of $0.4 million or $0.01 per basic and diluted common share for the three months ended June 30, 2021, a decrease in net income of $0.4 million or $(0.03) per basic and diluted common share.

Six months ended June 30, 2022 compared to six months ended June 30, 2021

Revenue

Revenue was $0.3 million for the six months ended June 30, 2022 compared to $6.0 million for the six months ended June 30, 2021. Revenue decreased $5.7 million or 95% during the six months ended June 30, 2022 compared to the same period in 2021. The decrease in revenue was mainly due to a decreased attendance (i.e. fulfillment) of $5.1 million or 79.9% and decrease in recognition of revenue from expired contracts of $3.0 million or 39.0%. The decrease in attendance was mainly due to governmental and private travel restrictions and students' concerns around public gatherings and social distancing as a result of the coronavirus pandemic.

Cash sales were $0 million for the six months ended June 30, 2022 compared to $0.7 million for the six months ended June 30, 2021, a decrease of $0.7 million or 100%. The decrease is due to the temporary suspension of live in-person events and ongoing student fulfillment in the North America segment.

Operating expenses

Total operating costs and expenses were $1.6 million for the six months ended June 30, 2022 compared to $4.2 million for the six months ended June 30, 2021, a decrease of $2.6 million or 61%. The decrease was primarily due to a $1 million decrease in direct course expenses, a $0.5 million decrease in advertising and sales expenses and $1.1 million decrease in general and administrative expenses. These decreases were related to disruptions in operations and sales activities due to the impact of the COVID-

19 pandemic.

Direct course expenses

Direct course expenses relate to our free preview workshops, basic and elite training, and individualized mentoring programs, consisting of instructor fees, facility costs, salaries, commissions and fees associated with our field representatives and related travel expenses. Direct course expenses were $0.2 million for the six months ended June 30, 2022 compared to $1.2 million for the six months ended June 30, 2021, a decrease of $1 million or 83%, which was related to decreases in sales and training compensation, due to the economic impact of the COVID-19 pandemic on consumers.

Advertising and sales expenses

We generally obtain most of our potential customers through internet-based advertising. Advertising and sales expenses consist of purchased media to generate registrations to our free preview workshops and costs associated with supporting customer recruitment. We obtain the majority of our customers through free preview workshops. These preview workshops are offered in various metropolitan areas in North America, United Kingdom, and other international markets. Prior to the actual workshop, we spend a significant amount of money in the form of advertising through various media channels.

Advertising and sales expenses were $0.1 million and $0.6 million for the six months ended June 30, 2022 and 2021, respectively, a decrease of $0.5 million, or 77%. As a percentage of revenue, advertising and sales expenses were 40% and 10 % of revenue for the six months ended June 30, 2022 and 2021, a decrease of 30%.

Royalty expenses

We are required to pay royalties under the licensing and related agreements pursuant to which we develop, market, and sell Rich Dad and Homemade Investor branded live seminars, training courses, and related products worldwide. There were no royalty expenses for the six months ended June 30, 2022 and 2021, respectively due to transitioning sales to our *Building Wealth with Legacy* ^{TM}.

General and administrative expenses

General and administrative expenses primarily consist of compensation, benefits, insurance, professional fees, facilities expenses and travel expenses for the corporate staff, as well as depreciation and amortization expenses. General and administrative expenses were $1.3 million for the six months ended June 30, 2022 compared to $2.4 million for the six months ended June 30, 2021, a decrease of $1.1 million, or 46%.

Income tax expense

We recorded income tax expense/(benefit) of $(136) thousand and $915 thousand for the six months ended June 30, 2022 and 2021, respectively. Our effective tax rate was 38 % and 33.4% for the six months ended June 30, 2022 and 2021, respectively. Our effective tax rates differed from the U.S. statutory corporate tax rate of 21.0%, primarily because of the mix of pre-tax income or loss earned in certain jurisdictions.

We record a valuation allowance when it is more likely than not that some portion, or all, of the deferred tax assets will not be realized. As of June 30, 2022 and December 31, 2021, valuation allowances of $3.5 million and $3.5 million, respectively have been provided against net operating loss carryforwards and other deferred tax assets.

Net income from continuing operations

Net income was $(1.4) million or $(0.04) per basic and diluted common share for the six months ended June 30, 2022, compared to a net income of $0.6 million or $0.02 per basic and diluted common share for the six months ended June 30, 2021, a decrease in net income of $2 million or $0.07 per basic and $0.07 per diluted common share.

Net income from discontinued operations

There was no Net income from discontinued operations for the six months ended June 30, 2022, compared to Net income from discontinued operations of $0.2 million for the six months ended June 30, 2021.

Net income (loss)

Net income was $(1.4) million or $(0.04) per basic and diluted common share for the six months ended June 30, 2022, compared to a net income of $0.6 million or $0.02 per basic and diluted common share for the six months ended June 30, 2021, a decrease in net income of $2 million or $0.07 per basic and $0.07 per diluted common share.

Liquidity and Capital Resources

Known Trends and Uncertainties

In general, we believe we will experience an increase in demand for our products and services compared to recent prior periods as we develop our Building Wealth with Legacy TM brand and other revenue streams. We believe that our products and services appeal to those who seek increased financial freedom. If we experience a prolonged decline in demand for our products and services, it could have a material adverse effect on our future operating results.

Historically, we have funded our working capital and capital expenditures using cash and cash equivalents on hand. However, given our decreased operating cash flows during and due to the COVID-19 pandemic and other reasons, it has been necessary for us to manage our cash position to ensure the future viability of our business, and to raise additional capital from outside and affiliates sources. Our cash flows are subject to a number of risks and uncertainties, including, but not limited to, earnings, success in raising capital from third parties, favorable terms from our merchant processors, seasonality, and fluctuations in foreign currency exchange rates.

We continue to take steps to ensure our expenses are in line with our projected cash sales and liquidity requirements for 2022 and based upon current and anticipated levels of operations, we believe cash and cash equivalents on hand will not be sufficient to fund our expected financial obligations and anticipated liquidity requirements for the fiscal year 2022. However, we are exploring alternative sources of capital, but there can be no assurances any such capital will be obtained. For the six months ended June 30, 2022, we had an accumulated deficit, a working capital deficit and a negative cash flow from operating activities. These circumstances raise substantial doubt as to our ability to continue as a going concern. Our ability to continue as a going concern is dependent upon our ability to generate profits by expanding current operations as well as reducing our costs and increasing our operating margins, raising capital from outside sources through the sale of equity and/or debt, and to sustain adequate working capital to finance our operations. The failure to achieve the necessary levels of profitability and cash flows would be detrimental to us and could result in us suspending some or all of our operations.

The following is a summary of our cash flow activities for the periods stated (in thousands):

	Years Ended December 31,	
	2021	2020
Net cash used in operating activities	(4,832)	(6,965)
Net cash provided by investing activities	-	2,891
Net cash provided by financing activities	3,102	1,400
Effect of exchange rate differences on cash	-	(860)
Net decrease in cash and cash equivalents and restricted cash	(1,730)	(3,534)

	Six Months Ended June 30,	
	2022	2021
Net cash used in operating activities	(2,372)	(3,440)
Net cash provided by investing activities	—	—
Net cash provided by financing activities	310	2,300
Effect of exchange rate differences on cash	1,244	464
Net decrease in cash and cash equivalents and restricted cash	132	2,004

Operating Cash Flows and Liquidity

Net cash used in operating activities was $4.8 million in the year ended December 31, 2021 compared to net cash used in operating activities of $7.0 million in the year ended December 31, 2020, representing a period-over-period decrease of $2.2 million. This decrease was primarily the result of a decrease in current liabilities for deferred course expense 2021 compared to 2020.

Net cash used in operating activities was $2.4 million in the six months ended June 30, 2022 compared to net cash used in operating activities of $3.4 million in the six months ended June 30, 2021, representing a period-over-period decrease of $1 million. This decrease was primarily the result of a decrease in sales events due to COVID-19 and the temporary suspension of live in-person events in December 2021 and throughout the six months ending June 30, 2022.

Investing Cash Flows

Net cash provided by investing activities totaled $0 million compared to net cash provided by investing activities of $2.9 million in the years ended December 31, 2021 and 2020, respectively, representing proceeds on sale of property and equipment, and investment property in the year ended December 31, 2020.

There was no cash used in or provided by investing activity in the six months ended June 30, 2022 and 2021.

Financing Cash Flows

Our consolidated capital structure as of June 30, 2022 and December 31, 2021 was 19% debt and 81% equity, and 17% debt and 83% equity, respectively. As of December 31, 2020, our consolidated capital structure was 14% debt and 86% equity.

Net cash provided by financing activities totaled $310 thousand during the six months ended June 30, 2022, representing our payment on debt. Net cash provided by financing activities totaled $3.1 million during the year ended December 31, 2021, including our net proceeds from borrowings of the second draw of the Paycheck Protection Program loan of $1.9 million, proceeds from debentures with related parties of $0.7 million and proceeds from issuance of the GLD Debenture of $0.5 million. Net cash provided by financing activities totaled $1.4 million in the year ended December 31, 2020, including our net proceeds from borrowings of the first draw of the Paycheck Protection Program loan.

We expect that our working capital deficit, which is primarily a result of our significant deferred revenue balance, will continue for the foreseeable future. As of June 30, 2022 and December 31, 2021 and 2020, our consolidated current deferred revenue was $4.2 million, $4.4 million and $10.4 million, respectively.

Our cash and cash equivalents were, and continue to be, invested in short-term, liquid, money market funds. Restricted cash balances consisted primarily of funds on deposit with credit card processors and cash collateral with our credit card vendors. Restricted cash balances held by credit card processors are unavailable to us unless we discontinue sale of our products or discontinue the usage of a vendor's credit card.

BUSINESS

We are a provider of practical, high-quality, and value-based educational training on the topics of personal finance, entrepreneurship, real estate, and financial markets investing strategies and techniques. Our programs are offered through a variety of formats and channels, including free workshops, basic trainings, forums, telephone mentoring, one-on-one mentoring, coaching and e-learning. During the year ended December 31, 2021, we marketed our products and services under *Building Wealth with Legacy™*. During the year ended December 31, 2020, we marketed our products and services under two brands: *R Building Wealth with Legacy™* and *Homemade Investor by Tarek El Moussa™*.

Our students pay for their courses in full up-front or through payment agreements with independent third parties. Under United States of America generally accepted accounting principles ("U.S. GAAP"), we recognize revenue upon the earlier of (i) when our students take their courses or (ii) the term for taking their course expires, both of which could be several quarters after the student purchases a program and pays the fee. We recognize revenue immediately when we sell our (i) proprietary products delivered at time of sale and (ii) third party products sales. Our symposiums and forums combine multiple advanced training courses in one location, allowing us to achieve certain economies of scale that reduce costs and improve margins while also accelerating U.S. GAAP revenue recognition, while at the same time, enhancing our students' experience, particularly, for example, through the opportunity to network with other students.

We also provide a richer experience for our students through one-on-one mentoring (two to four days in length, on site or remotely, although we have suspended providing on-site mentorships as a result of the COVID-19 pandemic) and telephone mentoring (10 to 16 weekly one-on-one or one-on-many telephone sessions). Mentoring involves a subject matter expert interacting with the student remotely or in person and guiding the student, for example, through his or her first real estate transaction, providing a real hands-on experience.

We were founded in 1996, and through a reverse merger, became a publicly held company in November 2014. Legacy Education has touched more than five million students from more than 150 countries and territories over the course of its operating history. Its curriculum is designed to help people progress from beginner to educated investor.

Our operations have traditionally relied heavily on our and our students' ability to travel and attend live events where large groups of people gather in local markets within each of the segments in which we operate. As a result of the COVID-19 coronavirus pandemic, and the resulting worldwide restrictions on travel and social distancing, we temporarily ceased conducting live sales and fulfillment and furloughed substantially all of our employees. We resumed online operations in July 2020, and live operations in November 2020. The Company will continue following strict safety protocols at the live events. We have simplified our product offerings and restructured our compensation program with respect to both employees and independent contractors to reduce costs and improve margins, but there can be no assurances that the Company will be effective in selling its products and services, or what the impact such activities will have on our financial performance. Due to the continuing COVID-19 pandemic, the Company temporarily suspended live in-person events in December 2021 to assess the strategic plan and will continue the temporary suspension into fiscal year 2022. We are not able to fully quantify the impact that these factors will have on our financial results, but expect developments related to COVID-19 to continue to affect the Company's financial performance in 2021 and beyond.

Our operations are managed through its operating business in North America.

Since January 1, 2022, we have operated under five brands: Legacy Elite, Legacy Building Wealth Club, Legacy Degree (affordable, accredited degree completion), Legacy Capital, and non-profit division, Legacy Open Library.

Recent Developments

ABCImpact Loans

Between June 2022 and October 2022, we borrowed an aggregate of $850,000 from ABCImpact I, LLC, evidenced by 10% Convertible Debentures. ABCImpact has the option to loan up to $5 million.

The Lender is a recently-formed entity in which an affiliate of Barry Kostiner, our Chief Executive Officer and sole director, has a non-controlling passive interest.

The then outstanding and unpaid principal and interest under the debentures shall be converted into shares of our common stock and an equal number of five-year common stock purchase warrants at the option of ABCImpact, at a conversion price per share of $0.05, subject to adjustment. The debentures and underlying warrants are subject to a beneficial ownership limitation of 4.99% (or 9.99% in ABCImpact's discretion).

PPP Loan

On July 26, 2022, we received notice that $932,455.90 in principal and interest under our April 2020 loan through the Small Business Administration Paycheck Protection Program established pursuant to the CARES Act, is due and owing as a result of a 60-day delinquency in payment. With the past due amount of $85,969.14, the total amount due and owing is $1,018.425.04.

Forbearance Agreement

On July 15, 2022, we entered into a Forbearance Agreement with GLD Legacy Holdings, LLC, the holder of our 10% Senior Secured Convertible Debenture dated August 27, 2021, and Legacy Tech Partners, LLC, the holder of our 10% Senior Secured Convertible Debenture dated March 8, 2021. Mr. Kostiner is a manager of LTP.

Pursuant to the Forbearance Agreement, GLD and LTP each agreed to forbear from exercising its rights against us under the applicable Note until the earlier of (i) a default under the Forbearance Agreement or a new default under such Note or (ii) October 15, 2022 (the "Forbearance Period").

Prior to the expiration of the Forbearance Period, the Company agreed to cause a sale of the GLD Note to ABCImpact or as directed by ABCImpact, at a purchase price equal to the outstanding balance due and payable on the GLD Note by no later than October 15, 2022, which shall be in full and complete satisfaction of our obligations to GLD under the GLD Note.

As partial consideration for GLD entering into the Forbearance Agreement, the Company agreed to issue to GLD 2,100,000 shares of our common stock and to issue to LTP 1,600,000 shares of our common stock, and to file a registration statement with the SEC to register the GLD shares for resale on or prior to August 15, 2022 and use best efforts to have the registration statement declared effective no later than October 15, 2022. The Company did not so file the registration statement. On October 7, 2022, GLD transmitted a Notice of Breach and Default under the Forbearance Agreement, notifying the Company that it intends to exercise all available rights and remedies at law and/or equity. The Company is in discussions with GLD to cure the default prior to any such exercise or rights.

The Company also agreed to use its best efforts to effect a spin-off of an existing to-be-determined subsidiary of the Company, pursuant to the terms described in the Forbearance Agreement.

Impact from COVID-19 Pandemic

Historically, our operations have relied heavily on our and our students' ability to travel and attend live events where large groups of people gather in local markets within each of the segments in which we operate. On March 11, 2020, the World Health Organization (WHO) declared the COVID-19 outbreak as a pandemic. As a result of worldwide restrictions on travel and social distancing, in March 2020 we temporarily ceased conducting live sales and fulfillment and furloughed substantially all of our employees. We resumed sales operations in June 2020 with online sales events selling into our suite of online, on-demand, and over-the-phone products. We also resumed online, on-demand, and over-the-phone fulfillment activities in June 2020. We resumed live operations on a limited basis, in November 2020, with events in Florida. In December 2021, the Company temporarily suspended live in-person events and will continue following strict safety protocols at the live events when resumed. We have simplified our product offerings and restructured our compensation program with respect to both employees and independent contractors to reduce costs and improve margins, but there can be no assurances that the Company will be effective in selling its products and services, or what the impact such activities will have on our financial performance. We are not able to fully quantify the continued impact that these factors will have on our financial results, but expect developments related to COVID-19 to continue to affect the Company's financial performance in 2022 and beyond.

Corporate Information

Our corporate address is 1490 NE Pine Island Rd - Suite 5D, Cape Coral, Florida 33909 and our telephone number is (239) 542-0643. We maintain a web site at www.legacyeducationalliance.com, along with many additional web properties. Any information that may appear on our web sites does not constitute a part of this prospectus.

Industry Overview

Our objective is to be the leading provider of services and products that enable individuals from all walks of life, regardless of their current economic situation and educational background, to take control of their financial futures and enable them to achieve financial freedom.

Our strategy is focused primarily on the following areas:

- *Continued development of our businesses.* We will continue our focus on our service offerings in an attempt to improve our revenue and expand our offerings as appropriate, including e-learning and other electronic format offerings and the development of new proprietary brands. In November 2020, the Company shifted its focus to five brands: Legacy Elite, Legacy Building Wealth Club, Legacy Degree (affordable, accredited degree completion), Legacy Capital, and non-profit division, Legacy Open Library.

- *Live Events Business.* We are restarting our live events business, building on the previous business with the addition of short-term rental education as well as expanding our core real estate, entrepreneurship and investment education offerings. We are also building out our online live events business. The hybrid events model, which combines in-person live events and online content, is an exciting direction for the business and its ability to serve new students as well as former students. These efforts will be led by short-term vacation rental and live events experts Jerry Conti and Brian Page.

  - *Fulfilling our customer obligations*. We intend to improve the cost efficiency with which we fulfill our customer commitments. We have:

  - Expanded the options for course fulfillment in order to reduce the number of expired contracts by increasing the number of courses offered through electronic media and via the internet;

  - Implemented an improved outreach program that involves contacting our customers to help them manage their course schedules;

  - *Enhanced eLearning.* We continue developing and promoting interactive and online distributed course content and enhanced technology platforms capable of streaming video, interactive e-learning, and distributed e-learning.

  - *Consistent quality assurance*. We believe that to be an effective provider of training we need to ensure that our course offerings meet our strict quality assurance guidelines. We will continue to monitor and enforce standards for marketing, sales presentations, and training delivery throughout our organization.

  - *Continued professional development.* We will continue to identify, recruit and retain a team of trainers, mentors and coaches who possess practical, hands-on experience in their areas of expertise.

Our Products and Services

Our students pay for their courses in full up-front or through payment agreements with independent third parties. Under U.S. GAAP, we recognize revenue upon the earlier of (i) when our students take their courses or (ii) the term for taking their course expires, both of which could be several quarters after the student purchases a program and pays the fee. We recognize revenue immediately when we sell our (i) proprietary products delivered at time of sale and (ii) third party products sales. Our symposiums and forums combine multiple advanced training courses in one location, allowing us to achieve certain economies of scale that reduce costs and improve margins while also accelerating U.S. GAAP revenue recognition, while at the same time, enhancing our students' experience, particularly, for example, through the opportunity to network with other students.

We also provide a richer experience for our students through one-on-one mentoring (two to four days in length, on site or remotely, although we have suspended providing on-site mentorships as a result of the COVID-19 pandemic) and telephone mentoring (10 to 16 weekly one-on-one or one-on-many telephone sessions). Mentoring involves a subject matter expert interacting with the student remotely or in person and guiding the student, for example, through his or her first real estate transaction, providing a real hands-on experience.

During the year ended December 31, 2020, we marketed our products and services under two brands: *Building Wealth with Legacy™*; and *Homemade Investor by Tarek El Moussa.* During the year ended December 31, 2019, we marketed our products and services under two brands: *Rich Dad Education*™ and *Legacy Education*™. Since January 1, 2022, Legacy Education has focused on delivering its education products and mentoring services through its five brands: Legacy Elite, Legacy Building Wealth Club, Legacy Degree (affordable, accredited degree completion), Legacy Capital, and non-profit division, Legacy Open Library.

Marketing

Our various brands are the foundation for our marketing efforts. These brands provide credibility and sustainability within our media mix to promote live events and online trainings. Historically, live onsite two-hour free preview workshops are offered weekly in multiple markets in North America. Legacy Education currently is focusing its marketing efforts on communicating with the network of students from its existing database, as well as affiliate relationships. Legacy Education currently does not have a significant allocation for marketing through social media and traditional media channels.

We offer people the opportunity to attend a free preview workshop or advance directly to one of our three-day basic training classes. People who enroll and attend the basic training class receive reference materials relevant to the subject matter to be taught at the class. The basic training course is usually held over a weekend within two to four weeks of the initial free preview workshop. Our experience is that offering the free preview workshop as a first step is an effective way to introduce to our students the methodology of investing, as well as to market and sell our three-day basic training courses.It is expected that the live event operations will be re-launched in January 2023.

Marketing efforts continue to those customers who choose to continue their education with a three-day basic training class. Welcome letters, product kits that include manuals, books and audio files, an online reference library, and reminder communication letters and emails are all branded for consistency and credibility. Customers at the three-day basic training may choose to continue their education through our elite training classes and mentorships offered during the basic training classes.

We utilize different preview brands to market into our advance training division, which we re-branded to Elite Legacy Education to expand our market reach. Elite training classes are fulfilled through various delivery methods to meet the needs of our customers.

We also market for new customers who prefer to learn online and provide people the opportunity to attend free ninety-minute live online webinars that are held weekly on six different topics. Webinars are marketed via online banner ads, affiliate marketing, email campaigns, social media and other media methods.

Training Programs

We have three significant categories for our programs:

- Basic training live and online courses,
- Elite level live and online training courses, and
- Individualized mentoring programs.

Elite Training Courses

Customers who attend our basic training courses may choose to continue with Elite training courses in real estate, financial markets investing and/or entrepreneurship skills. The Elite training courses of study include:

Elite Real Estate Courses

- Momentum
- Tax and Asset Protection
- Wholesale Buying
- Discount Notes & Mortgages
- Banking Relationships & Short Sale Systems
- Mobile Homes
- Foreclosure Strategies
- Fund, Fix and Flip
- Marketing Today
- Income Properties
- Tax Liens
- Lease Options
- Commercial Real Estate
- Business Financing & Factoring
- Domestic Land Development
- Creative Real Estate Financing
- Buy, Rent and Hold (North America)
- Buy, Fix and Sell (North America)
- Creative Financing (North America)

Elite Financial Markets Courses

- Master Trader™
- Options 1
- FOREX
- Options 2
- Elite Options
- Asset Protection
- Elite FOREX
- FACT (Futures & Commodity Trading)

Elite Business Entrepreneurship Courses

- Business Tax and Asset Protection
- Top Branding and Marketing Strategies
- Strategies for Raising Capital
- Mind Over Money
- Legacy Business Training

The goal of our fulfillment strategy is to provide maximum flexibility to the students to allow them take any of their classes in whatever format, and in any combination of formats, that works best for them. Students may access training content through multiple delivery channels, including:

- *Live Classroom*: In-person "one-on-many" intensive 3-day class with a live instructor and any number of students in the same room, at a symposium, a forum or as a stand-alone class.

- *Live Stream*: Interactive real-time streaming of a Live Classroom training that may be viewed by a student remotely via the internet. Live stream classes can be reviewed for 30-days post-class.

- *Live On-Line*: Live presentations of a class in modules presented over a period of weeks with a live instructor and any number of students in any number of locations who attend remotely via the internet. Student has access to recordings of the modules for 30 days after the last live session.

- *On-Demand*: Class that is presented in self-paced pre-recorded modules via internet link with 24/7 access for the life of the contract. Unlike the three "live" fulfillment options, which require the student to attend classes when the Company schedules them, the On-Demand Options provides the student the flexibility to take the class whenever they want, and as many times as they want, during the life of the student's contract.

Through strategic partners, customers can purchase a license to use supporting software for real estate or financial markets investing. With either software program, a subscription-based data service is available for purchase which allows customers to interactively determine investment options and make better informed decisions about potential investments.

Individualized Mentoring and Coaching Programs

We offer live, real time, one-on-one mentoring for Real Estate, Business and the Financial Markets that is tailored to meet students' individual goals and needs. Real Estate mentoring is offered on site at the student's chosen location or remotely, while Financial Market mentoring can be provided either on-site or remotely. Mentoring is intended to give the student a professional assessment of his or her individual goals and experience and to help the student build an investment plan that can be put into action. Mentoring sessions are generally 2 to 4 days in length.

Coaching and telephone mentoring programs are typically sold in a number of different subject areas and generally delivered in 10 to 16 weekly one-on-one telephone sessions. Some of the topics include Real Estate Coaching. A set curriculum approach is generally used. Each module comes with assignments, exercises and reading materials to be completed between sessions.

Geographic Diversification

We have historically managed our business in three segments based on geographic location for which operating managers are responsible to the Chief Executive Officer. These segments include: (i) North America, (ii) United Kingdom, and (iii) Other Foreign Markets. We currently only do business in North America, and the foreign business operations have been discontinued.

Competition

During our more than 20-year history, we have competed with several organizations within the U.S. and internationally. Our primary competitors are Fortune Builders and Mayflower Alliance Ltd. Some of these competitors have established brands through a media-based relationship, such as HGTV, and use television programs to promote their brands.

The main competitors to our financial markets strategies and techniques course offerings are large institutional brokerage houses, who have been offering education as a way to expand their client portfolio.

Generally, competitive factors within the proprietary training market include:

- The range and depth of course offerings;
- The quality of trainers;
- The quality of reference materials provided in connection with course studies; and
- Cost.

We believe that the range and depth of our course offerings, the quality of our trainers and reference materials are comparable or superior to those of our competitors. Typically, our trainers for our Elite courses have been active investors in their chosen field, have been trained by us and, to a large degree, are previous customers of our programs. Trainers for our Elite courses are chosen based on their knowledge and experience with the coursework covered and are further qualified by meeting knowledge standards developed internally.

Brand Development Agreement with the T&B Seminars, Inc.

Effective December 23, 2019, Legacy Education Alliance Holdings, Inc., or Holdings, our wholly owned subsidiary entered into a Real Estate Education Training Program Development Agreement, or Development Agreement with T&B Seminars, Inc., or T&B, an affiliate of Tarek El Moussa, pursuant to which Holdings and Tarek El Moussa agreed to develop and operate a seminar style education business that will use, among other things, the names, images, and likenesses of Tarek El Moussa to market and sell customers real estate investing oriented education products. Pursuant to the Development Agreement, T&B granted to the Company a sole and exclusive worldwide license to certain intellectual property, including, certain trademarks and copyrights and the name, image and likeness of Tarek El Moussa, in each case to the extent necessary for Holdings to develop and create educational materials and promote and conduct a branded real estate seminar style education business that uses the intellectual property.

As consideration for the licensed rights under the Development Agreement, Holdings agreed to pay T&B base royalty percentages on cash sales of products to persons responding to a branded marketing campaign that uses the licensed intellectual property. Also, as consideration for Tarek El Moussa providing certain marketing support, Holdings agreed to pay T&B marketing royalty percentages on cash sales of products at live events and at online webinars to persons responding to a branded marketing campaign that uses the licensed intellectual property. Furthermore, as consideration for the exclusivity of the rights under the Development Agreement, commencing on the seventh month of the term of the Development Agreement, Holdings agreed that the monthly royalties paid to T&B will not be less than an agreed to amount.

The Development Agreement has an initial term of five years and will automatically renew thereafter for successive five-year terms unless either party provides prior written notice of termination no less than 90 days prior to the end of such five-year term.

The Company commenced sales activities under the Development Agreement under the Homemade Investor brand in January 2020 but as a result of the expanding COVID-19 pandemic, we suspended conducting live in-persons sales events in March 2020. Subsequently, we suspended online sales events during the third quarter of 2020 to focus on our new flagship brand *Building Wealth with Legacy*™.

The Company currently does not have an active relationship with T&B Seminars, Inc.

Licensing Agreements with the Rich Dad and Other Parties

Through September 2019, our primary business relied on our license of the Rich Dad brand and related marks and intellectual property. The following transactions summarize our license to use the Rich Dad trademarks, trade names and other business information worldwide (the "Rich Dad Intellectual Property Rights").

Effective September 1, 2013, we entered into a 2013 License Agreement with Rich Dad Operating Company, LLC, or RDOC that replaced the 2010 License Agreement. Compared to the 2010 License Agreement, the 2013 License Agreement broadened the field of permitted use to include real estate investing, business strategies, stock market investment techniques, stock/paper assets, cash management, asset protection, entrepreneurship and other financially-oriented subjects. The 2013 License Agreement also (i) reduced the royalty rate payable to RDOC compared to the 2010 Rich Dad License Agreement; (ii) broadened the Company's exclusivity rights to include education seminars delivered in any medium; (iii) eliminated the cash collateral requirements and related financial covenants contained in the 2010 License Agreement; (iv) continues our right to pay royalties via a promissory note that is convertible to preferred shares upon the occurrence of a Change in Control (as defined in the 2013 License Agreement); (v) eliminated approximately $1.6 million in debt from our consolidated balance sheet as a result of debt forgiveness provided for in the agreement terminating the 2010 License Agreement; and (vi) converted another approximately $4.6 million in debt to 1,549,882 shares of our Common Stock. Either party may terminate the 2013 License Agreement upon certain circumstances, including and uncured breach by the non-terminating party.

On April 22, 2014, we entered into a 2014 Amendment with RDOC to, among other things, amend the 2013 License Agreement to halve the royalty payable by us to RDOC to 2.5% for the whole of 2014, (ii) cancel approximately $1.3 million in debt owed by us to RDOC, (iii) reimburse us for certain legal expenses, and (iv) cancel RDOC's right to appoint one member of our Board of Directors.

On September 10, 2014, the 2013 License Agreement and the 2014 Amendment were assigned to Holdings.

On January 25, 2018, we entered into a Second Amendment with RDOC that amends certain terms of the 2013 License Agreement and extends the term of the 2013 License Agreement to September 1, 2019.

On August 16, 2019, we entered into an amendment to the License Agreement that extended the term of the License Agreement through September 30, 2019. On September 16, 2019, we received notice from RDOC, indicating that RDOC did not intend to extend the term of the 2013 License Agreement, as amended. Therefore, the term of the License Agreement expired on September 30, 2019. Notwithstanding the expiration of the License Agreement, the Company may continue to use Licensed Intellectual Property, as defined in the 2013 License Agreement, including, but not limited to, the Rich Dad trademark and stylized logo, for the purpose of honoring and fulfilling orders by its customers in existence as of the date of the expiration of the 2013 License Agreement.

Effective November 26, 2019, our licenses to operate under the Perform in Properties, Making Money with Martin Roberts™ and Robbie Fowler's Property Academy™ were transferred to Mayflower Alliance Ltd in conjunction with the sale of the business of Legacy UK.

Employees and Independent Contractors

As of October 11, 2022, we had approximately 20 full-time employees. In addition, we employ part-time employees in various capacities and independent contractors who are trainers, coaches or mentors. Our employees are not represented by a labor union, and we believe our relations with our employees are satisfactory. We are committed to providing competitive pay, healthcare, and a comprehensive benefits package in order to recruit and maintain employees. Our independent contractors are either paid commissions based upon the dollar value of the courses purchased by customers at our free preview workshops and basic training courses or are paid fixed fees for teaching and mentoring Elite courses. Independent contractors are required to execute agreements with us that set forth their commission structures and typically contain confidentiality and non-competition provisions. We continue to build a diverse, inclusive, and safe work environment to attract, develop, and retain top talent.

PROPERTIES

On October 1, 2020, the Company relocated its headquarter to 1490 N.E. Pine Island Road, Suite 5D, Cape Coral, FL 33909 and entered into a two year operating lease for the new 1,600 square feet office and warehouse space. The lease provides the Company an option to extend the term of the lease for a third year. The lease obligation is approximately $32,000 plus other costs for shared services, maintenance and sales tax over the course of its life.

We believe that our facilities are adequate for our current purposes.

LEGAL PROCEEDINGS

We and certain of our subsidiaries, from time to time, are parties to various legal proceedings, claims and disputes that have arisen in the ordinary course of business. These claims may involve significant amounts, some of which would not be covered by insurance.

Tranquility Bay of Pine Island, LLC v. Tigrent, Inc., et al. On March 16, 2017, suit was filed in the Twentieth Judicial Circuit In and For Lee County, Florida (the “Court”) by Tranquility Bay of Pine Island, LLC (“TBPI”) against Tigrent Inc. and various of its present and former shareholders, officers and directors. By amendment dated May 24, 2019, the Company and its General Counsel and former Chief Executive Officer were named as defendants to a civil conspiracy count. The suit, as originally filed, primarily related to the alleged obligation of Tigrent to indemnify the Plaintiff pursuant to an October 6, 2010 Forbearance Agreement. The suit, as originally filed, included claims for Breach of Contract, Permanent and Temporary Injunction, Breach of Fiduciary Duty, Civil Conspiracy, Tortious Interference and Fraudulent Transfer. On March 20, 2019, the Court dismissed the complaint in its entirety with leave to amend. On April 11, 2019, TBPI filed its Second Amended Complaint with the Court against Tigrent Inc. (“Tigrent”), Legacy Education Alliance Holdings, Inc. (“Holdings”), and certain shareholders of the Company. The Second Amended Complaint included claims for Breach of Contract, Breach of Fiduciary Duty against Tigrent, Civil Conspiracy against Tigrent and Holdings, and various Counts of Fraudulent Transfer against various shareholders of the Company. On May 24, 2019, with leave from the court, TBPI filed its Third Amended Complaint, which included claims for Breach of Contract against Tigrent, Breach of Fiduciary Duty against Tigrent, Damages for Violation of Unfair and Deceptive Business Practices Act against Tigrent, Civil Conspiracy against Tigrent and Holdings, and various Counts of Fraudulent Transfer against various shareholders of Tigrent, including the Company’s current General Counsel, James E. May. On June 23, 2020, the Court entered summary judgment in favor of Tigrent with respect to TBPI’s claims against Tigrent alleging (i) breach of fiduciary duty, (ii) violation of the Florida Deceptive and Unfair Trade Practices Act, and (iii) indemnification against certain attorney’s fees claimed to have been incurred by TBPI. On September 17, 2020, the Court (i) granted summary judgment in favor of Tigrent and Holdings on TBPI’s claim for conspiracy; (ii) denying TBPI’s motion for summary judgment against Tigrent in which TBPI sought a declaration by the Court that claims against TBPI in a lawsuit to which neither Tigrent nor Holdings is a party (“Third Party Lawsuit”) were within the scope of Tigrent’s indemnity obligations under the Forbearance Agreement; and (iii) denying TBPI’s motion for summary judgment in which TBPI sought a declaration by the Court that TBPI’s attorney’s fees incurred the Third Party Lawsuit were also within the scope of Tigrent’s indemnity obligations under the Forbearance Agreement. On August 18, 2020, TBPI voluntarily dismissed all shareholder defendants, other than Mr. May and Steven Barre, Tigrent’s former Chief Executive Officer. On January 4, 2021, a Settlement Agreement and Mutual Release was entered into by and between TBPI, M. Barry Strudwick, Carl Weiss and Susan Weiss (the “Strudwick Parties”) and Tigrent Inc., Legacy Education Alliance, Inc., Legacy Education Alliance Holdings, Inc., Mr. May, and Steven Barre (Defendants) pursuant to which the Strudwick Parties agreed to dismiss the lawsuit with prejudice against all parties and the Company agreed to pay the aggregate sum of $400,000 payable in one installment of $100,000 on February 18, 2021 and five quarterly installments of $60,000 commencing on May 19, 2021, which the Company has accrued for within accounts payable as of December 31, 2021, and within accounts payable and other long-term liability for the current and long-term portions as of December 31, 2021, within the Consolidated Balance Sheets. The parties also exchanged mutual releases as part of the Settlement Agreement. The lawsuit was dismissed by order of the Court on January 12, 2021. Through June 30, 2022, the Company has paid $340,000 of the total settlement. The final settlement payment was due 450 days after February 18, 2021 in the amount of $60,000 and is in default. On May 25, 2022, a Motion for Judgement after default of settlement agreement was filed which triggered an entitled immediate entry of judgement of $160,000.

In the Matter of Legacy Education Alliance International, Ltd. On October 28, 2019, an Application for Administration was filed in the High Court of Justice, Business and Property Courts of England and Wales (the “English Court”), whereby four creditors of Legacy UK, one of our UK subsidiaries, sought an administration order with respect to the business affairs of the subsidiary, the appointment of an administrator, and such other ancillary orders as the applicants may request or as the court deemed appropriate. On November 15, 2019, the creditors obtained an Administration Order from the English Court. Under the terms of the Administration Order, two individuals have been appointed as administrators of Legacy UK and will manage Legacy UK and operate its affairs, business and property under the jurisdiction of the English Court. The administrators engaged a third-party to market Legacy UK’s business and assets for sale to one or more third parties. On November 26, 2019, Legacy UK’s assets and deferred revenues sold for £300,000 (British pounds) to Mayflower Alliance LTD. We will not receive any proceeds from the sale of Legacy UK. On November 19, 2020, the administrators filed notice of their proposal to move from administration to a creditors’ voluntary liquidation and on December 9, 2020, notice was filed with Companies House that Paul Zalkin and Nicholas Simmonds were appointed as liquidators of Legacy UK to commence its winding up. Further details regarding the resolution of claims and liabilities may not be known for several months. Because there are a number of intercompany relationships between the Company and Legacy UK, the financial impact of any future claims in relation to the administration and disposition of Legacy UK, outside of those included in the discontinued operations of Legacy UK (see Note 4 “Discontinued Operations”), is unknown to us at this time, as is the timing and other conditions and effects of the administrative process. On December 8, 2020 we paid $390,600 in cash and transferred our residential properties in the value of $363,000 as settlement of intercompany debts of two of our subsidiaries, LEAI Property Development UK, Ltd. and LEAI Property Investment UK, Ltd., totaling $924,000 to Legacy UK.

In the Matter of Elite Legacy Education UK Ltd. On March 18, 2020, a Winding-Up Petition, CR-2020-001958, was filed in the High Court of Justice, Business and Property Courts of England and Wales (the “High Court”) against one of our UK subsidiaries, Elite Legacy Education UK Ltd. (“ELE UK”), by one of its creditors (“Petitioner”) pursuant to which the Petitioner was claiming a debt of £461,459.70 plus late payment interest and statutory compensation was due and owing. The Petitioner sought an order from the High Court to wind up the affairs of ELE UK under the UK Insolvency Act of 1986. ELE UK has disputed the claim of the Petitioner and on June 11, 2020, ELE UK obtained a court order vacating the hearing on the Petition originally set for June 24, 2020. On July 24, 2020, the High Court entered an order finding that there was a genuine dispute on substantial grounds with respect to £392,761.70 of the Petitioner’s claim, and that only £68,698 plus late payment interest and statutory compensation was due and owing. The High Court further restrained the Petitioner from advertising its Winding-Up Petition until August 14, 2020 and, provided ELE UK pays the Petitioner the sums awarded under the High Court’s order, plus late payment interest and statutory compensation on or before August 14, 2020, the Petitioner’s Winding-Up Petition would be dismissed. On August 10, 2020, ELE UK filed its Notice of Appeal in which it sought permission to appeal the High Court’s ruling. On October 23, 2020, the Court denied ELE UK permission to appeal whereupon ELE UK filed an application to renew its application for permission to appeal (“Renewal Application”), which Renewal Application would be heard at a subsequent Oral Hearing on a date not yet determined. On October 27, 2020, ELE UK filed an application with the High Court of Appeal, Royal Courts of Justice (“Court of Appeals”) for a hearing to renew its application for permission to appeal the High Court’s order and a hearing was set for February 11, 2021. On October 30, 2020, the High Court entered a Consent Order restraining Petitioner from advertising its Winding Up Petition until ELE UK’ s Renewal Application is determined at the Oral Hearing or until further order of the Court, whichever is earlier. At a hearing held on December 16, 2020, the High Court issued an order lifting the restraint on advertising the petition for a winding up order and that the matter be listed on January 13, 2021 for winding up and awarding costs to the creditor. However, at a meeting held on January 11, 2021 ("Creditors' Meeting"), the creditors of Elite Legacy Education UK Ltd ("ELE UK"), a wholly owned subsidiary of Legacy Education Alliance, Inc. ("LEAI"), approved a Proposal for a Company Voluntary Arrangement (the "Arrangement") under the UK Insolvency Act 1986 (the "IA") and the UK Insolvency Rules 2016 (the "IR"). As a result, the Petitioner's claims will be administered under the terms of the CVA and, at the request of ELE UK, the hearing on its application to renew its appeal of the High Court's order was lifted.

In the Matter of Elite Legacy Education UK Ltd., Proposal for a Company Voluntary Arrangement. At a meeting held on January 11, 2021 ("Creditors' Meeting"), the creditors of Elite Legacy Education UK Ltd ("ELE UK"), a wholly owned subsidiary of Legacy Education Alliance, Inc. ("LEAI"), approved a Proposal for a Company Voluntary Arrangement (the "CVA") under the UK Insolvency Act 1986 (the "IA") and the UK Insolvency Rules 2016 (the "IR"). Under the terms of the CVA, CVR Global LLP has been appointed as Supervisor of ELE UK for the purposes of administering the Arrangement. At the Creditors Meeting, the creditors also approved a modification to the CVA whereby any tax refunds due to ELE UK would be paid to the Supervisor and made available for distribution to creditors. The Supervisor will wind down the business of ELE UK and make distributions to ELE UK's non-student creditors in accordance with the applicable provisions of the IA and the IR, on and subject to the terms and conditions set forth in the CVA in satisfaction of the non-student creditors' respective claims against ELE UK. Pursuant to the CVA, student creditors of ELE UK were provided the opportunity to receive trainings from an independent training provider in satisfaction of their respective claims against ELE UK; as a result, all obligations of ELE UK to student creditors have been satisfied. Pursuant to the CVA, and at its conclusion, the remaining assets of ELE UK, if any, would be distributed to LEAI. As a result of the CVR, the Winding-Up Petition, CR-2020-001958, filed in the High Court of Justice, Business and Property Courts of England and Wales has been dismissed. At this time, LEAI management is unable to anticipate any distributions that would be received from ELE UK.

Mr. Kostiner, our Chairman, Chief Executive Officer, and Interim Principal Financial and Accounting Officer is a named defendant in three legal proceedings which are described below.

Other Legal Proceedings.

In Re Argon Credit, LLC, et al., Debtors, Case No. 16-39654 (U.S. Bankruptcy Court Northern District of Illinois Eastern Division).

On December 16, 2016, Argon Credit, LLC and Argon X, LLC (collectively the "Debtors") filed petitions for relief under chapter 11 of title 11 of the United States Code. On January 11, 2017, Debtors' bankruptcy cases were converted to chapter 7 cases. On December 14, 2018, the chapter 7 trustee filed an adversary proceeding as case number 18-ap-00948 (the "Bankruptcy Complaint") against multiple defendants, including Barry Kostiner, asserting claims for aiding and abetting breach of fiduciary duty. As to Mr. Kostiner, the Bankruptcy Complaint alleged that, while an employee of the Debtor, he aided and abetted the former CEO of Argon Credit, Raviv Wolfe, in breaching his fiduciary duties to Argon Credit, by, among other things, knowingly participating in a scheme to funnel assets away from the Debtors and their creditors, double pledging Argon Credit's assets, and knowingly submitting false or misleading financial reports to the Debtors' secured lender to conceal the transfer of Argon Credit's assets. On July 11, 2019, Mr. Kostiner, appearing through counsel, filed an answer denying all allegations against him set forth in the Bankruptcy Complaint.

On August 12, 2021, the trustee filed a Motion for the Entry of an Order Pursuant to Bankruptcy Rule 9019 Approving Settlement with Mr. Kostiner. Under the terms of the proposed settlement, Mr. Kostiner would pay the trustee $35,000 in exchange for dismissal with prejudice from the suit and the exchange of mutual releases (the "Proposed Settlement"). Each of the trustee and Mr. Kostiner concluded that the Proposed Settlement was in their respective best interests in light of the contested nature of the Complaint, the costs that both parties would incur in connection with the litigation of same the uncertain outcome from protracted litigation. The trustee argued that the Proposed Settlement was reasonable based upon: (a) the range of potential outcomes taking into account the defenses that Mr. Kostiner could assert; (b) the likelihood of recovering more given Mr. Kostiner's financial condition; (c) Argon Credit's director and officers' liability insurance policy had been exhausted; and (d) the Debtors' pre-petition lender had recently filed a complaint against many of the parties originally named by the trustee in its adversary proceeding, including Mr. Kostiner, and this action further reduces the likelihood of recovery against Mr. Kostiner, because at a minimum, he will be forced to pay to defend that action. On September 3, 2021, the Bankruptcy Court issued an order approving the settlement, and on November 18, 2021, the Bankruptcy Court issued an order granting the motion to voluntarily dismiss the proceeding against Mr. Kostiner.

Fund Recovery Services, LLC v. RBC Capital Markets, LLC, et al, Case No. 1:20-cv-5730 (U.S. District Court for the Northern District of Illinois Eastern Division.

On September 25, 2020, Fund Recovery Services, LLC ("Fund"), as assignee of Princeton Alterative Income Fund, L.P. ("PAIF") filed a complaint in the above-referenced action asserting a variety of claims against 37 defendants, including Mr. Kostiner. On May 15, 2021, Fund filed an amended complaint against 34 of the defendants, including Mr. Kostiner (the "Amended Complaint"). The claims against Mr. Kostiner in the Amended Complaint include: (i) violation of 18 U.S.C. 1962(2) by the conduct and participation in a RICO enterprise through a pattern of racketeering activity; (ii) violation of 18 U.S.C. 1962(d) by conspiracy to engage in a pattern of racketeering activity; (iii) fraud/intentional misrepresentation; (iv) aiding and abetting fraud/intentional misrepresentation; (v) fraudulent concealment; (vi) aiding and abetting fraudulent concealment; (vii) fraudulent/intentional inducement; (viii) conversion; (ix) aiding and abetting conversion; (x) civil conspiracy; and (xi) tortious interference with contractual relations. The Amended Complaint seeks damages of approximately $240 million jointly and severally against all defendants, together with treble and punitive damages, among other relief.

The Amended Complaint, as it pertains to Mr. Kostiner, covers much of the same conduct that is the subject of the Bankruptcy Complaint described above and stems from a transaction that Argon Credit entered into with Spartan Specialty Finance, LLC ("Spartan"). Argon, a consumer finance platform that made high-interest, unsecured loans to credit-impaired borrowers, financed its loans through a revolving credit facility provided by PAIF. Mr. Kostiner was the sole member of Spartan and was also, for a period of time, the Vice President of Capital Markets at Argon. Argon and Spartan entered into an agreement whereby Spartan agreed to purchase a portfolio of loans from Argon. Spartan financed the acquisition by obtaining a loan from Hamilton Funding ("Hamilton"). The Amended Complaint alleges that PAIF had a perfected security interest in the loans that Argon improperly sold to Spartan (which were financed by Hamilton Funding), and that defendants, including Mr. Kostiner, engaged in a scheme to induce PAIF to initially lend funds, later to increase its credit line, and ultimately convert and deprive PAIF of its property by numerous acts of fraud.

On July 1, 2021, defendants, including Mr. Kostiner, filed a consolidated motion to dismiss the Amended Complaint in its entirety against them, based on the following arguments: (a) the RICO claims (Counts (1)-(2)) are time-barred; (b) Fund lacks standing to bring Counts 1-11; (c) Fund is collaterally estopped from litigating the issues that are the subject of the Amended Complaint; (d) the allegations in the Amended Complaint fail to satisfy the requirements of Rules 8 and 9(b) of the Federal Rules of Civil Procedure; (e) the Amended Complaint failed to allege a duty sufficient to support its allegations in Counts 1-7; (f) Fund failed to adequately plead the elements of a valid RICO claim; and (g) Fund failed to adequately plead the elements of any of its state law claims (Counts 3-13). This motion is fully briefed and awaits resolution by the Court.

On February 22, 2022, PAIF filed a Revised Second Amended Complaint ("RSA Complaint") against 25 defendants, including Mr. Kostiner. The RSA Complaint incorporates information from witness statements and journal entries from alleged Argon insiders. The claims against Mr. Kostiner in the RSA Complaint include: (i) fraud/intentional misrepresentation; (ii) aiding and abetting fraud/intentional misrepresentation; (iii) fraudulent concealment; (iv) aiding and abetting fraudulent concealment; (v) fraudulent/intentional inducement; (vi) conversion; (vii) aiding and abetting conversion; (viii) civil conspiracy; and (ix) tortious interference with contractual relations. The Amended Complaint seeks damages of approximately $240 million jointly and severally against all defendants, together with treble and punitive damages, among other relief.

On September 30, 2022, the Court denied PAIF's motion for leave to file the RSA Complaint and ruled that since plaintiff cannot assert a viable RICO claim, the Court directed the Clerk to enter judgment dismissing plaintiff's civil RICO claims with prejudice and dismissing plaintiffs state-law claims for lack of supplemental jurisdiction.

In re Spartan Specialty Finance I SPV, LLC, Case No. 16-22881-rdd (U.S. Bankruptcy Court for the Southern District of New York White Plains Division)

On June 29, 2016, Spartan filed a petition for relief under chapter 11 of title 11 of the United States Code. It did so in order to resolve a loan dispute that it had with Hamilton, including Hamilton's alleged right to access cash accounts that Spartan had pledged as collateral. On May 26, 2017, the bankruptcy court approved a Stipulation and Agreement Resolving Debtor's Motion for Use of Cash Collateral and Fixing Amount of Secured Claim, between Hamilton, Spartan, and Mr. Kostiner, in his individual capacity. Spartan's bankruptcy petition was dismissed as part of the Court's approval of the Settlement.

Except for the actions set forth above, there is no material litigation, arbitration or governmental proceeding currently pending against us or any members of our management team in their capacity as such, and we and our officers and directors have not been subject to any such proceeding in the 12 months preceding the date of this prospectus.

MANAGEMENT

Directors and Executive Officers

Our Board of Directors currently consists of one member. The directors are elected at the annual meeting of stockholders to serve until the next annual meeting and until their successors are elected and qualified.

Set forth in the table below is the name, age and position with the Company of our sole executive officer and director. Additional information is provided below the table and in "Security Ownership of Certain Beneficial Owners and Management."

Name	Age	Position
Barry Kostiner	51	Chairman of the Board, Interim Chief Executive Officer, Interim Principal Financial and Accounting Officer and Manager of Capital Markets

Barry Kostiner was appointed to the Board on May 3, 2021 and has also been a Manager of Capital Markets at the Company since March 2021, interim principal financial and accounting officer since November 8, 2021 and interim Chief Executive Officer since December 1, 2021. Mr. Kostiner is serving as the Chief Executive and Chairman of Sagaliam Acquisition Corp. Additionally, Mr. Kostiner has served as the President of Legacy Tech Partners, LLC (LTP), a microcap -focused EdTech investment vehicle, since February 2021. Mr. Kostiner was the CFO of Ameri Holdings Inc. (Nasdaq: AMRH) from October 2018 through December 2020. The operations of AMRH, including its global IT services business focused on SAP with operations in both the US and India, was acquired by management, with the residual Nasdaq vehicle acquired by Enveric Biosciences (Nasdaq: ENVB), an evidence-based cannabinoid pharma company focused on palliative therapies for cancer patients. Mr. Kostiner has been a consultant to ENVB since January 2021. From May 2016 through October 2018, Mr. Kostiner was a consultant to Cypress Skilled Nursing, a healthcare facility operator and from May 2017 through October 2018 he was a consultant to LinKay Technologies Inc., an artificial intelligence incubator with a portfolio of intellectual property focused on AI and LiDAR/geospatial technology, with a research staff in India and New York. Mr. Kostiner's 20-year career in energy includes eight years at Goldman Sachs and Merrill Lynch and their affiliates, with a focus on energy trading and portfolio management, as well as serving as the CEO of an oil & gas SPAC (Nasdaq: PGRI) from 2005 through 2009. Mr. Kostiner earned a Bachelor's of Science degree in Electrical Engineering and a Master's of Science in Operations Research from MIT. His thesis on the mathematics of electric industry deregulation was sponsored by Harvard's Kennedy School of Government. Mr. Kostiner is President of, and holds a 25% membership interest in, Legacy Tech Partners, LLC, a Delaware limited liability company ("LTP"). On March 8, 2021, the Company issued a Senior Secured Convertible Debenture ("Debenture") in the principal amount of $375 thousand to LTP.

The Board of Directors believes Mr. Kostiner's qualification to serve as a director includes his experience in working with publicly traded companies as well as his experience and expertise in emerging growth sectors.

Family Relationships

There are no family relationships among our directors and executive officers.

Involvement in Certain Legal Proceedings

To the best of our knowledge, none of our current or recently resigned directors or executive officers has been convicted in a criminal proceeding, excluding traffic violations or similar misdemeanors, or has been a party to any judicial or administrative proceeding during the past ten years that resulted in a judgment, decree, or final order enjoining the person from future violations of, or prohibiting activities subject to, federal or state securities laws, or a finding of any violation of federal or state securities laws, except for matters that were dismissed without sanction or settlement. Each of our current and recently resigned executive officers and directors has informed us that he or she has not been involved in any of the events specified in clauses (1) through (8) of Regulation S-K, Item 401(f). Except as set forth in our discussion below in "Certain Relationships and Related Transactions, and Director Independence - Transactions with Related Persons," none of our current or recently resigned directors or executive officers has been involved in any transactions with us or any of our directors, executive officers, affiliates, or associates that are required to be disclosed pursuant to the rules and regulations of the Securities and Exchange Commission.

Code of Business Conduct and Ethics

We adopted a Code of Business Conduct and Ethics on November 10, 2014 that applies to our directors, officers and employees, including the Company's principal executive officer, principal financial officer and principal accounting officer. This Code of Business Conduct and Ethics may be found on our website in the "Corporate Governance" section under the "Investors" link at www.legacyeducationalliance.com.

Additional Directors

The Certificate of Designation for the Series A Preferred provides that commencing upon the equivalent of six quarterly dividends payable on any share or shares of Series A Preferred being in default, the number of director seats of the Board of Directors shall be increased by two. Additionally, the holders of the Series A Preferred will be entitled to vote as a class for the purpose of electing two person to the Board of Directors. As of the date of this prospectus, there are no holders of Series A Preferred.

Corporate Governance

Director Nomination Process

The Nominating and Corporate Governance Committee (or the full Board if no members have been appointed to such committee) will consider director candidates who have relevant business experience, are accomplished in their respective fields, and who possess the skills and expertise to make a significant contribution to the Board of Directors, the Company and its stockholders. Subject to the requirements of our Bylaws, the Nominating and Corporate Governance Committee (or the full Board if no members have been appointed to such committee) will consider nominees for election to the Board of Directors who are recommended by stockholders, provided that a complete description of the nominees' qualifications, experience and background, together with a statement signed by each nominee in which he or she consents to act as such, accompany the recommendations.

The Board of Directors considers several diversity factors in evaluating director candidates including, without limitation, professional experience, education, race, gender and national origin, but does not assign any particular weight or priority to any particular factor.

In identifying prospective director candidates, the Nominating and Corporate Governance Committee (or the full Board if no members have been appointed to such committee) may seek referrals from other members of the Board of Directors, management, stockholders and other sources. The Nominating and Corporate Governance Committee (or the full Board if no members have been appointed to such committee) also may, but need not, retain a search firm in order to assist it in identifying candidates to serve as directors of the Company. The Nominating and Corporate Governance Committee (or the full Board if no members have been appointed to such committee) utilizes the same criteria for evaluating candidates regardless of the source of the referral. When considering director candidates, the Nominating and Corporate Governance Committee (or the full Board if no members have been appointed to such committee) seeks individuals with backgrounds and qualities that, when combined with those of our incumbent directors, provide a blend of skills and experience to further enhance the Board of Director's effectiveness.

In connection with its annual recommendation of a slate of nominees, the Nominating and Corporate Governance Committee (or the full Board if no members have been appointed to such committee) may also assess the contributions of those directors recommended for re-election in the context of the Board of Directors evaluation process and other perceived needs of the Board of Directors.

Committees

We are not required under the Exchange Act to maintain any committees of our Board of Directors. We have formed certain committees of our board as a matter of preferred corporate practice; however, as of the date of this prospectus, there are no members appointed to any of such committees. We have an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee.

- **Audit Committee.** The purpose of the Audit Committee is to assist the Board of Directors in fulfilling its responsibility to oversee the quality and integrity of the accounting, auditing, and reporting practices of the Company. The Committee shall also oversee the Company's systems of internal controls regarding finance, accounting, information technology, legal and regulatory compliance and ethical behavior, the audits of the Company's financial statements, the qualifications of the accounting firm engaged as the Company's independent auditor, and the performance of the Company's independent auditors.

  We currently do not have any members on our Audit Committee, as all of the members resigned in 2021. Our Audit Committee has a written charter available on our website in the "Corporate Governance" section under the "Investors" link at *www.legacyeducationalliance.com*.

- **Compensation Committee.** The purpose of the Compensation Committee is to oversee the Company's compensation and benefits programs; establish, review, revise and interpret the Company's compensation philosophy, policies and objectives; and evaluate the performance of the Company's executive officers and set compensation levels for all executive officers, including any performance-based compensation.

  We currently do not have any members on our Compensation Committee, as all of the members resigned in 2021. Our Compensation Committee has a written charter available on our website in the "Corporate Governance" section under the "Investors" link at *www.legacyeducationalliance.com*.

- **Nominating and Corporate Governance Committee.** The purpose of the Nominating and Corporate Governance Committee is to provide support for the governance role of the Board of Directors in reviewing and making recommendations on the composition of the Board of Directors, oversee the evaluation of the Board of Directors and management of the Company, periodically assess the functioning of the Board of Directors and its committees and make recommendations to the Board of Directors regarding corporate governance matters and practices. On at least an annual basis, the Nominating and Corporate Governance Committee reviews overall compensation of the Board of Director. Any changes made to the compensation of the Board of Directors resulting from these reviews requires full ratification from the Board of Directors.

  We currently do not have any members on our Compensation Committee, as all of the members resigned in 2021. Our Nominating and Corporate Governance Committee has a written charter available on our website at *www.legacyeducationalliance.com*.

Risk Oversight

The Board of Directors takes an active role in risk oversight. The Board of Directors exercises its risk oversight function through the full Board of Directors and each of its committees. The Audit Committee of the Board of Directors (or the full Board if no members have been appointed to such committee) takes an active risk oversight role by meeting with the Company's senior management team on a regular basis and reviewing and approving key risk policies and risk tolerances. The Audit Committee (or the full Board if no members have been appointed to such committee) is responsible for ensuring that the Company has in place a process for identifying, prioritizing, managing, and monitoring its critical risks. Furthermore, the Board of Directors, with input from the Audit Committee, regularly evaluates our management infrastructure, including personnel competencies and technologies and communications, to ensure that key risks are being properly evaluated and managed. Finally, the Compensation Committee of the Board of Directors (or the full Board if no members have been appointed to such committee) reviews any risks associated with the Company's compensation practices. In the Compensation Committee's view, our compensation policies encourage a balanced approach to risk-taking, by structuring compensation packages that includes both long-term vesting equity awards in addition to cash bonuses.

Director Independence

The Board of Directors has determined that none of our directors qualify as an "independent director." Because our Common Stock is not currently listed on a national securities exchange, we have used the definition of independence of The NASDAQ Stock Market to make this determination. NASDAQ Listing Rule 5605(a)(2) provides that an independent director is a person other than an officer or employee of the Company or any other individual having a relationship with the Company that, in the opinion of the Company's Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. The NASDAQ listing rules provide that a director cannot be independent if:

- The director is, or at any time during the past three years was, an employee of the Company;

- The director or a family member of the director accepted any compensation from the Company in excess of $120,000 during any period of 12 consecutive months within the three years preceding the independence determination (subject to certain exclusions, including, among other things, compensation for board or board committee service);

- A family member of the director is, or at any time during the past three years was, an executive officer of the Company;

- The director or a family member of the director is a partner in, controlling stockholder of, or an executive officer of an entity to which the Company made, or from which the Company received, payments in the current or any of the past three fiscal years that exceed 5% of the recipient's consolidated gross revenue for that year or $200,000, whichever is greater (subject to certain exclusions);

- The director or a family member of the director is employed as an executive officer of an entity where, at any time during the past three years, any of the executive officers of the Company served on the compensation committee of such other entity; or

- The director or a family member of the director is a current partner of the Company's outside auditor, or at any time during the past three years was a partner or employee of the Company's outside auditor, and who worked on the Company's audit.

EXECUTIVE COMPENSATION

Executive Compensation Program

Our executive compensation program has historically been determined and proposed by our Compensation Committee and approved by our Board of Directors. None of the Named Executive Officers listed in the table "Summary Executive Compensation Table" below is a member of the Compensation Committee or otherwise had any role in determining the compensation of other Named Executive Officers, although the Compensation Committee has historically considered the recommendations of our Chief Executive Officer in setting compensation levels for our other executive officers.

Executive Employment Agreements

Set forth below is a description of the employment agreements of Barry Kostiner, Chairman and CEO, Michel Botbol, who resigned as Chairman and CEO in December 2021, James May, who resigned as General Counsel in November 2021, and Vanessa Guzmán-Clark who resigned as Chief Financial Officer in November 2021.

<u>Barry Kostiner Employment Agreement.</u>

On March 9, 2021, the Company entered into an employment agreement with Barry Kostiner in the capacity of Manager, Capital Markets, and now its Chief Executive Officer, for no specific term. The Employment Agreement provides Mr. Kostiner with the following compensation and benefits:

- Annual base salary of no less than $120,000, which may be increased at the discretion of the Board from time to time.

- Participation in any annual or long-term bonus or incentive plans maintained by the Company for its senior executives;

- Participation in any stock option, stock ownership, stock incentive or other equity-based compensation plans maintained by the Company for its senior executives; and

- Participation in all compensation or employee benefit plans or programs, and all benefits or perquisites, for which any member of the Company's senior management is eligible under any existing or future Company plan or program;

The Employment Agreement further provides that if the Board determines that Mr. Kostiner has engaged in gross negligence or willful misconduct in a manner that caused or contributed to the need for a material restatement of the Company's financial results, and if the performance-based compensation paid under the Employment Agreement would have been lower if based on such restated results, then the Board and the Company may seek recoupment from Mr. Kostiner of any portion of such performance-based compensation deemed appropriate.

Mr. Kostiner's employment may be terminated by either party at any time. If Mr. Kostiner's employment is terminated (i) other than for cause or (ii) upon Mr. Kostiner's death, permanent disability, or voluntary resignation, Mr. Kostiner will be entitled to receive (i) any unearned and unpaid base salary and annual incentive compensation that has accrued but is paid as of the date of termination, (ii) a pro rata portion of any annual incentive compensation that Mr. Kostiner would have been entitled to receive and, (iii) a separation benefit in an amount equal to twenty-six (26) weeks of base salary payable in biweekly installments. If Mr. Kostiner's employment is terminated other than for cause or due to his voluntary resignation within 18 months of a "change in control" event, he will be entitled to receive (i) any unearned and unpaid base salary and annual incentive compensation that has accrued but is paid as of the date of termination, (ii) a separation benefit in an amount equal to one year of base salary payable in bi-weekly installments. Mr. Kostiner's entitlement to receive any separation benefit described in this paragraph is conditioned on Mr. Kostiner executing a general release satisfactory to the Company.

Under the terms of the Employment Agreement, Mr. Kostiner will be subject to certain confidentiality, non-solicitation, and other restrictive covenants described in the Agreement.

As of August 2022, Mr. Kostiner has been receiving incremental compensation of $5,000 per month.

Michel Botbol Employment Agreement

On March 9, 2021, the Company entered into an employment agreement, or Botbol Employment Agreement with Michel Botbol, its Chief Executive Officer, for no specific term. The Botbol Employment Agreement provided Mr. Botbol with the following compensation and benefits:

- Annual base salary of no less than $200,000, which will increase to $260,000 upon the earlier to occur of the Spin Off (as defined below) or September 1, 2021, subject to periodic review and adjustment by the Board of Directors or the Compensation Committee;

- Participation in any annual or long-term bonus or incentive plans maintained by the Company for its senior executives;

- Participation in any stock option, stock ownership, stock incentive or other equity-based compensation plans maintained by the Company for its senior executives; and

- Participation in all compensation or employee benefit plans or programs, and all benefits or perquisites, for which any member of the Company's senior management is eligible under any existing or future Company plan or program.

The Botbol Employment Agreement further provided that if the Board determines that Mr. Botbol has engaged in gross negligence or willful misconduct in a manner that caused or contributed to the need for a material restatement of the Company's financial results, and if the performance-based compensation paid under the Botbol Employment Agreement would have been lower if based on such restated results, then the Board of Directors and the Company may seek recoupment from Mr. Botbol of any portion of such performance-based compensation deemed appropriate.

Mr. Botbol's employment may be terminated by either party at any time. If Mr. Botbol's employment is terminated (i) other than for cause or (ii) upon Mr. Botbol's death, permanent disability, or voluntary resignation, Mr. Botbol will be entitled to receive (i) any unearned and unpaid base salary and annual incentive compensation that has accrued but is paid as of the date of termination, (ii) a pro rata portion of any annual incentive compensation that Mr. Botbol would have been entitled to receive and, (iii) a separation benefit in an amount equal to twenty-six (26) weeks of base salary payable in biweekly installments. If Mr. Botbol's employment is terminated other than for cause or due to his voluntary resignation within 18 months of a "change in control" event, he will be entitled to receive (i) any unearned and unpaid base salary and annual incentive compensation that has accrued but is paid as of the date of termination, (ii) a separation benefit in an amount equal to one year of base salary payable in lump sum. Mr. Botbol's entitlement to receive any separation benefit described in this paragraph is conditioned on Mr. Botbol executing a general release satisfactory to the Company.

Under the terms of the Botbol Employment Agreement, Mr. Botbol is subject to certain confidentiality, non-solicitation, and other restrictive covenants described in the Botbol Employment Agreement.

Mr. Botbol resigned from his positions with the Company on December 1, 2021.

James E. May Employment Agreement

On September 1, 2017, the Company entered into an employment agreement, or May Employment Agreement with James E. May, then, Senior Vice President and General Counsel, and most recently, General Counsel, for no specific term. The Employment Agreement provided Mr. May with the following compensation and benefits:

- Annual base salary of no less than $260,000, subject to periodic review and adjustment by the Board of Directors or the Compensation Committee;
- Participation in any annual or long-term bonus or incentive plans maintained by the Company for its senior executives;
- Participation in any stock option, stock ownership, stock incentive or other equity-based compensation plans maintained by the Company for its senior executives; and
- Participation in all compensation or employee benefit plans or programs, and all benefits or perquisites, for which any member of the Company's senior management is eligible under any existing or future Company plan or program.

The May Employment Agreement further provided that if the Board of Directors determines that Mr. May has engaged in gross negligence or willful misconduct in a manner that caused or contributed to the need for a material restatement of the Company's financial results, and if the performance-based compensation paid under the Employment Agreement would have been lower if based on such restated results, then the Board of Directors and the Company may seek recoupment from Mr. May of any portion of such performance-based compensation deemed appropriate.

Mr. May's employment may be terminated by either party at any time. If Mr. May's employment is terminated (i) other than for cause or (ii) upon Mr. May's death, permanent disability, or voluntary resignation, Mr. May will be entitled to receive (i) any unearned and unpaid base salary and annual incentive compensation that has accrued but is paid as of the date of termination, (ii) a *pro rata* portion of any annual incentive compensation that Mr. May would have been entitled to receive and, (iii) a separation benefit in an amount equal to twenty-six (26) weeks of base salary payable in biweekly installments. If Mr. May's employment is terminated other than for cause or his voluntary resignation within 18 months of a "change in control" event, he will be entitled to receive (i) any unearned and unpaid base salary and annual incentive compensation that has accrued but is paid as of the date of termination and (ii) a separation benefit in an amount equal to one year of base salary payable in lump sum. Mr. May's entitlement to receive any separation benefit described in this paragraph is conditioned on Mr. May executing a general release satisfactory to the Company.

Under the terms of the May Employment Agreement, Mr. May is subject to certain confidentiality, non-solicitation, and other restrictive covenants described in the Agreement.

On March 8, 2021, in connection with his re-appointment as General Counsel, Mr. May's annual base salary was adjusted by the Board to $180,000.

Mr. May resigned from his positions with the Company on November 4, 2021.

Vanessa Guzmán-Clark Employment Agreement

On March 18, 2020, the Company entered into an employment agreement, or Guzmán-Clark Employment Agreement with Vanessa Guzmán-Clark, its Chief Financial Officer, for no specific term. The Guzmán-Clark Employment Agreement provided Ms. Guzmán-Clark with the following compensation and benefits:

- Annual base salary of no less than $126,000, subject to periodic review and adjustment by the Board of Directors or the Compensation Committee;
- Participation in any annual or long-term bonus or incentive plans maintained by the Company for its senior executives;
- Participation in any stock option, stock ownership, stock incentive or other equity-based compensation plans maintained by the Company for its senior executives; and
- Participation in all compensation or employee benefit plans or programs, and all benefits or perquisites, for which any member of the Company's senior management is eligible under any existing or future Company plan or program.

The Guzmán-Clark Employment Agreement further provided that if the Board determines that Ms. Guzmán-Clark has engaged in gross negligence or willful misconduct in a manner that caused or contributed to the need for a material restatement of the Company's financial results, and if the performance-based compensation paid under the Guzmán-Clark Employment Agreement would have been lower if based on such restated results, then the Board of Directors and the Company may seek recoupment from Ms. Guzmán-Clark of any portion of such performance-based compensation deemed appropriate.

Ms. Guzmán-Clark's employment may be terminated by either party at any time. If Ms. Guzmán-Clark's employment is terminated (i) other than for cause or (ii) upon Ms. Guzmán-Clark's death, permanent disability, or voluntary resignation, Ms. Guzmán-Clark will be entitled to receive (i) any unearned and unpaid base salary and annual incentive compensation that has accrued but is paid as of the date of termination, (ii) a pro rata portion of any annual incentive compensation that Ms. Guzmán-Clark would have been entitled to receive and, (iii) a separation benefit in an amount equal to twenty-six (26) weeks of base salary payable in biweekly installments. If Ms. Guzmán-Clark's employment is terminated other than for cause or her voluntary resignation within 18 months of a "change in control" event, he will be entitled to receive (i) any unearned and unpaid base salary and annual incentive compensation that has accrued but is paid as of the date of termination and (ii) a separation benefit in an amount equal to one year of base salary payable in lump sum. Ms. Guzmán-Clark's entitlement to receive any separation benefit described in this paragraph is conditioned on Ms. Guzmán-Clark executing a general release satisfactory to the Company.

Under the terms of the Guzmán-Clark Employment Agreement, Ms. Guzmán-Clark is subject to certain confidentiality, non-solicitation, and other restrictive covenants described in the Guzmán-Clark Employment Agreement.

On March 8, 2021, Ms. Guzmán-Clark annual base salary was adjusted by the Board to $180,000.

Ms. Guzmán-Clark resigned from her positions with the Company on November 8, 2021.

Role of Compensation Committee and Executive Officers in Compensation Decisions

The role of our Compensation Committee (or the full Board if no members have been appointed to such committee) is to oversee our compensation programs and retirement plans and policies and review and approve all compensation decisions relating to the Company's Named Executive Officers, including our Chief Executive Officer. Our Compensation Committee has historically reviewed, and in consultation with the entire Board of Directors and our Chief Executive Officer (other than with respect to his own compensation), made all compensation decisions for the Named Executive Officers. The Compensation Committee has historically reviewed and recommended the annual compensation package of our Chief Executive Officer, the adoption of which requires the approval of the independent members of the Board of Directors.

Our Compensation Committee historically met with our Chief Executive Officer at least annually to review the performance of the other executive officers, received the recommendations of the Chief Executive Officer on the executive officers' compensation and approved their annual compensation packages. This meeting is intended to include a review by the Chief Executive Officer of the performance of each Named Executive Officer who reports directly to our Chief Executive Officer.

Base Salary

We have historically provided our executive officers and other employees with a base salary designed to compensate them for the day-to-day services rendered to us during the fiscal year. Our Compensation Committee has historically reviewed each executive officer's salary and performance annually. Market data has historically been used to determine base salary ranges for our executive officers based on the position and responsibility. An executive officer's actual salary relative to this competitive salary range varies based on the level of his or her responsibility, experience, individual performance and internal pay-equity considerations. Specific salary increases take into account these factors and the current market for management talent. Salary increases have historically been considered by the Compensation Committee each year.

Annual Incentive Compensation

We have an Executive Incentive Plan, or Bonus Plan for our executive officers and other participating employees. The Bonus Plan, administered by the Compensation Committee (or the full Board if no members have been appointed to such committee), provides that the Compensation Committee (or the full Board, if applicable) will determine the total amount of performance incentive bonuses to be paid to participants under the Bonus Plan. Bonuses are based upon specific measures of our financial performance and achievement of each participant's agreed upon annual goals.

Specifically, the Bonus Plan provides for target bonuses as a percent of each participant's yearly salary. The target bonuses for our executive officers had historically been as follows:

Chief Executive Officer - 50%

Senior Executive Officers - 50%

Vice Presidents and key employees - 20% to 50%, as specified.

Junior employees may participate in the plan as designated.

Payouts under the Bonus Plan are subject to the approval of the Compensation Committee (or the full Board if no members have been appointed to such committee) following the finalization of our annual financial results and are based upon the following metrics: (i) Total Annual Cash Sales, (ii) Overall Adjusted EBITDA, (iii) increase in Adjusted EBITDA and (iv) achievement of the participant's individual goals.

Equity Incentive Compensation

The Company's 2015 Incentive Plan was approved by the stockholders at our annual meeting of stockholders on July 16, 2015. The 2015 Incentive Plan reserves 5,000,000 shares of our Common Stock for stock options, restricted stock, and a variety of other types of equity awards. We believe that long-term incentive compensation programs align the interests of management, employees and the stockholders to create long-term stockholder value. We believe that equity based incentive compensation plans, such as the Incentive Plan, increase our ability to achieve this objective, and, by allowing for several different forms of long-term equity based incentive awards, help us to recruit, reward, motivate and retain talented employees and other service providers.

Discretionary Performance Bonuses

In addition to compensation available under the Bonus Plan, which are intended to compensate executives based upon specific measures of our financial performance and achievement of each participant's agreed upon annual goals, we may also provide, on a case by case basis, discretionary transaction bonuses to executives who have accomplished goals or results of significant benefit to the Company or its stockholders not included in the Bonus Plan. Payment of such Discretionary Performance Bonuses are subject the approval of the Compensation Committee and ratification by the full Board.

Deferred Compensation Plans

We do not have a deferred compensation plan.

Retirement Benefits

We have a 401(k)-employee savings plan for eligible employees that provides for a matching contribution from us, determined each year at our discretion. The Company made matching contributions in 2020 and 2021.

Medical, Dental, Life Insurance and Disability Coverage

We have historically provided other benefits such as medical, dental and life insurance, and disability coverage to each Named Executive Officer in benefits plans that are also provided to all eligible U.S. based salaried employees. Eligible employees can purchase additional life, dependent life and accidental death and dismemberment coverage as part of their employee benefits package.

Deductibility of Executive Compensation

The exemption from Section 162(m)'s deduction limit for performance-based compensation has been repealed, effective for tax years beginning after December 31, 2017, such that compensation paid to our covered executive officers in excess of $1.0 million will not be deductible unless it qualifies for transition relief applicable to certain arrangements in place as of November 2, 2017. Due to the ambiguities and uncertainties as to the application and interpretation of Section 162(m) and the regulations issued thereunder, including the uncertain scope of the transition relief under the legislation, no assurance can be given that compensation intended to satisfy the requirements for exemption from Section 162(m) in fact will.

For 2021, the annual salary paid to any of our Named Executive Officers did not exceed $1.0 million. Restricted stock granted under the terms of long-term incentives are exempt as performance-based compensation for purposes of calculating the $1.0 million limit. To maintain flexibility in compensating the Named Executive Officers in a manner designed to promote varying corporate goals, the Compensation Committee reserves the right to recommend and award compensation that is not deductible under Section 162(m).

Executive Compensation Tables

The following table sets forth information regarding compensation earned by, awarded to or paid to our Named Executive Officers during the two fiscal years ended December 31, 2021 and 2020:

Name and Principal Position	Year	Salary[1] ($)	Bonus ($)	Stock Awards ($)	Other[1] ($)	Total ($)
Barry Kostiner	2021	87,231	-	-	26,126	113,357
Interim Chief Executive Officer (since 12/01/2021)						
Manager of Capital Markets (since 03/2021)	2020	-	-	-	-	-
Michel Botbol	2021	130,769	-	-	26,691	157,460
Former Chairman and Chief Executive Officer (03/08/2021 - 12/01/2021)	2020	-	-	-	-	-
James E. May	2021	184,554	50,000	-	26,843	261,397
Former General Counsel (03/08/2021 - 11/04/2021)						
Former *Chief Executive Officer (06/07/2019 - 03/08/2021)*						
Former Interim Chief Executive Officer (01/15/2019 - 06/07/2019)	2020	188,792	-	-	17,904	206,696
Vanessa Guzmán-Clark	2021	153,473	50,000	-	29,273	232,746
Former Vice President and Chief Financial Officer (10/01/2019 - 11/08/2021)						
Former Senior Corporate Controller (01/28/2019 - 10/01/2019)	2020	145,384	-	-	15,277	160,661

(1) Includes 401(k) match, employer portion of employee's health, vision, dental and life insurance benefits paid by the Company as part of the Company's Employee Benefits Programs.

As of December 31, 2021, there were no outstanding option awards or restricted stock awards for any of our Named Executive Officers.

Potential Payments Upon Termination or Change in Control

There are no currently existing potential payments upon termination or change of control with any of our Named Executive Officers. We did not pay any such amounts to any of our former executive officers upon their resignations in November and December 2021.

DIRECTOR COMPENSATION

On at least an annual basis, the Nominating and Corporate Governance Committee has historically reviewed overall Board of Director's compensation. Any changes made to Board compensation as a result of these reviews requires full ratification by the Board of Directors. We use a combination of cash and stock-based incentive compensation to attract and retain qualified candidates to serve on the Board of Directors. In setting director compensation, we historically considered the significant amount of time that directors expend in fulfilling their duties to the Company as well as the skill-level required of members of the Board of Directors.

Our employee directors have historically not received any additional compensation for serving on the Board. During 2021, the only employees who served as director were James May, Michel Botbol, and Barry Kostiner.

In addition to receiving quarterly retainers, directors historically have been generally eligible to receive sign-on and annual equity awards through stock or options. We have adopted an equity incentive plan that was approved by the stockholders at our annual meeting of stockholders on July 16, 2015 for equity-based incentives under the Company's 2015 Incentive Plan.

Total compensation attributable to each non-employee director during 2021, which excludes reimbursable expenses, was as follows:

Name	Fees earned or paid in cash ($)	Stock awards[1][2] ($)	Total ($)
Peter Harper[3]	48,750	17,353	66,103
Cary W. Sucoff[3]	48,750	17,353	66,103

(1) Each non-employee director has been granted restricted shares of common stock at varying times, half of which vest each year over a period of two years from the grant date.
(2) Stock awards are valued based on the closing price per share on the grant date.
(3) Each director resigned from the Board on November 4, 2021.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth the beneficial common stock ownership as of October 11, 2022 (i) of each person or entity known by us to be the beneficial owner of five percent or more of our common stock, (ii) by each of our directors, Named Executive Officers and nominee for director and (iii) by all directors and executive officers as a group.

As used herein, the term beneficial ownership with respect to a security is defined by Rule 13d-3 under the Securities Exchange Act of 1934 as consisting of sole or shared voting power (including the power to vote or direct the vote) and/or sole or shared investment power (including the power to dispose or direct the disposition of) with respect to the security through any contract, arrangement, understanding, relationship or otherwise, including a right to acquire such power(s) during the next 60 days.

Unless otherwise noted, beneficial ownership consists of sole ownership, voting and investment rights. This table is based upon information supplied to us by our Named Executive Officers, directors and principal stockholders and/or contained in reports filed by these persons with the SEC.

Name	Amount of Beneficial Ownership of Common Stock	Percent of Common Stock(1)
James E. May(2)	566,769	1.5%*
Vanessa Guzmán-Clark(3)	20,000	*
Barry Kostiner(4)	15,415,000	34.42%
All directors and executive officers as a group (1 person)	15,415,000	34.42%
Other owners of more than 5% of outstanding Common Stock		
GLD Legacy Holdings, LLC(5)	22,100,000	38.19%
Legacy Tech Partners LLC(6)	15,100,000	33.72%
Anthony C. Humpage(7)	3,980,812	10.51%
Pemberton Holdings, LLC(7)	2,842,819	7.51%
Day One, LLC(8)	2,411,368	6.37%
Ingrid Whitney(9)	2,279,799	6.02%
David S. Nagelberg(10)	2,102,054	5.5%
International Securities 3, LLC(9)	397,310	1.05%
McDowell Sonoran, LLC(7)	196,000	*

* Less than 1%

(1) Based on 37,867,697 shares of Common Stock issued and outstanding as of October 11, 2022.

(2) Mr. May resigned on November 4, 2021.

(3) Ms. Guzmán-Clark resigned on November 8, 2021.

(4) Represents (i) 315,000 restricted shares held directly by Mr. Kostiner, (ii) 8,186,500 issued and outstanding shares of our common stock held by LTP and (iii) 6,913,500 shares of our common stock underlying an outstanding 10% senior secured convertible debenture due March 8, 2022 held by LTP (the "LTP Debenture"). Mr. Kostiner, sole member of our Board of Directors and CEO, is the president of LTP and has voting and dispositive power over these shares. Does not include (a) up to an additional 90,000,000 shares of our common stock that may be issued upon conversion of the LTP Debenture (assuming we borrow all amounts under the LTP Debenture), (b) up to an additional 100,000,000 shares of our common stock underlying warrants issued or to be issued to the Selling Shareholder upon conversion of the LTP Debenture, and (c) up to 17,000,000 shares of our common stock and a like number of warrants that may be issuable under outstanding convertible debentures held by ABCImpact I, LLC, of which an affiliate of Mr. Kostiner has a non-controlling beneficial interest, all of which are subject to a beneficial ownership blocker. Mr. Kostiner disclaims beneficial ownership except to the extent of his pecuniary interests therein.

(5) Daniel Gordon has voting and dispositive control over these shares, as the 100% owner of GLD Management, Inc., the General Partner of GLD Partners, LP, sole member of GLD Legacy Holdings, LLC. Represents 20,000,000 shares of our common stock underlying an outstanding debenture held by the Selling Shareholder (the "GLD Debenture") and an additional 2,100,000 shares of issued and outstanding common stock. Does not include up to 20,000,000 shares of our common stock underlying warrants that would be issued to the Selling Shareholder upon the conversion of the GLD Debenture, or 315,000 shares of our common stock held by an affiliate of GLD.

(6) Represents (i) 8,186,500 issued and outstanding shares of our common stock held by LTP and (iii) 6,913,500 shares of our common stock underlying an outstanding 10% senior secured convertible debenture due March 8, 2022 held by LTP (the "LTP Debenture"). Mr. Kostiner is the president of LTP and has voting and dispositive power over these shares. Does not include (a) up to an additional 90,000,000 shares of our common stock that may be issued upon conversion of the LTP Debenture (assuming we borrow all amounts under the LTP Debenture) and (b) up to an additional 100,000,000 shares of our common stock underlying warrants issued or to be issued to the Selling Shareholder upon conversion of the LTP Debenture, all of which are subject to a beneficial ownership blocker.

(7) Based on a Schedule 13G jointly filed by Anthony C. Humpage, Pemberton Holdings, LLC and McDowell Sonoran LLC on February 14, 2020. The shares of Pemberton Holdings, LLC and McDowell Sonoran LLC are beneficially owned by Anthony C. Humpage. The address of Pemberton Holdings LLC and McDowell Sonoran LLC is 3225 McLeod Drive, Suite 100, Las Vegas, NV 89121.

(8) Based on information available from the Company's Record Shareholder list as of October 11, 2022. Upon information and belief, the shares of Day One, LLC and International Securities 3, LLC are beneficially owned by Russell A. Whitney. The address of Day One LLC and International Securities 3 LLC is 4818 Coronado Parkway, Cape Coral, FL 33904.

(9) Upon information and belief based on information available from the Company's Record Shareholder list as of October 11, 2022. The address of Ingrid Whitney is 1217 Cape Coral Parkway East, Cape Coral, FL 33904.

(10) Based on a Schedule 13G filed by David Nagelberg on January 30, 2020. The address of David Nagelberg is c/o Thompson Hine LLP, 335 Madison Avenue, 12th Floor, New York, New York, 10017.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Related Person Transactions Policy

Our Board has adopted a written policy for the review and the approval or ratification of any related person transaction. Under the policy, a "related person" is any (1) director, nominee for director or executive officer of the Company and any Immediate Family Member of such person, and (2) any holder of 5% or more of any class of outstanding equity securities of the Company and any Immediate Family Member such person. The policy defines an "Interested Transaction" is any transaction, arrangement or relationship or series of similar transactions, arrangements or relationships (including any indebtedness or guarantee of indebtedness) in which (1) the aggregate amount involved will or may reasonably be expected to exceed $120,000 in any calendar year, (2) the Company or its subsidiaries or affiliates is a participant, and (3) any Related Person has or will have a direct or indirect interest (other than solely as a result of being a director or a less than 10% beneficial owner of another entity).

The policy requires the Audit Committee to review the material facts of all Interested Transactions that require the Committee's approval and either approve or disapprove of the entry into the Interested Transaction, subject to certain exceptions described in the Policy.

Since January 1, 2021, the Company issued $675 thousand in Senior Secured Convertible Debenture to LTP, a related party. Barry Kostiner, chief executive officer, chairman of the board, and interim principal financial and accounting officer holds a 25% membership interest in LTP. On May 4, 2021, LTP exercised its conversion rights with respect to $330 thousand and the company issued and equal amount of stock warrants on June 11, 2021. There have been no other transactions between the Company and its executive officers, directors, nominees, principal stockholders and other related parties involving amounts in excess of $120,000. There are currently no proposed transactions of the type mentioned in the preceding sentence.

Between June 2022 and October 11, 2022, we borrowed an aggregate of $850,000 from ABCImpact I, LLC, evidenced by 10% Convertible Debentures. ABCImpact has the option to loan up to $5 million. An affiliate of Mr. Kostiner has a non-controlling passive interest in ABCImpact.

On July 15, 2022, we entered into a Forbearance Agreement with GLD Legacy Holdings, LLC, the holder of our 10% Senior Secured Convertible Debenture dated August 27, 2021, and Legacy Tech Partners, LLC, the holder of our 10% Senior Secured Convertible Debenture dated March 8, 2021. Mr. Kostiner is a manager of LTP. Pursuant to the Forbearance Agreement, GLD and LTP each agreed to forbear from exercising its rights against us under the applicable Note until the earlier of (i) a default under the Forbearance Agreement or a new default under such Note or (ii) October 15, 2022 (the "Forbearance Period"). Prior to the expiration of the Forbearance Period, the Company agreed to cause a sale of the GLD Note to ABCImpact or as directed by ABCImpact, at a purchase price equal to the outstanding balance due and payable on the GLD Note by no later than October 15, 2022, which shall be in full and complete satisfaction of our obligations to GLD under the GLD Note. As partial consideration for GLD entering into the Forbearance Agreement, the Company agreed to issue to GLD 2,100,000 shares of our common stock and to issue to LTP 1,600,000 shares of our common stock. The Company also agreed to use its best efforts to effect a spin-off of an existing to-be-determined subsidiary of the Company, pursuant to the terms described in the Forbearance Agreement.

LEGAL MATTERS

The validity of the shares of common stock covered by this prospectus will be passed upon by Ruskin Moscou Faltischek, PC, Uniondale, NY.

EXPERTS

The consolidated financial statements of the Company for the fiscal year ended December 31, 2021 have been audited by Ram Associates, our independent registered public accounting firm, and the consolidated financial statements of the Company for the fiscal year ended December 31, 2020 have been audited by MaloneBailey, LLP, our independent registered public accounting firm, in each case as set forth in their respective reports thereon appearing elsewhere herein, and are included in reliance upon such reports given on the authority of such firms as experts in accounting and auditing.

DISCLOSURE OF COMMISSION POSITION ON INDEMNIFICATION FOR SECURITIES ACT LIABILITIES

Under Nevada Law and our Bylaws, we may indemnify an officer or director who is made a party to any proceeding, including a lawsuit, because of his position, if he acted in good faith and in a manner he reasonably believed to be in our best interest. We may advance expenses incurred in defending a proceeding. To the extent that the officer or director is successful on the merits in a proceeding as to which he is to be indemnified, we must indemnify him against all expenses incurred, including attorney's fees. With respect to a derivative action, indemnity may be made only for expenses actually and reasonably incurred in defending the proceeding, and if the officer or director is judged liable, only by a court order. The indemnification is intended to be to the fullest extent permitted by the laws of the State of Nevada.

The Securities and Exchange Commission's position on indemnification of officers, directors and control persons under the Securities Act by the Company is as follows:

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Company pursuant to the rules of the Securities and Exchange Commission, the Company has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable.

WHERE YOU CAN FIND MORE INFORMATION

We are subject to the informational requirements of the Exchange Act, and file annual and current reports, proxy statements and other information with the Commission. These reports, proxy statements and other information filed by Legacy Education Alliance, Inc. can be read and copied at the Commission's Public Reference Room at 100 F Street, N.W., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the Commission at 1-800-SEC-0330. We will provide to the record holders of our securities a copy of our annual reports containing audited financial statements and such periodic and quarterly reports free of charge upon request. The Commission also maintains a website that contains reports, proxy statements, information statements and other information located at http://www.sec.gov. This prospectus does not contain all the information required to be in the registration statement (including the exhibits), which we have filed with the Commission under the Securities Act and to which reference is made in this prospectus.

Legacy Education Alliance, Inc.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of
Legacy Education Alliance, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Legacy Education Alliance, Inc. and its subsidiaries (collectively, the "Company") as of December 31, 2021 and the related consolidated statement of operations and comprehensive income, changes in stockholders' deficit, and cash flows for the year then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and the results of their operations and their cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The financial statements of the Company as of December 31, 2020, were audited by other auditors whose report dated April 9, 2021, on those statements included in the explanatory paragraph that described the substantial doubt about the Company's ability to continue as a going concern discussed in Note 2 to the financial statements.

Going Concern Matter

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has a net capital deficiency and an accumulated deficit that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

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

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

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue recognition

Description of the Matter

As disclosed in Note 2 to the financial statements, the Company recognizes revenue based on the customers' attendance of the course, mentoring training, coaching session or delivery of the software, data or course materials online. The Company also recognizes breakage revenue when a customer contract expires less a reserve for cases where customers are allowed to attend after expiration.

We identified the Company's revenue recognition as a critical audit matter. Specifically, the significant judgments made by management in developing its estimate of the reserve for breakage and the timing of when revenue is recognized for each distinct performance obligation required a high degree of effort and auditor judgment.

How We Addressed the Matter in Our Audit

The audit procedures we performed to address this critical audit matter included the following, among others:

- Testing customer contract terms and delivery method of each performance obligation by reviewing a sample of contracts between the Company and its customers.
- Testing the allocation of the contract price to the performance obligations included in selected contracts.
- Obtaining evidence indicating completion of performance obligations for revenue recognition and verifying the timing of revenue recognized over time.
- Evaluating the reasonableness of assumptions and methodology used by management in determining its estimate of the reserve for breakage.

/s/ Ram Associates
www.ramassociates.us
PCAOB ID: 5814
We have served as the Company's auditor since 2021.
Hamilton, New Jersey
March 31, 2022

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of
Legacy Education Alliance, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Legacy Education Alliance, Inc., and its subsidiaries (collectively, the "Company") as of December 31, 2020, and the related consolidated statements of operations and comprehensive income, changes in stockholders' deficit, and cash flows for the year then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020, and the results of their operations and their cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Going Concern Matter

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the financial statements, the Company has a net capital deficiency and an accumulated deficit that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

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

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

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matter does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Revenue recognition

Description of the Matter

As disclosed in Note 2 to the financial statements, the Company recognizes revenue based on the customers' attendance of the course, mentoring training, coaching session or delivery of the software, data or course materials online. The Company also recognizes breakage revenue when a customer contract expires less a reserve for cases where customers are allowed to attend after expiration.

We identified the Company's revenue recognition as a critical audit matter. Specifically, the significant judgments made by management in developing its estimate of the reserve for breakage and the timing of when revenue is recognized for each distinct performance obligation required a high degree of effort and auditor judgment.

How We Addressed the Matter in Our Audit

The audit procedures we performed to address this critical audit matter included the following, among others:

- Testing customer contract terms and delivery method of each performance obligation by reviewing a sample of contracts between the Company and its customers.
- Testing the allocation of the contract price to the performance obligations included in selected contracts.
- Obtaining evidence indicating completion of performance obligations for revenue recognition and verifying the timing of revenue recognized over time.
- Evaluating the reasonableness of assumptions and methodology used by management in determining its estimate of the reserve for breakage.

/s/ MaloneBailey, LLP
www.malonebailey.com
We have served as the Company's auditor since 2014.
Houston, Texas
April 9, 2021

LEGACY EDUCATION ALLIANCE, INC. AND SUBSIDIARIES
Consolidated Balance Sheets
(In thousands, except share data)

	December 31, 2021	December 31, 2020
ASSETS		
Current assets:		
Cash and cash equivalents	$ 576	$ 1,500
Restricted cash	374	1,180
Deferred course expenses	304	1,167

Prepaid expenses and other current assets		607		1,578
Inventory		1		10
Discontinued operations current assets		-		820
Total current assets		1,862		6,255
Property and equipment, net		-		4
Right-of-use assets		20		45
Other assets		6		6
Discontinued operations-other assets		33		34
Total assets	$	1,921	$	6,344
LIABILITIES AND STOCKHOLDERS' DEFICIT				
Current liabilities:				
Accounts payable	$	2,544	$	1,762
Royalties payable		110		113
Accrued course expenses		252		277
Accrued salaries, wages and benefits		202		73
Operating lease liability, current portion		20		25
Other accrued expenses		2,114		3,888
Deferred revenue		4,438		10,382
Short-term related party debt, net of unamortized debt discount of $204		142		-
Current portion of long term debt, net of unamortized debt discount of $0		1,011		-
Discontinued operations-current liabilities		9,845		11,286
Total current liabilities		20,678		27,806
Long-term debt, net of current portion and net of unamortized debt discount of $467		1,933		1,900
Deferred tax liability, net		1,493		134
Other long term liabilities		-		120
Operating lease liability, net of current portion		-		20
Total liabilities		24,104		29,980
Commitments and contingencies (Note 16)				
Stockholders' deficit:				
Preferred stock, $0.0001 par value, 20,000,000 shares authorized, none issued		-		-
Common stock, $0.0001 par value; 200,000,000 authorized; 33,917,697 and 23,279,197 shares issued and outstanding as of December 31, 2021 and December 31, 2020, respectively		3		2
Additional paid-in capital		13,161		11,564
Cumulative foreign currency translation adjustment		837		416
Accumulated deficit		(36,184)		(35,618)
Total stockholders' deficit		(22,183)		(23,636)
Total liabilities and stockholders' deficit	$	1,921	$	6,344

See Notes to Consolidated Financial Statements

LEGACY EDUCATION ALLIANCE, INC. AND SUBSIDIARIES
Consolidated Statements of Operations and Comprehensive Income
(In thousands, except per share data)

	Years Ended December 31,			
	2021		2020	
Revenue	$	7,710	$	25,914
Operating costs and expenses:				
Direct course expenses		2,294		5,801
Advertising and sales expenses		1,636		2,293
Royalty expenses		-		68
General and administrative expenses		4,195		4,555
Total operating costs and expenses		8,125		12,717
Income (loss) from operations		(415)		13,197
Other income (expense):				
Interest expense, net		(524)		(210)
Other income, net		8		1,641
Gain on forgiveness of PPP Loan		910		-
Total other income, net		394		1,431
Income (loss) from continuing operations before income taxes		(21)		14,628
Income tax expense		(716)		(2,883)
Net income (loss) from continuing operations		(737)		11,745
Income from discontinued operations		171		4,264
Net income from discontinued operations	$	171		4,264
Net income (loss)	$	(566)	$	16,009
Basic earnings (loss) per common share - continuing operations	$	(0.02)	$	0.51
Basic earnings (loss) per common share - discontinued operations		-		0.18
Basic earnings (loss) per common share	$	(0.02)	$	0.69
Diluted earnings (loss) per common share - continuing operations	$	(0.02)	$	0.51
Diluted earnings (loss) per common share - discontinued operations		-		0.18
Diluted earnings (loss) per common share	$	(0.02)	$	0.69
Basic weighted average common shares outstanding		29,187		23,076

Diluted weighted average common shares outstanding		29,187		23,230
Comprehensive income:				
Net income (loss)	$	(566)	$	16,009
Foreign currency translation adjustments, net of tax of $0		421		(294)
Total comprehensive income	$	(145)	$	15,715

See Notes to Consolidated Financial Statements

LEGACY EDUCATION ALLIANCE, INC. AND SUBSIDIARIES
Consolidated Statements of Changes in Stockholders' Deficit
(In thousands)

	Common stock		Additional paid-in	Cumulative foreign currency translation	Accumulated	Total stockholders'
	Shares	Amount	Capital	adjustment	deficit	deficit
Balance at December 31 , 2019	23,163	$ 2	$ 11,552	$ 710	$ (51,627)	$ (39,363)
Share-based compensation expense	-	-	23	-	-	23
Cancellation of common stock	(64)	-	(11)	-	-	(11)
Issuance of common stock	180	-	-	-	-	-
Foreign currency translation adjustment, net of tax of $0	-	-	-	(294)	-	(294)
Net Income	-	-	-	-	16,009	16,009
Balance at December 31, 2020	23,279	$ 2	$ 11,564	$ 416	$ (35,618)	$ (23,636)

	Common stock		Additional paid-in	Cumulative foreign currency translation	Accumulated	Total stockholders'
	Shares	Amount	capital	adjustment	deficit	deficit
Balance at December 31, 2020	23,279	$ 2	$ 11,564	$ 416	$ (35,618)	$ (23,636)
Share-based compensation expense	2,900	-	122	-	-	122
Cancellation of common stock	(945)	-	(15)	-	-	(15)
Common stock issued for stock option purchase	1,600	-	13	-	-	13
Common stock and warrants issued for notes payable to related party from conversion of senior secured convertible debt - related party debt discount	7,084	1	354	-	-	355
Beneficial conversion feature for senior secured convertible debenture	-	-	500	-	-	500
Beneficial conversion feature for senior secured convertible debenture-related party	-	-	623	-	-	623
Foreign currency translation adjustment, net of tax of $0	-	-	-	421	-	421
Net Loss	-	-	-	-	(566)	(566)
Balance at December 31, 2021	33,918	$ 3	$ 13,161	$ 837	$ (36,184)	$ (22,183)

See Notes to Consolidated Financial Statements

LEGACY EDUCATION ALLIANCE, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(In thousands)

	Years Ended December 31,			
	2021		2020	
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	$	(566)	$	16,009
Less net income from discontinued operations		171		4,264
Net income from continuing operations	$	(737)	$	11,745
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Depreciation and amortization		4		59
Non-cash lease expense		27		23
Gain on the sale of fixed assets and investment property		-		(1,735)
Share-based compensation		122		23
Cancellation of common stock		(15)		(11)
Amortization of debt discount		453		-
Gain on debt extinguishment (PPP loan forgiveness)		(910)		-
Deferred income taxes		1,359		418
Changes in operating assets and liabilities:				
Deferred course expenses		844		3,764
Prepaid expenses and other receivable		559		(446)
Inventory		9		34
Other assets		-		37
Accounts payable-trade		685		485
Royalties payable		(11)		(29)

Accrued course expenses	(25)	(191)
Accrued salaries, wages and benefits	129	(386)
Operating lease liability	(27)	(20)
Other accrued expenses	(1,503)	1,823
Deferred revenue	(5,782)	(22,460)
Net cash used in operating activities - continuing operations	(4,819)	(6,867)
Net cash (used in) provided by operating activities - discontinued operations	(13)	(98)
Net cash used in operating activities	(4,832)	(6,965)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investment property	-	391
Proceeds from sale property and equipment	-	2,500
Net cash provided by investing activities - continuing operations	-	2,891
Net cash used in investing activities - discontinued operations	-	-
Net cash provided by investing activities	-	2,891
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on debt	(11)	(1,500)
Proceeds from issuance of debt	-	2,900
Proceeds from borrowing Paycheck Protection Program loan	1,900	-
Proceeds from debentures with related parties	700	-
Proceeds from debentures	500	-
Issuance of common stock for stock option purchase	13	-
Net cash provided by financing activities - continuing operations	3,102	1,400
Net cash provided by financing activities - discontinued operations	-	-
Net cash provided by financing activities	3,102	1,400
Effect of exchange rate differences on cash	-	(860)
Net decrease in cash and cash equivalents and restricted cash	(1,730)	(3,534)
Cash and cash equivalents and restricted cash, beginning of period, including cash in discontinued operations	$ 2,680	$ 6,214
Cash and cash equivalents and restricted cash, end of period	$ 950	$ 2,680
Supplemental disclosures:		
Cash paid during the period for interest	$ 3	$ 214
Cash received during the period for income taxes, net of tax payments	(52)	-
Supplemental disclosure of non-cash activity:		
Supplemental non-cash amounts of lease liabilities arising from obtaining right-of-use assets/(decrease) of lease liability due to cancellation of leases	$ (1)	$ 13
Non-cash disposal of property	$ -	$ (363)
Common stock and warrants issued from conversion of senior convertible debenture - related party	355	-
Initial recognition of beneficial conversion feature for senior secured convertible debt - related party	896	-
Note payable issued for insurance policy financing	26	-

See Notes to Consolidated Financial Statements

LEGACY EDUCATION ALLIANCE, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements

Note 1-Business Description and Basis of Presentation

Business Description. We are a provider of practical, high-quality, and value-based educational training on the topics of personal finance, entrepreneurship, real estate, and financial markets investing strategies and techniques. Our programs are offered through a variety of formats and channels, including free workshops, basic trainings, forums, telephone mentoring, one-on-one mentoring, coaching and e-learning. During the year ended December 31, 2021, we marketed our products and services under *Building Wealth with Legacy*TM. During the year ended December 31, 2020, we marketed our products and services under two brandsR *Building Wealth with Legacy*TM and *Homemade Investor by Tarek El Moussa*TM.

Our students pay for their courses in full up-front or through payment agreements with independent third parties. Under United States of America generally accepted accounting principles ("U.S. GAAP"), we recognize revenue upon the earlier of (i) when our students take their courses or (ii) the term for taking their course expires, both of which could be several quarters after the student purchases a program and pays the fee. We recognize revenue immediately when we sell our (i) proprietary products delivered at time of sale and (ii) third party products sales. Our symposiums and forums combine multiple advanced training courses in one location, allowing us to achieve certain economies of scale that reduce costs and improve margins while also accelerating U.S. GAAP revenue recognition, while at the same time, enhancing our students' experience, particularly, for example, through the opportunity to network with other students.

We also provide a richer experience for our students through one-on-one mentoring (two to four days in length, on site or remotely, although we have suspended providing on-site mentorships as a result of the COVID-19 pandemic) and telephone mentoring (10 to 16 weekly one-on-one or one-on-many telephone sessions). Mentoring involves a subject matter expert interacting with the student remotely or in person and guiding the student, for example, through his or her first real estate transaction, providing a real hands-on experience.

We were founded in 1996, and through a reverse merger, became a publicly held company in November 2014. Today we are a global company that has cumulatively served more than two million students from more than 150 countries and territories over the course of our operating history.

Our operations have traditionally relied heavily on our and our students' ability to travel and attend live events where large groups of people gather in local markets within each of the segments in which we operate. As a result of the COVID-19 coronavirus pandemic, and the resulting worldwide restrictions on travel and social distancing, we temporarily ceased conducting live sales and fulfillment and furloughed substantially all of our employees. We resumed online operations in July 2020, and live operations in November 2020. The Company will continue following strict safety protocols at the live events. We have simplified our product offerings and restructured our compensation program with respect to both employees and independent contractors to reduce costs and improve margins, but there can be no assurances that the Company will be effective in selling its products and services, or what the impact such activities will have on our financial performance. Due to the continuing COVID-19 pandemic, the Company temporarily suspended live in-person events in December 2021 to assess the strategic plan and will continue the temporary suspension into fiscal year 2022. We are not able to fully quantify the impact that these factors will have on our financial results, but expect developments related to COVID-19 to continue to affect the Company's financial performance in 2021 and beyond.

Our operations are managed through three operating segments: (i) North America, (ii) United Kingdom, and (iii) Other Foreign Markets.

Since January 1, 2020, we have operated under two brands:

- *Building Wealth with Legacy* ^{TM}: provides practical, high-quality and value-based educational training on the topics of personal finance, entrepreneurship, real estate, financial markets and investing strategies and techniques. This training program encompasses hands-on experience and the true spirit of investing from beginner to educated investor. During the fiscal year 2021, the Company marketed products and services exclusively under this brand.

- *Homemade Investor by Tarek El Moussa* ^{TM} introduces people to the investor mindset, real estate investing strategies, and ways to generate cash flow that are designed to help build a foundation of knowledge for their financial goals. Homemade Investor events offered nationwide free workshops, 3-day trainings and large stage events with Tarek presenting as the keynote speaker, all selling into our advanced training products. In November 2020, we suspended conducting *Homemade Investor by Tarek El Moussa* ^{TM} sales events to focus on developing our proprietary *Building Wealth with Legacy* ^{TM}.

Merger. On November 10, 2014, we entered into an Agreement and Plan of Merger dated as of such date (the "Merger Agreement") by and among (i) PRCD, a Nevada corporation, (ii) Priced In Corp. Subsidiary, a Colorado corporation and a wholly-owned subsidiary of PRCD ("PRCD Sub"), (iii) Tigrent Inc., a Colorado corporation ("TIGE"), and (iv) Legacy Education Alliance Holdings, Inc., a Colorado corporation and a wholly-owned subsidiary of TIGE ("Legacy Holdings"). On November 10, 2014, pursuant to the Merger Agreement, PRCD Sub merged with and into Legacy Holdings (the "Merger"), with Legacy Holdings surviving the Merger and becoming our wholly owned subsidiary and we acquired the business of Legacy Holdings.

Basis of Presentation. The terms "Legacy Education Alliance, Inc.," the "Company," "we," "our," "us" or "Legacy" as used in this report refer collectively to Legacy Education Alliance, Inc., a Nevada corporation ("Legacy"), the registrant, which was formerly known as Priced In Corp., and, unless the context otherwise requires, together with its wholly-owned subsidiary, Legacy Education Alliance Holdings, Inc., a Colorado corporation, other operating subsidiaries and any predecessor of Legacy Education Alliance Holdings, including Tigrent Inc., a Colorado corporation. All intercompany balances and transactions have been eliminated in consolidation. As discussed in Note 4 "*Discontinued Operations*", the sale of Legacy Education Alliance International Ltd (Legacy UK) assets and deferred revenue is reflected as a discontinued operation in the consolidated financial statements.

Reclassification. We have reclassified certain amounts in our prior-period financial statements to conform to the current period's presentation.

Note 2-Significant Accounting Policies

Going Concern. The accompanying consolidated financial statements and notes have been prepared assuming we will continue as a going concern. For the years ended December 31, 2021 and December 31, 2020, respectively, we had an accumulated deficit and a working capital deficit. These circumstances raise substantial doubt as to our ability to continue as a going concern. Our ability to continue as a going concern is dependent upon our ability to generate profits by expanding current operations as well as reducing our costs and increasing our operating margins, and to sustain adequate working capital to finance our operations. The failure to achieve the necessary levels of profitability and cash flows would be detrimental to us. The consolidated financial statements do not include any adjustments that might be necessary if we are unable to continue as a going concern.

Use of Estimates. Conformity with GAAP requires the use of estimates and judgments that affect the reported amounts in our consolidated financial statements and accompanying notes. These estimates form the basis for judgments we make about the carrying values of our assets and liabilities, which are not readily apparent from other sources. We base our estimates and judgments on historical information and on various other assumptions that we believe are reasonable under the circumstances. GAAP requires us to make estimates and judgments in several areas, including, but not limited to, those related to deferred revenues, reserve for breakage, deferred costs, revenue recognition, commitments and contingencies, fair value of financial instruments, useful lives of property and equipment, right-of-use assets, and income taxes. These estimates are based on management's knowledge about current events and expectations about actions we may undertake in the future. Actual results could differ materially from those estimates.

Cash and cash equivalents. We consider all highly liquid instruments with an original maturity of three months or less to be cash or cash equivalents. We continually monitor and evaluate our investment positions and the creditworthiness of the financial institutions with which we invest and maintain deposit accounts. When appropriate, we utilize Certificate of Deposit Account Registry Service (CDARS) to reduce banking risk for a portion of our cash in the United States. A CDAR consists of numerous individual investments, all below the FDIC limits, thus fully insuring that portion of our cash. At December 31, 2021 and 2020, we did not have a CDAR balance.

Restricted cash. Restricted cash balances consist primarily of funds on deposit with credit card and other payment processors. These balances do not have the benefit of federal deposit insurance and are subject to the financial risk of the parties holding these funds. Restricted cash balances held by credit card processors are unavailable to us unless, and for a period of time after, we discontinue the use of their services. Because a portion of these funds can be accessed and converted to unrestricted cash in less than one year in certain circumstances, that portion is considered a current asset. Restricted cash is included with cash and cash equivalents in our consolidated statements of cash flows.

Deposits with credit card processors The deposits with our credit card processors are held due to arrangements under which our credit card processors withhold credit card funds to cover charge backs in the event we are unable to honor our commitments. These deposits are included in restricted cash on our consolidated balance sheet.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated balance sheets that sum to the total of the same such amounts in the consolidated cash flow statements:

	December 31, 2021	December 31, 2020
	(in thousands)	
Cash and cash equivalents	$ 576	$ 1,500
Restricted cash	374	1,180
Total cash, cash equivalents, and restricted cash shown in the cash flow statement	$ 950	$ 2,680

Financial Instruments. Financial instruments consist primarily of cash and cash equivalents, accounts payable, deferred course expenses, accrued expenses, deferred revenue, and debt. U.S. GAAP requires the disclosure of the fair value of financial instruments, including assets and liabilities recognized in the balance sheets. Management believes the carrying value of the other financial instruments recognized on the consolidated balance sheets (including receivables, payables and accrued liabilities) approximate their fair value due to length of maturity of these instruments, the majority of which is short-term. The carrying value of long-term debt approximates fair value since the related rates of interest approximate current market rates.

Inventory. Inventory consists primarily of books, videos and training materials held for sale to students enrolled in our training programs. Inventory is stated at the lower of cost or market using the first-in, first-out method.

Property, equipment and Impairment of long-lived assets. Property and equipment is stated at cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as presented in the following table:

Building	40 years
Residential rental properties	27.5 years
Furniture, fixtures and equipment	3-7 years
Purchased software	3 years

Residential rental properties generate monthly income from individual tenants. Income from these properties is recognized and included in other income. We no longer have any residential rental properties as these were transferred to the administrators in the UK in December 2020 (See Note 5-*Property and Equipment* below).

Leasehold improvements are amortized over the shorter of the estimated useful asset life or the remaining term of the applicable lease.

In accordance with U.S. GAAP, we evaluate the carrying amount of our long-lived assets such as property and equipment, and finite-lived intangible assets subject to amortization for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets held and used is measured by the comparison of its carrying amount with the future net cash flows the asset is expected to generate. We look primarily to the undiscounted future cash flows in the assessment of whether or not long-lived assets have been impaired. If the carrying amount of an asset exceeds its estimated undiscounted future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset exceeds the estimated fair value of the asset.

Other assets included our residential investment property. On January 17, 2020, we sold this property for $390.6 thousand and recognized a gain of $33.1 thousand, within Other income in the Consolidated Statements of Operations and Comprehensive Income. The proceeds were held in escrow until December 8, 2020, when they used to pay the joint liquidators of LEA UK as payment of intercompany debts (see *"Litigation"* on Note 16 *"Commitments and Contingencies"*).

Convertible Instruments

The Company evaluates and accounts for conversion options embedded in convertible instruments in accordance with ASC 815 *"Derivatives and Hedging Activities"*.

Applicable GAAP requires companies to bifurcate conversion options from their host instruments and account for them as free-standing derivative financial instruments according to certain criteria. The criteria include circumstances in which (a) the economic characteristics and risks of the embedded derivative instrument are not clearly and closely related to the economic characteristics and risks of the host contract, (b) the hybrid instrument that embodies both the embedded derivative instrument and the host contract is not re-measured at fair value under other GAAP with changes in fair value reported in earnings as they occur and (c) a separate instrument with the same terms as the embedded derivative instrument would be considered a derivative instrument.

The Company accounts for convertible instruments (when it has been determined that the embedded conversion options should not be bifurcated from their host instruments) as follows: The Company records when necessary, discounts to convertible notes for the intrinsic value of conversion options embedded in debt instruments based upon the differences between the fair value of the underlying common stock at the commitment date of the note transaction and the effective conversion price embedded in the note. Debt discounts under these arrangements are amortized over the term of the related debt.

Stock Warrants.

The Company accounts for stock warrants as equity in accordance with *ASC 480 - Distinguishing Liabilities from Equity*. Stock warrants are accounted for a derivative in accordance with *ASC 815 - Derivatives and Hedging*, if the stock warrants contain other terms that could potentially require "net cash settlement" and therefore, do not meet the scope exception for treatment as a derivative.

Revenue recognition.

We recognize revenue when our customers obtain control of promised goods or services, in an amount that reflects the consideration which we expect to receive in exchange for those goods or services, in accordance with Topic 606.

Revenue amounts presented in our consolidated financial statements are recognized net of sales tax, value-added taxes, and other taxes.

In the normal course of business, we recognize revenue based on the customers' attendance of the course, mentoring training, coaching session or delivery of the software, data or course materials on-line. After a customer contract expires, we record breakage revenue less a reserve for cases where we allow a customer to attend after expiration. We had deferred revenue of $4.4 million and $10.4 million related to contractual commitments with customers where the performance obligation will be satisfied over time, which ranges from one to two years as of December 31, 2021 and 2020, respectively. The revenue associated with these performance obligations is recognized as the obligation is satisfied.

The following tables disaggregate our segment revenue by revenue source:

	Years Ended December 31, 2021				Years Ended December 31, 2020			
Revenue Type:	**North America**	**U.K.**	**Other foreign markets**	**Total Consolidated Revenue**	**North America**	**U.K.**	**Other foreign markets**	**Total Consolidated Revenue**
		(In thousands)				**(In thousands)**		
Seminars	$ 4,564	$ 880	$ -	$ 5,444	$ 16,353	$ 245	$ 1,406	$ 18,004
Products	199	-	-	199	478	-	-	478
Coaching and Mentoring	-	-	-	-	1,050	-	3	1,053
Online and Subscription	76	-	-	76	1,421	-	40	1,461
Other	182	1,809	-	1,991	4,294	601	23	4,918
Total revenue	$ 5,021	$ 2,689	$ -	$ 7,710	$ 23,596	$ 846	$ 1,472	$ 25,914

Deferred course expenses. We defer licensing fees and commissions and fees paid to our speakers and telemarketers until such time as the revenue is earned. Our speakers, who are all independent contractors, earn commissions on the cash receipts received at our training events and are paid approximately 45 days after the training event. The deferred course expenses are expensed as the corresponding deferred revenue is recognized. We also capitalize the commissions and fees paid to our speakers and expense them as the corresponding deferred revenue is recognized.

Advertising expenses. We expense advertising as incurred. Advertising paid in advance is recorded as a prepaid expense until such time as the advertisement is published.

Income taxes. We account for income taxes in conformity with the requirements of ASC 740, *Income Taxes* ("ASC 740"). Per ASC 740, the provision for income taxes is calculated using the asset and liability approach of accounting for income taxes. We recognize deferred tax assets and liabilities, at enacted income tax rates, based on the temporary differences between the financial reporting basis and the tax basis of our assets and liabilities. We include any effects of changes in income tax rates or tax laws in the provision for income taxes in the period of enactment. When it is more likely than not that a portion or all of a deferred tax asset will not be realized in the future, we provide a corresponding valuation allowance against the deferred tax asset.

ASC 740 also clarifies the accounting for uncertainty in income taxes recognized in a company's financial statements and prescribes a recognition threshold of more likely than not and a measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. In making this assessment, a company must determine whether it is more likely than not that a tax position will be sustained upon examination, based solely on the technical merits of the position and must assume that the tax position will be examined by taxing authorities. ASC 740 also provides guidance on derecognition, classification, interest and penalties, disclosures and transition.

Foreign currency translation. We account for foreign currency translation in accordance with ASC 830, *Foreign Currency Translation*. The functional currencies of our foreign operations are the reported local currencies. Translation adjustments result from translating our foreign subsidiaries' financial statements into United States dollars. The balance sheet accounts of our foreign subsidiaries are translated into United States dollars using the exchange rate in effect at the balance sheet date. Revenue and expenses are translated using average exchange rates for each month during the fiscal year. The resulting translation gains or losses are recorded as a component of accumulated other comprehensive income in stockholders' deficit. Business is generally transacted in a single currency not requiring meaningful currency transaction costs. We do not practice hedging as the risks do not warrant the costs.

Share-based compensation. We account for share-based awards under the provisions of ASC 718, "*Compensation-Stock Compensation*." Accordingly, share-based compensation cost is measured at the grant date based on the fair value of the award and we expense these costs using the straight-line method over the requisite service period. See Note 8 "*Share-Based Compensation*", for additional disclosures regarding our share-based compensation.

Comprehensive income. Comprehensive income includes changes to equity accounts that were not the result of transactions with stockholders. Comprehensive income is comprised of net income and other comprehensive income items. Our comprehensive income generally consists of changes in the cumulative foreign currency translation adjustment.

Discontinued operations. ASC 205-20-45, *"Presentation of Financial Statements Discontinued Operations"* requires discontinued operations to be reported if the disposal of a business component represents a strategic shift that has a major effect on an entity's operations and financial reports. We have determined that the sale of Legacy UK meets this criterion. Accordingly, the assets, deferred revenues, and income statement of Legacy UK were transferred to discontinued operations to close out the business. The Company is also seeking liquidation of companies in Australia, Hong Kong, and Canada. See Note 4 "*Discontinued Operations*", for additional disclosures regarding the details of these discontinued operations.

New Accounting Pronouncements

We have implemented all new accounting pronouncements that are in effect and that management believes would materially affect our financial statements.

In August 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") *2020-06 - Debt - Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging - Contracts in Entity's Own Equity (Subtopic 815-40) - Accounting for Convertible Instruments* and *Contracts in an Entity's Own Equity*. The ASU simplifies the guidance on the issuer's accounting for convertible debt instruments by removing the separation models for (1) convertible debt with a cash conversion feature and (2) convertible instruments with a beneficial conversion feature. As a result, entities will not separately present in equity an embedded conversion feature in such debt. Instead, they will account for a convertible debt instrument wholly as debt, unless certain other conditions are met. The elimination of these models will reduce reported interest expense and increase reported net income for entities that have issued a convertible instrument that was within the scope of those models before the adoption of ASU 2020-06. Also, ASU 2020-06 requires the application of the if-converted method for calculating diluted earnings per share, and the treasury stock method will be no longer available. The provisions of ASU 2020-06 are applicable for fiscal years beginning after December 15, 2023, with early adoption permitted no earlier than fiscal years beginning after December 15, 2020. The Company is currently evaluating the impact of ASU 2020-06 on its consolidated financial statements.

In March 2021, the FASB issued ASU 2021-04, "Reference Rate Reform: Facilitation of the Effects of Reference Rate Reform on Financial Reporting." The amendments provide optional guidance for a limited time to ease the potential burden in accounting for reference rate reform. The new guidance provides optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships and other transactions affected by reference rate reform if certain criteria are met. The amendments apply only to contracts and hedging relationships that reference London Interbank Offered Rate ("LIBOR") or another reference rate expected to be discontinued due to reference rate reform. These amendments are effective immediately and may be applied prospectively to contract modifications made and hedging relationships entered into or evaluated on or before December 31, 2022. The application of this guidance will not have a material impact on our financial statements.

Note 3-Concentration Risk

Cash and Cash Equivalents

We maintain deposits in banks which may exceed the federal deposit insurance available. Management believes the potential risk of loss on these cash and cash equivalents to be minimal. All cash balances as of December 31, 2021 and 2020, including foreign subsidiaries, without FDIC coverage was $0.0 and $0.8 million, respectively.

Revenue

A significant portion of our revenue was derived from the Rich Dad brands. For the years ended December 31, 2021 and 2020, Rich Dad brands provided 55.8% and 70.7%, respectively, of our revenue. In addition, we have operations in North America, United Kingdom and Other foreign markets (See Note 15 "*Segment Information*").

The License Agreement with Rich Dad Operating Company, LLC pursuant to which we licensed the Rich Dad Education brand expired on September 30, 2019. Notwithstanding the expiration of the License Agreement, the Company may continue to use Licensed Intellectual Property, as defined in the License Agreement, including, but not limited to, the Rich Dad trademark and stylized logo, for the purpose of honoring and fulfilling orders by its customers in existence as of the date of the expiration of the Agreement.

Note 4 - Discontinued Operations

On January 27, 2021, Legacy Education Alliance Australia PTY Limited ("LEA Australia"), a wholly owned subsidiary of Legacy Education Alliance, Inc. ("LEAI"), appointed Brent Leigh Morgan and Christopher Stephen Bergin, both of the firm of Rodgers Reidy, 326 William Street, Melbourne VIC 3000 Australia, as Joint and Several Liquidators of LEA Australia, to supervise a Creditors Voluntary Liquidation of LEA Australia. Subject to the approval of the creditors of LEA Australia at a meeting held on February 23, 2021, AEDT (February 22, 2021, EST), the Joint Liquidators will wind down the business of LEA Australia and make distributions, if any, to its creditors in accordance with the applicable provisions of the Australian Corporations Act of 2001. The first meeting of creditors of LEA Australia was held on February 24, 2021, (AEDT), at which no resolutions were proposed by the creditors, no nominations for a Committee of Inspection were made, and no alternative liquidator was proposed. On March 11, 2022, the proof of debt was rejected by the Liquidator of Legacy UK and extended twenty-one days from the receipt of the notice to provide additional documentation supporting the claim to the Court of England. The additional information was submitted to the Liquidators on March 21, 2022.

On March 2, 2021, Legacy Education Alliance Holdings, Inc. the sole shareholder of Legacy Education Alliance Hong Kong Limited ("LEA Hong Kong"), a subsidiary of the Company, adopted a resolution to wind up voluntarily the affairs of LEA Hong Kong and to appoint Cosimo Borrelli and Li Chung Ngai (also known as Anson Li), both of Borrelli Walsh Limited, Level 17, Tower 1, Admiralty Centre, 18 Harcourt Road, Hong Kong as Joint and Several Liquidators of LEA Hong Kong. At a meeting of the creditors of LEA Hong Kong held on March 2, 2021, the creditors similarly approved the voluntary winding up of LEA Hong Kong and the appointment of Cosimo Borrelli and Li Chung Ngai (also known as Anson Li), as Joint and Several Liquidators. The Joint and Several Liquidators will wind up the business of LEA Hong Kong and make distributions, if any, to its creditors in accordance with the applicable provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance of Hong Kong.

On March 7, 2021, Tigrent Learning Canada Inc. ("Tigrent Canada"), a wholly owned subsidiary of Legacy Education Alliance, Inc., filed an assignment in bankruptcy under section 49 of the Canada Bankruptcy and Insolvency Act (the "Act") in the Office of the Superintendent of Bankruptcy Canada, District of Ontario, Division of Toronto, Court No. 31-2718213. Also on March 7, 2021, A. Farber & Partners was appointed trustee of the estate of Tigrent Canada. The trustee will wind down the business of Tigrent Canada and make distributions, if any, to its creditors in accordance with the applicable provisions of the Act. At the First Meeting of Creditors held on March 23, 2021, the creditors of Tigrent Canada approved the appointment of A. Farber & Partners as trustee of the estate of Tigrent Canada.

On October 28, 2019, four creditors of Legacy Education Alliance International Ltd. ("Legacy UK"), one of our UK subsidiaries, obtained an order from the High Court of Justice, Business and Property Courts of England and Wales (the "English Court") with respect to the business and affairs of Legacy UK. Pursuant to the Administration Order of November 15, 2019, from the English Court, the two individuals appointed as administrators engaged a third-party to market Legacy UK's business and assets for sale to one or more third parties. On November 26, 2019, Legacy UK's assets and deferred revenues sold for £300 thousand (British pounds) to Mayflower Alliance LTD. We did not receive any proceeds from the sale of Legacy UK. Further details, including the resolution of claims and liabilities, and other information regarding the administration may not be forthcoming for several months. The impact of this transaction is reflected as a discontinued operation in the consolidated financial statements. A meeting of the Creditors deemed the decision date is scheduled for March 25, 2022.

The major classes of assets and liabilities of the entities classified as discontinued operations were as follows:

	December 31, 2021	December 31, 2020
	(in thousands)	
Major classes of assets		
Cash and cash equivalents	$ -	$ 14
Deferred course expenses	-	806
Discontinued operations-current assets	-	820
Other assets	33	34
Total major classes of assets - discontinued operations	$ 33	$ 854
Major classes of liabilities		
Accounts payable	$ 3,638	$ 3,698
Accrued course expenses	587	593
Other accrued expenses	439	1,582
Deferred revenue	5,181	5,413
Total major classes of liabilities - discontinued operations	$ 9,845	$ 11,286

The financial results of the discontinued operations are as follows:

	Years Ended December 31, 2021	2020
	(in thousands)	
Revenue	$ 40	$ 8,247
Total operating costs and expenses	907	2,910
Income (loss) from discontinued operations	(867)	5,337
Other income (expense), net	(80)	2
Income tax benefit (expense)	1,118	(1,075)
Net income from discontinued operations	$ 171	$ 4,264

Note 5-Property and Equipment

Property and equipment consists of the following (in thousands):

	As of December 31, 2021	2020
Land	$ -	$ -
Building and residential properties	-	-
Software	-	-
Equipment	234	234
Furniture and fixtures	-	-
Building and leasehold improvements	-	-
Property and equipment	234	234
Less: accumulated depreciation	(234)	(230)
Property and equipment, net	$ -	$ 4

On October 1, 2020, we sold the real property and improvements located at 1612 E. Cape Coral Parkway, Cape Coral, Florida for $2.5 million to Daniel Thom, as Trustee of Torstonbo Trust, a Florida revocable trust. The $1.54 million gain from the sale of the building is included in other income in the Consolidated Statement of Operations and Comprehensive Income for the year ended December 31, 2020. The Property served as our headquarters until its sale date.

On December 8, 2020, we transferred our residential properties to the joint administrators of LEA UK (see *"Litigation"* on Note 16 *"Commitments and Contingencies"*) as payment of intercompany debts. The transferred value of the properties was £291 thousand ($363 thousand). We recorded a gain of £96 thousand ($126 thousand) in other income in the Consolidated Statement of Operations and Comprehensive Income for the year ended December 31, 2020.

In addition to the sale of our headquarters and the disposal of our residential properties, during the year ended December 31, 2020, we disposed of all of our fully depreciated other property and equipment, and fully amortized software and other intangibles.

Depreciation expense on the property and equipment in each of the years ended December 31, 2021 and 2020 was $4.0 thousand and $59.0 thousand, respectively.

Note 6 - Short-Term and Long-Term Debt

(in thousands)	As of December 31, 2021	As of December 31, 2020
Senior Secured Convertible Debenture	500	
Debt Discount	(467)	-
Senior Secured Convertible Debenture, net	33	-
Paycheck Protection Program loan	1,000	1,900
Paycheck Protection Program loan 2	1,900	-
IPFS Insurance Premium Note Payable	11	-
Total debt	2,944	1,900
Less current portion of long-term debt	(1,011)	-
Total long-term debt, net of current portion	$ 1,933	$ 1,900

Short-term related party debt:

(in thousands)	As of December 31, 2021	As of December 31, 2020
Senior Secured Convertible Debenture - related party	$ 346	$ -
Debt Discount-related party	(204)	
Senior Secured Convertible Debenture - related party, net	142	$ -

The following is a summary of scheduled debt maturities by year (in thousands):

2022	$ 1,153
2023	-
2024	-
2025	-
2026	1,933
Thereafter	-
Total debt	$ 3,086

On September 13, 2018, we entered into a Promissory Note and Mortgage and Security Agreement pursuant to which we borrowed the principal amount of $500 thousand from USA ReGrowth Fund LLC. At closing, we received $ 459,269 in net proceeds after closing costs and other fees and costs. The Promissory Note, repayment of which was initially due on March 13, 2019, was issued in an aggregate principal amount of $500 thousand and bore interest at a fixed rate of 12% per annum during the initial 120 days of the term of the Promissory Note, and a fixed rate of 30% per annum until all amounts due under the Promissory Note are paid in full. Pursuant to the Mortgage and Security Agreement, repayment of the Promissory Note is secured by a first mortgage on the property located at 1612 East Cape Coral Parkway, Cape Coral, FL 33904 ("Corporate HQ"). On March 8, 2019, we executed an extension of the maturity date to September 13, 2019. During the initial 120 days of the extension period, the Promissory Note bore interest at a fixed rate of 12% per annum and a fixed rate of 30% per annum thereafter until all amounts due thereunder are paid. On September 13, 2019, we executed a second extension of the maturity date to March 13, 2020. During the initial 120 days of the second extension period, the Promissory Note bears a fixed rate of 12% per annum and a fixed rate of 30% per annum thereafter until all amounts due thereunder are paid. The extension matured on March 13, 2020, though the lender agreed to extend the maturity date until a new Promissory Note with a different lender was obtained on August 6, 2020, on which date the outstanding principal balance and interests were paid in full. The new Promissory Note was issued in the amount of $1.0 million, net proceeds were $396.7 thousand after closing costs and after paying off the outstanding principal in the amount of $500 thousand, plus accrued interest, under a Promissory Note held by USA Regrowth Fund LLC, and bore interest at a fixed rate of 12% per annum and was initially due on August 6, 2021. The new Promissory Note was fully paid off on October 1, 2020, with the proceeds on sale of the real property and improvements located at 1612 E. Cape Coral Parkway, Cape Coral, Florida for $2.5 million. The Seller's obligations under the Loan Documents were secured by a first mortgage on the Property. The net proceeds realized by the Seller from the sale of the Property were $1.24 million after deductions for repayment of the Note, broker commissions, and other fees, and costs.

First Draw Paycheck Protection Program Note Agreement.

On April 27, 2020, Elite Legacy Education, Inc. ("ELE"), a subsidiary of the Company, entered into a Promissory Note in favor of Pacific Premier Bank ("PPBI"), the lender, through the Small Business Administration ("SBA") Paycheck Protection Program ("PPP") established pursuant to the CARES Act. The unsecured loan (the "First Draw PPP Loan") proceeds were in the amount of $1,899,832. The First Draw PPP Loan matures on April 24, 2022, bears interest at a fixed rate of 1% per annum and is payable in 17 equal monthly payments of interest only and a final payment of the full principal plus interest for one month. Under the terms of the CARES Act, PPP Loan recipients can apply for and be granted forgiveness for all or a portion of loans granted under the PPP. Such forgiveness will be determined, subject to limitations, based on the use of loan proceeds for payroll costs and mortgage interest, rent or utility costs and the maintenance of employee and compensation levels.

In March 2021, ELE was notified that PPBI sold substantially all of its PPP loans, including ELE's loan, to The Loan Source, Inc. ("TLS"), which, together with its servicing partner, ACAP SME, LLC, took over the forgiveness and ongoing servicing process for ELE's PPP loan. On August 4, 2021, ELE received notice from TLS that its First Draw PPP Loan had been partially forgiven in the amount of $900 thousand in principal and $11 thousand in interest. The remaining outstanding principal balance of $1,000 thousand is due on April 24, 2022. The interest paid as of December 31, 2021 is $2.5 thousand and is due monthly beginning October 2021.

Senior Secured Convertible Debenture and Exercise of Conversion Rights.

On March 8, 2021, the Company issued a $375 thousand Senior Secured Convertible Debenture (“LTP Debenture”) to Legacy Tech Partners, LLC (“LTP”), a related party. The LTP Debenture accrues interest at a rate of 10% and is due on the earlier of the occurrence of certain liquidity events with respect to the Company and March 8, 2022. The LTP Debenture may be converted at any time after the issue date into shares of the Company’s Common Stock (the “Conversion Shares”) at a price equal to $0.05 per share. Together with each Conversion Share, a warrant will be issued with a strike price of $0.05 per share and an expiration date of March 8, 2026 (the “Warrants”). Under the term of the original LTP Debenture, LTP had an obligation to lend the Company an additional $625 thousand under the same terms prior to March 31, 2022, and an option to fund an additional $4 million under the same terms prior to March 8, 2024. LTP also has the option to extend the maturity date of each loan it makes to the Company, including the initial loan of $375 thousand for a term not to exceed four years from the original maturity date of that loan. Net proceeds were $314 thousand after legal fees of $61 thousand, which are included in our consolidated statement of operations for the nine months ended September 30, 2021. The LTP Debenture is secured by a lien on all the Company’s assets. The Company’s U.S. subsidiaries entered into Guaranties on March 9, 2021 in favor of LTP under which such subsidiaries guaranteed the Company’s obligations under the LTP Debenture and granted LTP a lien on all assets of such subsidiaries. The proceeds from the LTP Debenture were used to extinguish liabilities of the Company and to fund the development of the Education Technology (EdTech) business. The Warrants will not be listed for trading on any national securities exchange. The Warrants and the shares issuable upon conversion of the LTP Debenture are not being registered under the Securities Act of 1933, as amended (the “Securities Act”). The aggregate number of shares issuable upon conversion of the LTP Debenture and upon the exercise of the Warrants may not exceed 19.9% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares upon conversion of the Debenture and the exercise of the Warrants. At the Annual Meeting of Stockholders of the Company held on July 2, 2021, the stockholders approved the future issuance of shares to LTP upon conversion under the LTP Debenture in excess of the 19.9% limitation, but no such shares have been issued. On May 4, 2021, LTP exercised its conversion rights with respect to $330 thousand of the outstanding principal at the Conversion Price resulting in the issuance of 6.6 million shares of Common Stock to LTP. In addition, an equal number of warrants were issued on June 11, 2021 (see Note 7 - *“Stock Warrants”*). The cash receipt date, March 10, 2021, was used for the market value of stock on measurement date, at $0.155 per common share, resulting in the recognition of debt discount and additional paid-in capital of $375 thousand, respectively, within the consolidated balance sheet for the year ended December 31, 2021, which represents the intrinsic value of the conversion option. The Company evaluated the convertible debenture under ASC 470-20 and recognized a debt discount of $375 thousand related to the beneficial conversion feature during the year ended December 31, 2021, with a corresponding credit to additional paid-in capital. The related amortization of the debt discount to interest expense for year ended December 31, 2021, amounted to $361 thousand.

On August 27, 2021, the Company amended the terms of the LTP Debenture to reduce LTP’s maximum funding obligation from $1 million to $675 thousand and to require LTP to fund the remaining principal balance of $300 thousand no later than October 15, 2021. On October 15, 2021, the Company received $100 thousand of the remaining $300 thousand funding obligation of LTP. On October 27, 2021, LTP funded the remaining funding obligation of $200 thousand. The Company evaluated the convertible debenture under ASC 470-20 and recognized a debt discount of $228 thousand related to the beneficial conversion feature during the year ended December 31, 2021, with a corresponding credit to additional paid-in capital. The related amortization of the debt discount to interest expense for year ended December 31, 2021, amounted to $38 thousand.

On March 8, 2022, the Company defaulted on the March 8, 2021 LTP Debenture in the remaining amount left unconverted of $46 thousand and $9 thousand accrued interest. There was no acceleration of interest rate and no triggering of guarantees under the note agreement to increase any debt obligations.

Second Draw Paycheck Protection Program Note Agreement.

On April 20, 2021, Elite Legacy Education, Inc. (ELE), a wholly owned subsidiary of the Company, closed on an unsecured Paycheck Protection Program Note agreement (the “Promissory Note”) to borrow $1,899,832 from Cross River Bank, the lender, pursuant to the Paycheck Protection Program (“PPP”), originally created under the Coronavirus Aid, Relief, and Economic Security Act, or CARES Act, and extended to “Second Draw” PPP loans as described below. The PPP is intended to provide loans to qualified businesses to cover payroll and certain other identified costs. Funds from the loan may only be used for certain purposes, including payroll, benefits, rent, utilities, and certain covered operating expenses. All or a portion of the loan may be forgivable, as provided by the terms of the PPP. The Second Draw PPP Loan has an interest rate of 1.0% per annum and a term of 60 months. Payments will be deferred in accordance with the CARES Act, as modified by the Paycheck Protection Program Flexibility Act of 2020; however, interest will accrue during the deferral period. If all or any portion of the loan is not forgiven in accordance with the terms of the program, ELE will be obligated to make monthly payments of principal and interest in amounts to be calculated after the amount of loan forgiveness, if any, is determined to repay the balance of the loan in full prior to maturity. The Promissory Note contains customary events of default relating to, among other things, payment defaults and breaches of representations. ELE may prepay the loan at any time prior to maturity with no prepayment penalties. The principal balance amounted to $1.9 million, as of December 31, 2021.

Debenture, Warrant and Guaranty Agreements, and Exercise of Conversion Rights.

On May 4, 2021, Legacy Education Alliance, Inc., a Nevada corporation (the “Company”), issued a 10% Subordinated Secured Convertible Debenture (“Subordinated Debenture”) in the principal amount of $25 thousand to Michel Botbol, the Company’s Chairman and Chief Executive Officer. The Subordinated Debenture called for interest at a rate of 10% and would have been due on the earlier of the occurrence of certain liquidity events with respect to the Company and May 4, 2022. The Subordinated Debenture was convertible at any time after the issuance date into shares of the Company’s Common Stock (the “Conversion Shares”) at a price equal to $0.05 per share (“Conversion Price”). Together with each Conversion Share, a warrant would be issued with a strike price of $0.05 per share and an expiration date of May 4, 2026 (the “Warrants”). Mr. Botbol also had the option to extend the maturity date of the loan for a term not to exceed four years from the original maturity date of that loan. The Subordinated Debenture is secured by a lien on all the Company’s assets subordinated to the lien granted to Legacy Tech Partners, LLC (“LTP”). The Company’s U.S. subsidiaries are required to enter into Guaranties in favor of Botbol under which such subsidiaries guaranteed the Company’s obligations under the Debenture and granted Botbol a lien on all assets of such subsidiaries subject to the lien held by LTP. The use of proceeds from the Debenture was to extinguish liabilities of the Company and to fund working capital, general corporate purposes and the development of administrative functions. The aggregate number of shares issuable upon conversion of the Debenture and upon the exercise of the Warrants may not exceed 19.9% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares upon conversion of the Debenture and the exercise of the Warrants. On May 4, 2021, Mr. Botbol exercised his conversion rights with respect to the entire $25 thousand of outstanding principal at the Conversion Price resulting in the issuance of 500 thousand shares of Common Stock to him. In addition, an equal number of warrants were issued on May 4, 2021 (see Note 7 -*“Stock Warrants”*). The related amortization of the debt discount to interest expense for the nine-month ended September 30, 2021, amounted to $21 thousand. The Warrants will not be listed for trading on any national securities exchange. The Warrants and the shares issuable upon conversion of the Debenture are not being registered under the Securities Act of 1933, as amended (the “Securities Act”).

Senior Secured Convertible Debenture, Advisory Agreement, and Intercreditor Agreement

On August 27, 2021, the Company issued a $500 thousand Senior Secured Convertible Debenture (GLD “Debenture”) to GLD Legacy Holdings, LLC, (GLD). The GLD Debenture accrues interest at a rate of 10% and is due on the earlier of the occurrence of certain liquidity events with respect to the Company or August 27, 2026. The GLD Debenture may be converted at any time after the issue date into shares of the Company’s Common Stock (the “Conversion Shares”) at a price equal to $0.05 per share. Together with each Conversion Share, a warrant will be issued with a strike price of $0.05 per share and an expiration date of August 27, 2026 (the “Warrants”). The cash receipt date, August 27, 2021, was used for the market value of stock on measurement date, at $0.10 per common share, resulting in the recognition of debt discount and additional paid-in capital of $500 thousand, respectively, within the consolidated balance sheet for the year ended December 31, 2021, which represents the intrinsic value of the conversion option. The Company evaluated the convertible debenture under ASC 470-20 and recognized a debt discount of $500 thousand related to the beneficial conversion feature during the year ended December 31, 2021, with a corresponding credit to additional paid-in capital. The related amortization of the debt discount to interest expense for the year ended December 31, 2021, amounted to $33.3 thousand. Net proceeds were $485.2 thousand after legal fees and transaction expenses of $14.8 thousand, which are included in our consolidated statement of operations for the year ended December 31, 2021. GLD has an option to lend the Company an additional $500 thousand under the same terms prior to December 31, 2023. The GLD Debenture is secured by a lien on all the Company's assets. The Company's U.S. subsidiaries entered into Guaranties on August 27, 2021, in favor of GLD under which such subsidiaries guaranteed the Company's obligations under the GLD Debenture and granted GLD a lien on all assets of such subsidiaries. The proceeds from the GLD Debenture were used for working capital for the development of the Company's Legacy EdTech business and for working capital for the operation of the Company's seminar business. The Warrants will not be listed for trading on any national securities exchange. The Warrants and the shares issuable upon conversion of the Debenture are not being registered under the Securities Act of 1933, as amended (the "Securities Act"). The aggregate number of shares issuable upon conversion of the Debenture and upon the exercise of the Warrants may not exceed 19.9% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares upon conversion of the Debenture and the exercise of the Warrants. Under the terms of the GLD Debenture, and until all of the obligations of the Company under the GLD Debenture have been paid in full, GLD may appoint one member to the Board of Directors of the Company, subject to the review and approval of the GLD appointed candidate by the Nominating and Governance Committee of the Company. In lieu of cash compensation, the GLD appointed director will receive a grant of 150,000 restricted shares of Common Stock of the Company upon appointment to the Board.

Pursuant to the terms of the GLD Debenture, on August 27, 2021, the Company entered into an Advisory Services Agreement with GLD Advisory Services, LLC, (GLDAS) an affiliate of GLD. GLDAS will provide the Company and its subsidiaries with business, finance and organizational strategy, advisory, consulting and other services related to the business of the Company. In lieu of cash compensation, on the effective date of the agreement, August 27, 2021, GLDAS received fully vested 315,000 shares of Common Stock of the Company and will receive 315,000 shares of Common Stock thereafter on each anniversary until the GLD debenture has been repaid in full.

On August 27, 2021, in connection with the GLD Debenture, the Company entered into an Intercreditor Agreement with GLD, LTP, and Barry Kostiner, a related party. LTP and GLD agreed that LTP's and GLD's respective rights under the LTP Debenture and GLD Debenture would rank equally and ratably in all respects to one another including, without limitation, rights in collateral, right and priority of payment and repayment of principal, interest, and all fees and other amounts. The Intercreditor Agreement also appoints Barry Kostiner as Servicing Agent to act on behalf of all GLD and LTP, subject to the terms of the agreement, with respect to (a) enforcing GLD's and LTP's rights and remedies, and the Company's obligations, under the Debentures.

IPFS Premium Finance Agreement

On July 30, 2021, the Company entered into a premium finance agreement for insurance coverage in the amount of $26 thousand at an interest rate of 5.55% for 10 months. The balance remaining as of December 31, 2021, is $11 thousand.

Note 7 - Stock Warrants

On May 4, 2021, the Company issued 500,000 warrants to M. Botbol, a related party, in connection with conversion of a 10% subordinated convertible debenture in the amount of $25,000 (see Note 6 - *"Short-Term and Long-Term Debt"*). The warrants entitle the holder to purchase one share of common stock at an exercise price of $0.05 per share at any time on or after the inception date, May 4, 2021, through May 4, 2026, the expiration date. The warrants will not be listed for trading on any national securities exchange.

On June 11, 2021, the Company issued 6,583,500 warrants to Legacy Tech Partners, LLC (LTP), a related party, in connection with conversion of a 10% subordinated convertible debenture in the amount of $330,000 of outstanding principal (see Note 6 - *"Short-Term and Long-Term Debt"*). The warrants entitle the holder to purchase one share of common stock at an exercise price of $0.05 per share at any time on or after the inception date, June 11, 2021, through March 8, 2026, the expiration date. The warrants are not listed for trading on any national securities exchange.

A summary of the warrant activities for the year ended December 31, 2021, is as follows:

	Warrants Outstanding			
	Number of Shares	**Weighted Average Exercise Price**	**Weighted Average Remaining Contractual Term in Years**	**Aggregate Intrinsic Value (in 000's)[1]**
Balance as of January 1, 2021	-	-	-	-
Granted	7,083,500	$ 0.05	-	-
Balance as of December 31, 2021	7,083,500	$ 0.05	4.3	79
Exercisable as of December 31, 2021	7,083,500	$ 0.05	4.3	79

1 The aggregate intrinsic value is calculated as the difference between the exercise price of the underlying warrants and the closing stock price of $0.0612 for our common stock on December 31, 2021.

Note 8- Share-Based Compensation

The 2015 Incentive Plan, our equity plan, was approved by the stockholders at our annual meeting of stockholders on July 16, 2015. The 2015 Incentive Plan reserves 5,000,000 shares of our Common Stock for stock options, restricted stock, and a variety of other types of equity awards. We believe that long-term incentive compensation programs align the interests of management, employees and the stockholders to create long-term stockholder value. We believe that equity-based incentive compensation plans, such as the Incentive Plan, increase our ability to achieve this objective, and, by allowing for several different forms of long-term equity-based incentive awards, help us to recruit, reward, motivate and retain talented employees and other service providers. The text of the 2015 Incentive Plan is included in the attachment marked as Appendix B to our Proxy Statement on Schedule 14A filed with the Securities and Exchange Commission on June 16, 2015.

During the year ended December 31, 2021, pursuant to the 2015 Incentive Plan, we awarded 550,000 shares of restricted stock to the independent members of the Board of Directors, which are subject to a two-year cliff vesting. The grant date price per share was $0.06 for a total grant date fair value of $34.7 thousand. In addition, we granted 1,735,000 shares of restricted stock to employees, which are subject to three-year cliff vesting. During the year ended December 31, 2021, 945,000 restricted employee shares were forfeited. The grant price per share was $.06 for a total fair grant value of $49.8 thousand. We also granted 100,000 shares each of restricted stock to three external consultants for a total of 300,000 shares, which were fully vested at a grant date. The grant date price per share was $0.06 for a total grant date fair value of $6.3 thousand. We granted another 315,000 shares of restricted stock to an external consultant, which were fully vested at the grant date. The grant date price per share $10 for a total grant date fair value of $31.5 thousand.

During the year ended December 31, 2020, pursuant to the 2015 Incentive Plan, we awarded 80,000 shares of restricted stock to the independent members of the Board of Directors, which are subject to a two-year cliff vesting. The grant date price per share was $0.10 for a total grant date fair value of $8.0 thousand. We also granted 100,000 shares of restricted stock to an external consultant in the amount of 100,000, which were fully vested at a grant date. The grant date price per share was $0.07 for a total grant date fair value of $7.0 thousand.

The following table reflects the activity of the restricted shares:

Restricted Stock Activity (in thousands)	Number of shares	Weighted average grant date value
Unvested at December 31, 2019	456	$ 0.25
Granted	180	0.08
Forfeited	(64)	0.28
Vested	(480)	0.20
Unvested at December 31, 2020	92	$ 0.11
Granted	2,900	0.07
Forfeited	(945)	0.06
Vested	(1,257)	0.08
Unvested at December 31, 2021	790	$ 0.06

Compensation Expense and Related Valuation Techniques

We account for share-based awards under the provisions of ASC 718, *"Share-Based Payment,"* which established the accounting for share-based awards exchanged for employee and non-employee services. Accordingly, share-based compensation cost is measured at the grant date based on the fair value of the award and we expense these costs using the straight-line method over the requisite service period. Unrecognized compensation expense associated with unvested share-based awards, consisting entirely of unvested restricted stock, was $50 thousand and $10 thousand at December 31, 2021 and 2020, respectively. This cost is expected to be recognized over a weighted-average period of 2.3 years.

Our stock-based compensation expense was $122 thousand and $23 thousand in the years ended December 31, 2021 and 2020, respectively, and is included in general and administrative expenses in the accompanying Consolidated Statements of Operations and Comprehensive Income. There were no related income tax effects in either year.

Note 9-Employee Benefit Plan

We have a 401(k)-employee savings plan for eligible employees that provides for a matching contribution from us, determined each year at our discretion. We provided for a matching contribution of $55.0 thousand and $0.1 million during the years ended December 31, 2021 and 2020, respectively.

Note 10-Income Taxes

We recognize deferred tax assets and liabilities, at enacted income tax rates, based on the temporary differences between the financial reporting basis and the tax basis of our assets and liabilities. We include any effects of changes in income tax rates or tax laws in the provision for income taxes in the period of enactment. When it is more likely than not that a portion or all of the deferred tax asset will not be realized in the future, we provide a corresponding valuation allowance against the deferred tax asset.

Our sources of income (loss) and income tax provision (benefit) are as follows (in thousands):

	Years ended December 31, 2021	Years ended December 31, 2020
Income/(loss) from continuing operations before income taxes:		
U.S.	$ (1,211)	$ 12,367
Non-U.S.	1,190	2,261
Total income/(loss) from continuing operations before income taxes:	$ (21)	$ 14,628
Provision (benefit) for taxes:		
Current:		
Federal	$ (887)	$ 2,037
State	244	347
Non-U.S.	-	81
Total current	(643)	2,465
Deferred:		
Federal	1,139	126
State	220	5
Non-U.S.	-	287
Total deferred	1,359	418
Noncurrent		
Federal	-	-
State	-	-
Non-U.S.	-	-
Total noncurrent	-	-
Total income tax expense	$ 716	$ 2,883
Effective income tax rate	(3,409.5)%	19.7%

The difference between the tax provision at the statutory federal income tax rate and the tax provision attributable to income (loss) from continuing operations before income taxes is as follows (in thousands):

	Years ended December 31, 2021	Years ended December 31, 2020
Computed expected federal tax benefit (expense)	$ (4)	$ 3,072

(Decrease) Increase in valuation allowance	-	(1,098)
State income, net of federal benefit	367	278
Non-U.S. income taxed at different rates	(196)	322
Intercompany Gain	738	-
Unrecognized tax benefits	-	309
Other	(189)	-
Income tax expense	$ 716	$ 2,883

We recorded income tax expense of $0.7 million and $2.9 million for the years ended December 31, 2021 and 2020, respectively, a $2.2 million decrease in income tax expense.

We do not expect to repatriate earnings from its foreign subsidiaries because the cumulative earnings and profits of the foreign subsidiaries as of December 31, 2021 and 2020 are negative. Accordingly, no U.S. federal or state income taxes have been provided thereon.

Deferred income tax assets and liabilities reflect the net tax effects of (i) temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts for income tax purposes and (ii) operating loss carryforwards. The tax effects of significant components of our deferred tax assets and liabilities are as follows (in thousands):

	As of December 31,	
	2021	**2020**
Deferred tax assets:		
Net operating losses	$ 136	$ 1,357
Depreciation	-	(1)
Valuation allowance	-	(1,331)
Total deferred tax assets	$ 136	$ 25
Deferred tax liabilities:		
Deferred course expenses	$ (34)	$
Intercompany Debts	(1,595)	-
Total deferred tax liabilities	(1,629)	(159)
Net deferred tax asset (liability)	$ (1,493)	$ (134)

We have retained a full valuation allowances of $3.5 million against the deferred tax assets of our Australian, Canadian, U.K., Hong Kong, and South Africa subsidiaries as of December 31, 2021. We have retained full valuation allowances of $3.6 million against the deferred tax assets of our Australian, Canadian, U.K., Hong Kong, and South Africa subsidiaries as of December 31, 2020. The most significant negative factor that was considered in determining whether a valuation allowance was required is a cumulative recent history of losses in all jurisdictions for the entities mentioned above.

We had zero balance of federal net operating loss carryforwards as of December 31, 2021 and 2020. As of December 31, 2021, and 2020, we had approximately $15.1 million and $16.5 million of foreign net operating loss carryforwards, respectively, and approximately $2.9 million and $0.3 million of state net operating loss carryforwards, respectively. The foreign loss carryforwards begin to expire in 2027 and the state net operating loss carryforwards begin to expire in 2038.

Our federal income tax returns for the years after 2017 are subject to examination by the Internal Revenue Service. Our state tax returns for all years after 2017 or 2016, depending on each state's jurisdiction, are subject to examination. In addition, our Canadian tax returns and United Kingdom tax returns for all years after 2013 are subject to examination.

The liability pertaining to uncertain tax positions was $0.3 million at December 31, 2021 and 2020. In accordance with GAAP, we recorded expense that increased the total liability pertaining to uncertain tax positions which was more than offset by a decrease in the total liability attributable to foreign currency fluctuations and tax rate adjustments. A significant portion of the liability pertaining to uncertain tax positions is recorded as a reduction of the value of net operating loss carryovers.

We include interest and penalties in the liability for uncertain tax positions. Accrued interest and penalties on uncertain tax positions were approximately $0.04 million at December 31, 2021 and 2020, for each year, and is included in other liabilities in the accompanying Consolidated Balance Sheets. If applicable, we recognize interest and penalties related to uncertain tax positions as tax expense.

The following is a tabular reconciliation of the total amounts of unrecognized tax benefits:

	As of December 31,	
	2021	**2020**
Unrecognized tax benefits - January 1	$ 309	$ 309
Gross increases - tax positions in prior period	-	-
Gross decreases - tax positions in prior period	-	-
Unrecognized tax benefits - December 31	$ 309	$ 309

The total liability for unrecognized tax benefits at December 31, 2021, is included in other liabilities in the Consolidated Balance Sheets. The total liability for unrecognized tax benefits at December 31, 2021 and 2020, are as follows:

	As of December 31,	
	2021	**2020**
Reduction of net operating loss carryforwards	$ -	$ -
Noncurrent tax liability (reflected in Other long-term liabilities)	309	309
Total liability for unrecognized tax benefits	$ 309	$ 309

We do not expect any significant changes to unrecognized tax benefits in the next year. We estimate $0.3 million of the unrecognized tax benefits, if recognized, would impact the effective tax rate at December 31, 2021 and 2020.

In response to the COVID-19 pandemic, the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") was signed into law on March 27, 2020. The CARES Act included several provisions that provide economic relief for individuals and businesses. The CARES Act, among other things, included tax provisions relating to refundable payroll tax credits, the deferral of employer's social security payments, and modifications to net operating loss carryback provisions. On December 27, 2020, the Consolidated Appropriations Act of 2021 (the "CAA"), which includes the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act and the American Rescue Plan Act of 2021,was signed into law and provided further COVID-19 economic relief with an expansion of the employee retention credit. In March 2021, the Internal Revenue Service ("IRS") released Notice 2021-20, which retroactively eliminated the restriction that prevented employers who received a PPP loan from qualifying for the Employee Retention

Credit ("ERC"), which is a refundable tax credit against certain employment taxes. Upon determination that the employer has complied with all of the conditions required to receive the credit, a receivable is recognized, and the credit reduces payroll expense. In connection with the CARES Act, the Company adopted a policy to recognize the employee retention credit when earned. For the year ended December 31, 2021, we determined that we qualify for the employee retention credit as it relates to wages paid during the twelve months ended December 31, 2020, as well as wages paid during the first, second, and third fiscal quarters of 2021. As a result, we recorded a net benefit of $292 thousand to the employee retention credit as a reduction to payroll expense for the year ended December 31, 2021 and recorded a gross receivable of $292 thousand within Prepaid expenses and other current assets as of December 31, 2021. On March 11, 2022 the Company received $201 thousand of the accrued balance.

Note 11-Certain Relationships and Related Transactions

Licensing Agreements with the T&B Seminars, Inc.

On December 23, 2019, we entered into an agreement with T&B Seminars Inc. to develop and operate a seminar style education business (subsequently branded *Homemade Investor by Tarek El Moussa*) ("Development Agreement") that will use, among other things, the names, images, and likenesses of Tarek El Moussa to market and sell customers real estate investing oriented education products. T&B granted us a sole and exclusive worldwide license to certain intellectual property, including, certain trademarks and copyrights and the name, image and likeness of Tarek El Moussa, in each case to the extent necessary for us to develop and create educational materials and promote and conduct a branded real estate seminar style education business.

As consideration for the licensed rights under the Development Agreement, Holdings agreed to pay T&B base royalty percentages on cash sales of products to persons responding to a branded marketing campaign that uses the licensed intellectual property. Also, as consideration for Tarek El Moussa providing certain marketing support, Holdings agreed to pay T&B marketing royalty percentages on cash sales of products at live events and at online webinars to persons responding to a branded marketing campaign that uses the licensed intellectual property. Furthermore, as consideration for the exclusivity of the rights under the Development Agreement, commencing on the seventh month of the term of the Development Agreement, Holdings agreed that the monthly royalties paid to T&B will not be less than an agreed to amount.

The Development Agreement has an initial term of five years and will automatically renew thereafter for successive five-year terms unless either party provides prior written notice of termination no less than 90 days prior to the end of such five-year term. In November 2020, we suspended conducting *Homemade Investor by Tarek El Moussa* sales events to focus on our proprietary brand.

We do not expect to generate significant revenues under this license going forward as we continue to fulfill student contracts.

Note 12-Capital Stock

Share Capital

Our authorized share capital consists of 200,000,000 shares of Common Stock, par value $0.0001 per share, and 20,000,000 shares of preferred stock, par value $0.0001 per share.

Common Stock

As of December 31, 2021, 33,917,697 shares of our Common Stock were outstanding. The outstanding shares of our Common Stock are validly issued, fully paid and non-assessable.

Holders of Common Stock are entitled to one vote for each share on all matters submitted to a stockholder vote. Holders of Common Stock do not have cumulative voting rights. Directors are elected by a plurality of the votes cast by the shares entitled to vote in the election at a meeting at which a quorum is present. The vote of the stockholders of a majority of the stock having voting power present in person or represented by proxy shall be sufficient to decide any questions brought before such meeting, other than the election of directors, unless the question is one upon which by express provision of the statutes or of the Articles of Incorporation, a different vote is required in which case such express provisions shall govern and control the decision of such question. Holders of Common Stock representing ten percent (10%) of our capital stock issued, outstanding and entitled to vote, represented in person or by proxy, are necessary to constitute a quorum at any meeting of stockholders.

Holders of our Common Stock are entitled to share in all dividends that our Board of Directors, in its discretion, declares from legally available funds. In the event of a liquidation, dissolution or winding up, each outstanding share entitles its holder to participate pro rata in all assets that remain after payment of liabilities and after providing for each class of stock, if any, having preference over the Common Stock. The Common Stock has no pre-emptive, subscription or conversion rights and there are no redemption provisions applicable to the Common Stock.

In addition, our authorized but unissued common shares could be used by our Board of Directors for defensive purposes against a hostile takeover attempt, including (by way of example) the private placement of shares or the granting of options to purchase shares to persons or entities sympathetic to, or contractually bound to support, management. We have no such present arrangement or understanding with any person. However, our Common Stock have been reserved for issuance upon exercise of stock purchase rights designed to deter hostile takeovers, commonly known as a "poison pill."

On February 15, 2017, we adopted a limited duration Shareholder Rights Plan (the "Plan"). Under the Plan, one preferred stock purchase right will be distributed for each share of common stock held by stockholders of record on March 2, 2017. The rights will trade with the common stock and will not be separable or exercisable until such time as the Plan is triggered. The Plan was scheduled to expire on February 15, 2019, subject to our right to extend such date, unless we redeemed or exchanged earlier or terminated.

On November 12, 2018, the Board of Directors approved an amendment to the Rights Agreement dated as of February 16, 2017 by and between us and VStock Transfer LLC (VStock), as Rights Agent (the "Rights Agreement"), to (i) extend the Final Expiration Date, as defined in the Rights Agreement, to the close of business on February 15, 2021, and (ii) to provide for the construction of the Rights Agreement and all other related documents in a manner consistent with the extension of the Final Expiration Date.

On November 25, 2019, we entered into an assumption agreement with Broadridge Corporate Issuer Solutions, Inc. (Broadridge), whereby Broadridge assumes the role of Rights Agent under the Rights Agreement, effectively replacing VStock as Rights Agent.

On February 12, 2021, the Board of Directors approved an amendment to the Rights Agreement dated as of February 16, 2017 by and between the Company and Broadridge Corporate Issuer Solutions, Inc., successor to VStock, as Rights Agent, to (i) extend the Final Expiration Date, as defined in the Rights Agreement, to the close of business on February 15, 2023, and (ii) to provide for the construction of the Rights Agreement and all other related documents in a manner consistent with the extension of the Final Expiration Date.

The extension of the Final Expiration Date under the Rights Agreement was entered into to ensure that the Board of Directors would continue to have sufficient time to consider any proposal from a third party that might result in a change in control of the Company, to ensure that all stockholders receive fair and equal treatment in the event of any such a proposal, and to encourage any potential acquirer to negotiate with the Board of Directors. In addition, extending the Rights Agreement will guard against partial tender offers, open market accumulations and other coercive tactics aimed at gaining control of the Company without paying all stockholders a full control premium for their shares. The Rights Agreement was not amended in response to any specific takeover offer.

On November 18, 2021, the Company entered into a Stock Purchase and Option Agreement (the "Purchase Agreement") with Mayer and Associates, LLC pursuant to which Mayer purchased (i) 1,600,000 shares of common stock of the Company for a total aggregate price of $160.00, or $.0001 per share and (ii) in exchange for an aggregate purchase price of $13,840, an option to purchase, from time to time, up to an additional 138,400,000 shares of common stock. The Option is exercisable at a per share exercise price of, for the first 18,400,000 option shares, $0.0001, and $0.05833 for the remaining option shares. Mayer's option to purchase the option shares shall expire on November 18, 2023. Mayer's right to acquire any of the option shares is subject to limitation so that no time may Mayer beneficially on more than 4.99% (or 9.99% under certain circumstances) of the total issued and outstanding shares of Company's common stock. The option price is subject to adjustments upon the occurrence of certain events as more fully described in the Purchase Agreement. The purchase shares and option shares are subject to piggyback registration rights under the Purchase Agreement. The issuance of the purchase shares and proposed issuance of the option shares have not been registered under the Securities Act of 1933 (The "Securities Act") in reliance on the exemption.

Preferred Stock

As of December 31, 2021 and 2020, no shares of our preferred stock were outstanding.

Our authorized preferred stock is "blank check" preferred. Accordingly, subject to limitations prescribed by law, our Board is expressly authorized, at its discretion, to adopt resolutions to issue shares of preferred stock of any class or series, to fix the number of shares of any class or series of preferred stock and to change the number of shares constituting any series and to provide for or change the voting powers, designations, preferences and relative, participating, optional or other special rights, qualifications, limitations or restrictions thereof, including dividend rights (including whether the dividends are cumulative), dividend rates, terms of redemption (including sinking fund provisions), redemption prices, conversion rights and liquidation preferences of the shares constituting any series of the preferred stock, in each case without any further action or vote by our stockholders.

Note 13-Earnings Per Share ("EPS")

Basic EPS is computed by dividing net income by the basic weighted-average number of shares outstanding during the period.

Diluted EPS is computed by dividing net income by the diluted weighted-average number of shares outstanding during the period and, accordingly, reflects the potential dilution that could occur if securities or other agreements to issue common stock, such as stock options, were exercised, settled or converted into common stock and were dilutive. The diluted weighted-average number of shares used in our diluted EPS calculation is determined using the treasury stock method.

Unvested awards of share-based payments with rights to receive dividends or dividend equivalents, such as our restricted stock awards, are considered to be participating securities, and therefore, the two-class method is used for purposes of calculating EPS. Under the two-class method, a portion of net income is allocated to these participating securities and is excluded from the calculation of EPS allocated to common stock. Our restricted stock awards are subject to forfeiture and restrictions on transfer until vested and have identical voting, income and distribution rights to the unrestricted common shares outstanding.

Our weighted average unvested restricted stock awards outstanding were 1,448,992 and 153,612 for the years ended December 31, 2021 and 2020, respectively.

Weighted average unvested restricted stock awards outstanding for the year ended December 31, 2021 were not included in the computation of our diluted EPS, as inclusion would have been anti-dilutive, however for the year ended December 31, 2020, they were included as they would have been dilutive.

The calculations of basic and diluted EPS are as follows:

	Years Ended December 31, 2021			Years Ended December 31, 2020		
	Net Loss	Weighted Average Shares Outstanding	Loss Per Share	Net Income	Weighted Average Shares Outstanding	Earnings Per Share
	(in thousands, except per share data)			(in thousands, except per share data)		
Basic:						
As reported	$ (566)	29,187		$ 16,009	23,230	
Amounts allocated to unvested restricted shares and warrants	-	-		(106)	(154)	
Amounts available to common stockholders	$ (566)	29,187	$ (0.02)	$ 15,903	23,076	$ 0.69
Diluted:						
Amounts allocated to unvested restricted shares	-	-		106	154	
Stock warrants	-	-		-	-	
Incremental shares to be issued for convertible note - related party	-	-		-	-	
Amounts reallocated to unvested restricted shares	-	-		(107)	-	
Amounts available to stockholders and assumed conversions	$ (566)	29,187	$ (0.02)	$ 15,902	23,230	$ 0.69

Note 14-Fair Value Measurements

ASC 820, *"Fair Value Measurements and Disclosures"* defines fair value, establishes a consistent framework for measuring fair value and expands disclosure requirements about fair value measurements. *ASC 820* requires entities to, among other things, maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

ASC 820 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect our market assumptions.

In accordance with *ASC 820*, these two types of inputs have created the following fair value hierarchy:

- Level 1-Inputs that are quoted prices (unadjusted) for identical assets or liabilities in active markets;
- Level 2-Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability, including:
  - Quoted prices for similar assets or liabilities in active markets
  - Quoted prices for identical or similar assets or liabilities in markets that are not active
  - Inputs other than quoted prices that are observable for the asset or liability
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means; and
- Level 3-Inputs that are unobservable and reflect our assumptions used in pricing the asset or liability based on the best information available under the circumstances (e.g., internally derived assumptions surrounding the timing and amount of expected cash flows).

The Company does not have any financial assets or liabilities measured and recorded at fair value on our consolidated balance sheets on a recurring basis as of December 31, 2021 and 2020.

Financial Instruments. Financial instruments consist primarily of cash and cash equivalents, accounts payable, deferred course expenses, accrued expenses, deferred revenue, and debt. U.S. GAAP requires the disclosure of the fair value of financial instruments, including assets and liabilities recognized in the balance sheets. Management believes the carrying value of its financial instruments approximates their fair value either due to the length of maturity of these instruments or due to interest rates that approximate prevailing market rates.

Note 15- Segment Information

We manage our business in three segments based on geographic location for which operating managers are responsible to the Chief Executive Officer. These segments include: (i) North America, (ii) United Kingdom, and (iii) Other Foreign Markets. Operating results, as reported below, are reviewed regularly by our Chief Executive Officer, or Chief Operating Decision Maker ("CODM") and other members of the executive team.

The proportion of our total revenue attributable to each segment is as follows:

	Years Ended December 31,	
As a percentage of total revenue	**2021**	**2020**
North America	65.1%	91.1%
U.K.	34.9%	3.3%
Other foreign markets	-%	5.6%
Total consolidated revenue	100.0%	100.0%

Operating results for the segments are as follows:

	Years Ended December 31,	
	2021	**2020**
Segment revenue	**(In thousands)**	
North America	$ 5,021	$ 23,596
U.K.	2,689	846
Other foreign markets	-	1,472
Total consolidated revenue	$ 7,710	$ 25,914

	Years Ended December 31,	
	2021	**2020**
Segment gross profit contribution *	**(In thousands)**	
North America	$ 1,586	$ 15,631
U.K.	2,194	802
Other foreign markets	-	1,319
Total consolidated gross profit	$ 3,780	$ 17,752

* Segment gross profit is calculated as revenue less direct course expenses, advertising and sales expenses and royalty expense.

	Years Ended December 31,	
	2021	**2020**
Depreciation and amortization expenses	**(In thousands)**	
North America	$ 2	$ 45
U.K.	2	14
Other foreign markets	-	-
Total consolidated depreciation and amortization expenses	$ 4	$ 59

	December 31,	December 31,
	2021	**2020**
Segment identifiable assets	**(In thousands)**	
North America	$ 1,348	$ 3,834
U.K.	126	1,266
Other foreign markets	175	192

Total consolidated identifiable assets	$ 1,649	$ 5,292

Our long-lived assets in the U.S. were approximately $4.0 thousand for the year ended December 31, 2020. We hadno long-lived assets in the U.S. as at December 31, 2021. We had no international long-lived assets for the same periods.

Note 16-Commitments and Contingencies

Licensing agreements.

We are committed to pay royalties for the usage of certain brands, as governed by various licensing agreements, including T&B Seminars, Inc., and Rich Dad.There were no royalty expenses included in our Consolidated Statement of Operations and Comprehensive Income for the years ended December 31, 2021 and 2020. respectively.Our License Agreement with our Rich Dad brand licensor expired on September 30, 2019. Notwithstanding the expiration of the License Agreement, the Company may continue to use the Licensed Intellectual Property, as defined in the License Agreement, including, but not limited to, the Rich Dad trademark and stylized logo, for the purpose of honoring and fulfilling orders by its customers in existence as of the date of the expiration of the agreement.

Purchase commitments. From time to time, the Company enters into non-cancellable commitments to purchase professional services, Information Technology licenses and support, and training courses in future periods. There were no purchase commitments made by the Companyat December 31, 2021 and 2020, respectively.

Litigation.

We and certain of our subsidiaries, from time to time, are parties to various legal proceedings, claims and disputes that have arisen in the ordinary course of business. These claims may involve significant amounts, some of which would not be covered by insurance.

Tranquility Bay of Pine Island, LLC v. Tigrent, Inc., et al. On March 16, 2017, suit was filed in the Twentieth Judicial Circuit In and For Lee County, Florida (the "Court") by Tranquility Bay of Pine Island, LLC ("TBPI") against Tigrent Inc. and various of its present and former shareholders, officers and directors. By amendment dated May 24, 2019, the Company and its General Counsel and former Chief Executive Officer were named as defendants to a civil conspiracy count. The suit, as originally filed, primarily related to the alleged obligation of Tigrent to indemnify the Plaintiff pursuant to an October 6, 2010 Forbearance Agreement. The suit, as originally filed, included claims for Breach of Contract, Permanent and Temporary Injunction, Breach of Fiduciary Duty, Civil Conspiracy, Tortious Interference and Fraudulent Transfer. On March 20, 2019, the Court dismissed the complaint in its entirety with leave to amend. On April 11, 2019, TBPI filed its Second Amended Complaint with the Court against Tigrent Inc. ("Tigrent"), Legacy Education Alliance Holdings, Inc. ("Holdings"), and certain shareholders of the Company. The Second Amended Complaint included claims for Breach of Contract, Breach of Fiduciary Duty against Tigrent, Civil Conspiracy against Tigrent and Holdings, and various Counts of Fraudulent Transfer against various shareholders of the Company. On May 24, 2019, with leave from the court, TBPI filed its Third Amended Complaint, which included claims for Breach of Contract against Tigrent, Breach of Fiduciary Duty against Tigrent, Damages for Violation of Unfair and Deceptive Business Practices Act against Tigrent, Civil Conspiracy against Tigrent and Holdings, and various Counts of Fraudulent Transfer against various shareholders of Tigrent, including the Company's current General Counsel, James E. May. On June 23, 2020, the Court entered summary judgment in favor of Tigrent with respect to TBPI's claims against Tigrent alleging (i) breach of fiduciary duty, (ii) violation of the Florida Deceptive and Unfair Trade Practices Act, and (iii) indemnification against certain attorney's fees claimed to have been incurred by TBPI. On September 17, 2020, the Court (i) granted summary judgment in favor of Tigrent and Holdings on TBPI's claim for conspiracy; (ii) denying TBPI's motion for summary judgment against Tigrent in which TBPI sought a declaration by the Court that claims against TBPI in a lawsuit to which neither Tigrent nor Holdings is a party ("Third Party Lawsuit") were within the scope of Tigrent's indemnity obligations under the Forbearance Agreement; and (iii) denying TBPI's motion for summary judgment in which TBPI sought a declaration by the Court that TBPI's attorney's fees incurred the Third Party Lawsuit were also within the scope of Tigrent's indemnity obligations under the Forbearance Agreement. On August 18, 2020, TBPI voluntarily dismissed all shareholder defendants, other than Mr. May and Steven Barre, Tigrent's former Chief Executive Officer. On January 4, 2021, a Settlement Agreement and Mutual Release was entered into by and between TBPI, M. Barry Strudwick, Carl Weiss and Susan Weiss (the "Strudwick Parties") and Tigrent Inc., Legacy Education Alliance, Inc., Legacy Education Alliance Holdings, Inc., Mr. May, and Steven Barre (Defendants) pursuant to which the Strudwick Parties agreed to dismiss the lawsuit with prejudice against all parties and the Company agreed to pay the aggregate sum of $400 thousand payable in one installment of $100 thousand on February 18, 2021 and five quarterly installments of $60 thousand commencing on May 19, 2021, which the Company has accrued for within accounts payable as of December 31, 2021, and within accounts payable and other long-term liability for the current and long-term portions as of December 31, 2021, within the Consolidated Balance Sheets. The parties also exchanged mutual releases as part of the Settlement Agreement. The lawsuit was dismissed by order of the Court on January 12, 2021. Through December 31, 2021, the Company has paid $280 thousand of the total settlement.

In the Matter of Legacy Education Alliance International, Ltd. On October 28, 2019, an Application for Administration was filed in the High Court of Justice, Business and Property Courts of England and Wales (the "English Court"), whereby four creditors of Legacy Education Alliance, International Ltd ("Legacy UK"), one of our UK subsidiaries, sought an administration order with respect to the business affairs of the subsidiary, the appointment of an administrator, and such other ancillary orders as the applicants may request or as the court deemed appropriate. On November 15, 2019, the creditors obtained an Administration Order from the English Court. Under the terms of the Administration Order, two individuals have been appointed as administrators of Legacy UK and will manage Legacy UK and operate its affairs, business and property under the jurisdiction of the English Court. The administrators engaged a third-party to market Legacy UK's business and assets for sale to one or more third parties. On November 26, 2019, Legacy UK's assets and deferred revenues sold for £300 thousand (British pounds) to Mayflower Alliance LTD. We will not receive any proceeds from the sale of Legacy UK. On November 19, 2020, the administrators filed notice of their proposal to move from administration to a creditors' voluntary liquidation and on December 9, 2020, notice was filed with Companies House that Paul Zalkin and Nicholas Simmonds were appointed as liquidators of Legacy UK to commence its winding up. Further details regarding the resolution of claims and liabilities may not be known for several months. Because there are a number of intercompany relationships between the Company and Legacy UK, the financial impact of any future claims in relation to the administration and disposition of Legacy UK, outside of those included in the discontinued operations of Legacy UK (see Note 4 "*Discontinued Operations*"), is unknown to us at this time, as is the timing and other conditions and effects of the administrative process. On December 8, 2020 we paid $390.6 thousand in cash and transferred our residential properties in the value of $363 thousand as settlement of intercompany debts of two of our subsidiaries, LEAI Property Development UK, Ltd. and LEAI Property Investment UK, Ltd., totaling $924 thousand to Legacy UK.

In the Matter of Elite Legacy Education UK Ltd. On March 18, 2020, a Winding-Up Petition, CR-2020-001958, was filed in the High Court of Justice, Business and Property Courts of England and Wales (the "High Court") against one of our UK subsidiaries, Elite Legacy Education UK Ltd. ("ELE UK"), by one of its creditors ("Petitioner") pursuant to which the Petitioner was claiming a debt of £461,459.70 plus late payment interest and statutory compensation was due and owing. The Petitioner sought an order from the High Court to wind up the affairs of ELE UK under the UK Insolvency Act of 1986. ELE UK has disputed the claim of the Petitioner and on June 11, 2020, ELE UK obtained a court order vacating the hearing on the Petition originally set for June 24, 2020. On July 24, 2020, the High Court entered an order finding that there was a genuine dispute on substantial grounds with respect to £392,761.70 of the Petitioner's claim, and that only £68,698 plus late payment interest and statutory compensation was due and owing. The High Court further restrained the Petitioner from advertising its Winding-Up Petition until August 14, 2020 and, provided ELE UK pays the Petitioner the sums awarded under the High Court's order, plus late payment interest and statutory compensation on or before August 14, 2020, the Petitioner's Winding-Up Petition would be dismissed. On August 10, 2020, ELE UK filed its Notice of Appeal in which it sought permission to appeal the High Court's ruling. On October 23, 2020, the Court denied ELE UK permission to appeal whereupon ELE UK filed an application to renew its application for permission to appeal ("Renewal Application"), which Renewal Application would be heard at a subsequent Oral Hearing on a date not yet determined. On October 27, 2020, ELE UK filed an application with the High Court of Appeal, Royal Courts of Justice ("Court of Appeals") for a hearing to renew its application for permission to appeal the High Court's order and a hearing was set for February 11, 2021. On October 30, 2020, the High Court entered a Consent Order restraining Petitioner from advertising its Winding Up Petition until ELE UK' s Renewal Application is determined at the Oral Hearing or until further order of the Court, whichever is earlier. At a hearing held on December 16, 2020, the High Court issued an order lifting the restraint on advertising the petition for a winding up order and that the matter be listed on January 13, 2021 for winding up and awarding costs to the creditor. However, at a meeting held on January 11, 2021 ("Creditors' Meeting"), the creditors of Elite Legacy Education UK Ltd ("ELE UK"), a wholly owned subsidiary of Legacy Education Alliance, Inc. ("LEAI"), approved a Proposal for a Company Voluntary Arrangement (the "Arrangement") under the UK Insolvency Act 1986 (the "IA") and the UK Insolvency Rules 2016 (the "IR"). As a result, the Petitioner's claims will be administered under the terms of the CVA and, at the request of ELE UK, the hearing on its application to renew its appeal of the High Court's order was lifted.

Other Legal Proceedings.

In the Matter of Elite Legacy Education UK Ltd., Proposal for a Company Voluntary Arrangement. At a meeting held on January 11, 2021 ("Creditors' Meeting"), the creditors of Elite Legacy Education UK Ltd ("ELE UK"), a wholly owned subsidiary of Legacy Education Alliance, Inc. ("LEAI"), approved a Proposal for a Company Voluntary Arrangement (the "CVA") under the UK Insolvency Act 1986 (the "IA") and the UK Insolvency Rules 2016 (the "IR"). Under the terms of the CVA, CVR Global LLP has been appointed as Supervisor of ELE UK for the purposes of administering the Arrangement. At the Creditors Meeting, the creditors also approved a modification to the CVA whereby any tax refunds due to ELE UK would be paid to the Supervisor and made available for distribution to creditors. The Supervisor will wind down the business of ELE UK and make distributions to ELE UK's non-student creditors in accordance with the applicable provisions of the IA and the IR, on and subject to the terms and conditions set forth in the CVA in satisfaction of the non-student creditors' respective claims against ELE UK. Pursuant to the CVA, student creditors of ELE UK were provided the opportunity to receive trainings from an independent training provider in satisfaction of their respective claims against ELE UK; as a result, all obligations of ELE UK to student creditors have been satisfied. Pursuant to the CVA, and at its conclusion, the remaining assets of ELE UK, if any, would be distributed to LEAI. As a result of the CVR, the Winding-Up Petition, CR-2020-001958, filed in the High Court of Justice, Business and Property Courts of England and Wales has been dismissed. At this time, LEAI management is unable to anticipate any distributions that would be received from ELE UK.

Mr. Kostiner, our Chairman, Chief Executive Officer, and Interim Principal Financial and Accounting Officer is a named defendant in three legal proceedings which are described below.

In Re Argon Credit, LLC, et al., Debtors, Case No. 16-39654 (U.S. Bankruptcy Court Northern District of Illinois Eastern Division).

On December 16, 2016, Argon Credit, LLC and Argon X, LLC (collectively the "Debtors") filed petitions for relief under chapter 11 of title 11 of the United States Code. On January 11, 2017, Debtors' bankruptcy cases were converted to chapter 7 cases. On December 14, 2018, the chapter 7 trustee filed an adversary proceeding as case number 18-ap-00948 (the "Bankruptcy Complaint") against multiple defendants, including Barry Kostiner, asserting claims for aiding and abetting breach of fiduciary duty. As to Mr. Kostiner, the Bankruptcy Complaint alleged that, while an employee of the Debtor, he aided and abetted the former CEO of Argon Credit, Raviv Wolfe, in breaching his fiduciary duties to Argon Credit, by, among other things, knowingly participating in a scheme to funnel assets away from the Debtors and their creditors, double pledging Argon Credit's assets, and knowingly submitting false or misleading financial reports to the Debtors' secured lender to conceal the transfer of Argon Credit's assets. On July 11, 2019, Mr. Kostiner, appearing through counsel, filed an answer denying all allegations against him set forth in the Bankruptcy Complaint.

On August 12, 2021, the trustee filed a Motion for the Entry of an Order Pursuant to Bankruptcy Rule 9019 Approving Settlement with Mr. Kostiner. Under the terms of the proposed settlement, Mr. Kostiner would pay the trustee $35,000 in exchange for dismissal with prejudice from the suit and the exchange of mutual releases (the "Proposed Settlement"). Each of the trustee and Mr. Kostiner concluded that the Proposed Settlement was in their respective best interests in light of the contested nature of the Complaint, the costs that both parties would incur in connection with the litigation of same the uncertain outcome from protracted litigation. The trustee argued that the Proposed Settlement was reasonable based upon: (a) the range of potential outcomes taking into account the defenses that Mr. Kostiner could assert; (b) the likelihood of recovering more given Mr. Kostiner's financial condition; (c) Argon Credit's director and officers' liability insurance policy had been exhausted; and (d) the Debtors' pre-petition lender had recently filed a complaint against many of the parties originally named by the trustee in its adversary proceeding, including Mr. Kostiner, and this action further reduces the likelihood of recovery against Mr. Kostiner, because at a minimum, he will be forced to pay to defend that action. On September 3, 2021, the Bankruptcy Court issued an order approving the settlement, and on November 18, 2021, the Bankruptcy Court issued an order granting the motion to voluntarily dismiss the proceeding against Mr. Kostiner.

Fund Recovery Services, LLC v. RBC Capital Markets, LLC, et al, Case No. 1:20-cv-5730 (U.S. District Court for the Northern District of Illinois Eastern Division.

On September 25, 2020, Fund Recovery Services, LLC ("Fund"), as assignee of Princeton Alterative Income Fund, L.P. ("PAIF") filed a complaint in the above-referenced action asserting a variety of claims against 37 defendants, including Mr. Kostiner. On May 15, 2021, Fund filed an amended complaint against 34 of the defendants, including Mr. Kostiner (the "Amended Complaint"). The claims against Mr. Kostiner in the Amended Complaint include: (i) violation of 18 U.S.C. 1962(2) by the conduct and participation in a RICO enterprise through a pattern of racketeering activity; (ii) violation of 18 U.S.C. 1962(d) by conspiracy to engage in a pattern of racketeering activity; (iii) fraud/intentional misrepresentation; (iv) aiding and abetting fraud/intentional misrepresentation; (v) fraudulent concealment; (vi) aiding and abetting fraudulent concealment; (vii) fraudulent/intentional inducement; (viii) conversion; (ix) aiding and abetting conversion; (x) civil conspiracy; and (xi) tortious interference with contractual relations. The Amended Complaint seeks damages of approximately $240 million jointly and severally against all defendants, together with treble and punitive damages, among other relief.

The Amended Complaint, as it pertains to Mr. Kostiner, covers much of the same conduct that is the subject of the Bankruptcy Complaint described above and stems from a transaction that Argon Credit entered into with Spartan Specialty Finance, LLC ("Spartan"). Argon, a consumer finance platform that made high-interest, unsecured loans to credit-impaired borrowers, financed its loans through a revolving credit facility provided by PAIF. Mr. Kostiner was the sole member of Spartan and was also, for a period of time, the Vice President of Capital Markets at Argon. Argon and Spartan entered into an agreement whereby Spartan agreed to purchase a portfolio of loans from Argon. Spartan financed the acquisition by obtaining a loan from Hamilton Funding ("Hamilton"). The Amended Complaint alleges that PAIF had a perfected security interest in the loans that Argon improperly sold to Spartan (which were financed by Hamilton Funding), and that defendants, including Mr. Kostiner, engaged in a scheme to induce PAIF to initially lend funds, later to increase its credit line, and ultimately convert and deprive PAIF of its property by numerous acts of fraud.

On July 1, 2021, defendants, including Mr. Kostiner, filed a consolidated motion to dismiss the Amended Complaint in its entirety against them, based on the following arguments: (a) the RICO claims (Counts (1)-(2)) are time-barred; (b) Fund lacks standing to bring Counts 1-11; (c) Fund is collaterally estopped from litigating the issues that are the subject of the Amended Complaint; (d) the allegations in the Amended Complaint fail to satisfy the requirements of Rules 8 and 9(b) of the Federal Rules of Civil Procedure; (e) the Amended Complaint failed to allege a duty sufficient to support its allegations in Counts 1-7; (f) Fund failed to adequately plead the elements of a valid RICO claim; and (g) Fund failed to adequately plead the elements of any of its state law claims (Counts 3-13). This motion is fully briefed and awaits resolution by the Court.

On February 22, 2022, PAIF filed a Revised Second Amended Complaint ("RSA Complaint") against 25 defendants, including Mr. Kostiner. The RSA Complaint incorporates information from witness statements and journal entries from alleged Argon insiders. The claims against Mr. Kostiner in the RSA Complaint include: (i) fraud/intentional misrepresentation; (ii) aiding and abetting fraud/intentional misrepresentation; (iii) fraudulent concealment; (iv) aiding and abetting fraudulent concealment; (v) fraudulent/intentional inducement; (vi) conversion; (vii) aiding and abetting conversion; (viii) civil conspiracy; and (ix) tortious interference with contractual relations. The Amended Complaint seeks damages of approximately $240 million jointly and severally against all defendants, together with treble and punitive damages, among other relief.

In re Spartan Specialty Finance I SPV, LLC, Case No. 16-22881-rdd (U.S. Bankruptcy Court for the Southern District of New York White Plains Division)

On June 29, 2016, Spartan filed a petition for relief under chapter 11 of title 11 of the United States Code. It did so in order to resolve a loan dispute that it had with Hamilton, including Hamilton's alleged right to access cash accounts that Spartan had pledged as collateral. On May 26, 2017, the bankruptcy court approved a Stipulation and Agreement Resolving Debtor's Motion for Use of Cash Collateral and Fixing Amount of Secured Claim, between Hamilton, Spartan, and Mr. Kostiner, in his individual capacity. Spartan's bankruptcy petition was dismissed as part of the Court's approval of the Settlement.

Except for the actions set forth above, there is no material litigation, arbitration or governmental proceeding currently pending against us or any members of our management team in their capacity as such, and we and our officers and directors have not been subject to any such proceeding in the 12 months preceding the date of this report.

Note 17 - Leases

Right-of-Use Assets and Leases Obligations

We lease office space and office equipment under non-cancelable operating leases, with terms typically ranging from one to three years, subject to certain renewal options as applicable. We consider those renewal or termination options that are reasonably certain to be exercised in the determination of the lease term and initial measurement of lease liabilities and right-of-use assets. Lease expense for lease payments is recognized on a straight-line basis over the lease term. Leases with an initial term of 12 months or less are not recorded on the balance sheet.

We determine whether a contract is or contains a lease at inception of the contract and whether that lease meets the classification criteria of a finance or operating lease. When available, we use the rate implicit in the lease to discount lease payments to present value; however, most of our leases do not provide a readily determinable implicit rate. Therefore, we must discount lease payments based on an estimate of its incremental borrowing rate.

We do not separate lease and nonlease components of contracts. There are no material residual value guarantees associated with any of our leases. There are no significant restrictions or covenants included in our lease agreements other than those that are customary in such arrangements.

Lease Position as of December 31, 2021

The table below presents the lease related assets and liabilities recorded on the Consolidated Balance Sheets as of December 31, 2021 and 2020:

Balance Sheet Line	Classification on the Balance Sheet	December 31, 2021	December 31, 2020
		(in thousands)	
Assets			
Operating lease assets	Operating lease right of use assets	$ 20	$ 45
	Total lease assets	$ 20	$ 45
Liabilities			
Current liabilities:			
Operating lease liabilities	Current operating lease liabilities	$ 20	$ 25
Noncurrent liabilities:			
Operating lease liabilities	Long-term operating lease liabilities	$ -	$ 20
	Total lease liabilities	$ 20	$ 45

Lease cost for the year ended December 31, 2021

The table below presents the lease related costs recorded on the Consolidated Statement of Operation and Comprehensive Income for the years ended December 31, 2021 and 2020:

Lease cost	Classification	Years Ended December 31, 2021	2020
		(in thousands)	
Operating lease cost	General and administrative expenses	$ 27	$ 23
	Total lease cost	$ 27	$ 23

Other Information

The table below presents supplemental cash flow information related to leases for the years ended December 31, 2021 and 2020:

	Years Ended December 31, 2021	2020
	(in thousands)	
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases	$ 27	$ 20
Supplemental non-cash amounts of lease liabilities arising from obtaining right-of-use assets/(decrease) of lease liability due to cancellation of leases	$ 1	$ 13

As a result of the sale of Legacy UK, the leases classified as right-of-use assets and as lease liabilities in the amount of $1.2 million, were written off to discontinued operations. See Note 4 "*Discontinued Operations".*

During the quarter ended September 30, 2020, we cancelled all of our outstanding lease arrangements for office space and equipment. On October 1, 2020, the Company relocated its headquarter to 1490 N.E. Pine Island Road, Suite 5D, Cape Coral, FL 33909 and entered into a two-year operating lease for the new 1,600 square feet office and warehouse space. The new lease provides the Company an option to extend the term of the lease for a third year. The lease obligation is approximately $32 thousand plus other costs for shared services, maintenance and sales tax over the course of its life.

Lease Terms and Discount Rates

The table below presents certain information related to the weighted average remaining lease terms and weighted average discount rates for our operating leases as of December 31, 2021:

	December 31, 2021	December 31, 2020
Weighted average remaining lease term - operating leases	0.75 years	1.75 years
Weighted average discount rate - operating leases	12.00%	12.00%

Undiscounted Cash Flows

The table below reconciles the fixed component of the undiscounted cash flows for each of the first five years and the total remaining years to the operating lease liabilities recorded on the Consolidated Balance Sheet as of December 31, 2021:

Amounts due in		Operating Leases (in thousands)
2022	$	20
2023		-
2024		-
Total minimum lease payments		20
Less: effect of discounting		0
Present value of future minimum lease payments		20
Less: current obligations under leases		(20)
Long-term lease obligations	$	-

There are no lease arrangements where we are the lessor.

Note 18-Subsequent Events

On March 8, 2022, the Company defaulted on the Senior Secured Convertible Debenture to Legacy Tech Partners, LLC in the principal amount of $47 thousand and accrued interest of $9 thousand. (See Note 6 -*Short-Term and Long-Term Debt)*

On March 28, 2022 Legacy Education Alliance International, Ltd, made a motion of Withdrawal of Rejection of Proofs of Debt of (a) Elite Legacy Education UK, Ltd (b) Legacy Education Alliance Holdings, Inc. and (c) Legacy Education Alliance Hong Kong Ltd. A request was made for an extension of April 30, 2022.

On March 29, 2022, the First Draw Paycheck Protection Program Note Agreement in the amount of $1000 thousand was amended and restated by extending the maturity date from April 24, 2022 to a maturity date of April 24, 2025. The interest rate is fixed and will not be changed over the life of the loan. The Company must pay monthly principal and interest payments on the outstanding principal balance on the loan amortized over the remaining term of the loan, beginning on the first day of the month following the date on which the amount of forgiveness determined under Section 1106 of the CARES Act is remitted to the lender until maturity. Payments of principal and interest must be made on the first calendar day in the months they are due.

The Company evaluated subsequent events and transactions that occurred after the consolidated balance sheet date up to March 31, 2022, the date that the financial statements were issued. Other than those listed above, the Company did not identify any subsequent events that would have required adjustment or disclosure in the financial statements.

LEGACY EDUCATION ALLIANCE, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)

		June 30, 2022 (Unaudited)		December 31, 2021 (Audited)
ASSETS				
Current assets:				
Cash and cash equivalents	$	20	$	576
Restricted cash		112		374
Deferred course expenses		266		304
Prepaid expenses and other current assets		347		607
Inventory		1		1
Discontinued operations current assets		—		-
Total current assets		746		1,862
Right-of-use assets		6		20
Other assets		6		6
Discontinued operations-other assets		32		33
Total assets	$	790		1921
LIABILITIES AND STOCKHOLDERS' DEFICIT				
Current liabilities:				
Accounts payable	$	2,607	$	2,544
Royalties payable		110		110
Accrued course expenses		238		252
Accrued salaries, wages and benefits		237		202
Operating lease liability, current portion		7		20
Other accrued expenses		616		2,114
Deferred revenue		4,173		4,438
Short-term related party debt, net of unamortized debt discount of $133		392		142

Current portion of long term debt, net of unamortized debt discount of $0		344		1,011
Discontinued operations-current liabilities		10,802		9,845
Total current liabilities		19,526		20,678
Long-term debt, net of current portion and net of unamortized debt discount		2,840		1,933
Deferred tax liability, net		1,336		1493
Other long term liabilities		—		—
Operating lease liability, net of current portion		—		—
Total liabilities		23,702		24,104
Commitments and contingencies (Note 13)				
Stockholders' deficit:				
Preferred stock, $0.0001 par value, 20,000,000 shares authorized, none issued		—		—
Common stock, $0.0001 par value; 200,000,000 authorized; 34,167,697 and 37,867,697 shares issued and outstanding as of June 30, 2022 and December 31, 2021		3		3
Additional paid-in capital		13,211		13,161
Cumulative foreign currency translation adjustment		1,458		837
Accumulated deficit		(37,584)		(36,184)
Total stockholders' deficit		(22,912)		(22,183)
Total liabilities and stockholders' deficit	$	790	$	1,921

See Notes to Unaudited Consolidated Financial Statements

LEGACY EDUCATION ALLIANCE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Unaudited)
(In thousands, except per share data)

	Three Months Ended June 30,				Six Months Ended June 30,			
		2022		2021		2022		2021
Revenue		68		3,362		353		5,982
Operating costs and expenses:								
Direct course expenses		100		790		204		1,224
Advertising and sales expenses		54		556		142		614
Royalty expenses		0		0		0		0
General and administrative expenses		662		1,398		1,309		2,396
Total operating costs and expenses		816		2,744		1,655		4,234
Income (loss) from operations		(748)		618		(1,302)		1,748
Other income (expense):								
Interest expense, net		(112)		(386)		(237)		(386)
Other expense, net		3		(1)		3		(3)
Gain on forgiveness of PPP Loan		-		-		-		-
Total other income (expense), net		(109)		(387)		(234)		(389)
Income (loss) from continuing operations before income taxes		(856)		231		(1,535)		1,359
Income tax (expense) benefit		-		131		136		(915)
Net income (loss) from continuing operations		(856)		362		(1,399)		444
Income from discontinued operations		—		—		—		171
Net income from discontinued operations		—		—		—	$	171
Net income (loss)	$	(856)	$	362	$	(1,399)	$	615
Basic earnings (loss) per common share - continuing operations	$	(0.04)	$	0.01	$	(0.04)	$	0.02
Basic earnings (loss) per common share - discontinued operations		—		—		—	$	—
Basic earnings (loss) per common share	$	(0.04)	$	0.01	$	(0.04)	$	0.02
Diluted earnings (loss) per common share - continuing operations	$	(0.04)	$	0.01	$	(0.04)	$	0.02
Diluted earnings (loss) per common share - discontinued operations		—		—		—	$	-
Diluted earnings (loss) per common share	$	(0.04)	$	0.01	$	(0.04)	$	0.02
Basic weighted average common shares outstanding		24,410		25,113		34,168		24,156
Diluted weighted average common shares outstanding		24,410		31,843		34,168		30,048
Comprehensive income:								
Net income (loss)		(856)		362		(1,399)		615
Foreign currency translation adjustments, net of tax of $0		765		(52)		621		51
Total comprehensive income (loss)	$	(91)	$	310	$	(778)	$	666

See Notes to Unaudited Consolidated Financial Statements

LEGACY EDUCATION ALLIANCE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT
(Unaudited)

	Common stock Shares	Amount	Additional paid-in capital	Cumulative foreign currency translation adjustment	Accumulated deficit	Total stockholders' deficit
Balance at December 31 , 2020	23,279	$ 2	$ 11,564	$ 416	$ (35,618)	$ (23,636)
Beneficial conversion feature for senior secured convertible debenture-related party	—	—	375	—	—	375
Foreign currency translation adjustment, net of tax of $0	—	—	—	103	—	103
Net Income	—	—	—	—	253	253
Balance at March 31, 2021	23,279	$ 2	$ 11,939	$ 519	$ (35,365)	$ (22,905)
Common stock and warrants issued for notes payable to related party from conversion of senior secured convertible debt - related party debt discount	7,084	1	354	—	—	355
Beneficial conversion feature for senior secured convertible debenture-related party	—	—	21	—	—	21
Share-based compensation expense	2,585	—	31	—	—	31
Foreign currency translation adjustment, net of tax of $0	—	—	—	(52)	—	(52)
Net Income	—	—	—	—	362	362
Balance at June 30, 2021	32,948	$ 3	$ 12,345	$ 467	$ (35,003)	$ (22,188)
Balance at December 31, 2021	33,918	$ 3	$ 13,161	$ 837	$ (36,184)	$ (22,183)
Share-based compensation expense	—	—	4	—	—	4
Foreign currency translation adjustment, net of tax of $0	—	—	—	(144)	—	(144)
Net Income	—	—	—	—	(543)	(543)
Balance at March 31, 2022	33,918	$ 3	$ 13,165	$ 693	$ (36,727)	$ (22,866)
Common stock and warrants issued for notes payable to related party from conversion of senior secured convertible debt – related party debt discount	—	—	—	—	—	—
Beneficial conversion feature for senior secured convertible debenture – related party	—	—	—	—	—	—
Share-based compensation expense	—	—	—	—	—	—
Issuance of common stock	250	—	45	—	—	45
Foreign currency translation adjustment, net of tax of $0	—	—	—	765	—	765
Net Income	—	—	—	—	(856)	(856)
Balance at June 30, 2022	34,168	$ 3	$ 13,210	$ 1,458	$ (37,583)	$ (22,912)

See Notes to Unaudited Consolidated Financial Statements

LEGACY EDUCATION ALLIANCE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)

	Six Months Ended June 30, 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	$ (1,399)	$ 615
Less net income from discontinued operations	—	171
Net income (loss) from continuing operations	$ (1,399)	$ 444
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	0	4
Non-cash lease expense	-	13
Gain on the sale of fixed assets and investment property	—	-
Share-based compensation	—	31
Cancellation of common stock	—	-
Amortization of debt discount	179	356
Deferred income taxes	(158)	-
Changes in operating assets and liabilities:		
Deferred course expenses	55	784
Prepaid expenses and other receivable	(73)	248
Accounts payable-trade	(257)	(507)
Royalties payable	-	(11)
Accrued course expenses	(70)	-
Accrued salaries, wages and benefits	35	(36)
Operating lease liability	(6)	(13)
Other accrued expenses	(97)	672
Deferred revenue	(582)	(5,384)
Net cash used in operating activities - continuing operations	(2,372)	(3,399)
Net cash (used in) provided by operating activities - discontinued operations	—	(41)
Net cash used in operating activities	(2,372)	(3,440)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the sale of investment property	—	—
Proceeds from sale property and equipment	—	—
Net cash provided by investing activities - continuing operations	—	-
Net cash used in investing activities - discontinued operations	—	—
Net cash provided by investing activities	—	-
CASH FLOWS FROM FINANCING ACTIVITIES		

Principal payments on debt		310		-
Proceeds from paycheck protection program		—		1,900
Proceeds from debentures		—		400
Issuance of common stock for stock option purchase		—		—
Net cash provided by financing activities - continuing operations		310		2,300
Net cash provided by financing activities - discontinued operations		—		—
Net cash provided by financing activities		310		2,300
Effect of exchange rate differences on cash		1,244		464
Net decrease in cash and cash equivalents and restricted cash		(819)		(676)
Cash and cash equivalents and restricted cash, beginning of period, including cash in discontinued operations	$	950	$	2,680
Cash and cash equivalents and restricted cash, end of period	$	132	$	2,004
Supplemental disclosures:				
Cash paid during the period for interest	$	5	$	-
Cash received during the period for income taxes, net of tax payments		5		100
Supplemental disclosure of non-cash activity:				
Supplemental non-cash amounts of lease liabilities arising from obtaining right-of-use assets/(decrease) of lease liability due to cancellation of leases	$	—	$	-
Non-cash disposal of property	$	—	$	-
Common stock and warrants issued from conversion of senior convertible debenture – related party				355
Initial recognition of beneficial conversion feature for senior secured convertible debt - related party				396
Note payable issued for insurance policy financing				—

See Notes to Unaudited Consolidated Financial Statements

LEGACY EDUCATION ALLIANCE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1 - General

Business Description.

We are a provider of practical, high-quality, and value-based educational training on the topics of personal finance, entrepreneurship, real estate, and financial markets investing strategies and techniques. Our programs are offered through a variety of formats and channels, including free workshops, basic training courses, forums, telephone mentoring, one-on-one mentoring, coaching and e-learning. During the six months ended June 30, 2022, we marketed our products and services under our *Building Wealth with Legacy*™ brand. During the year ended December 31, 2021, we marketed our products and services under two brands*Building Wealth with Legacy*™; and *Homemade Investor by Tarek El Moussa*.

Our students pay for their courses in full up-front or through payment agreements with independent third parties. Under United States of America generally accepted accounting principles ("U.S. GAAP"), we recognize revenue upon the earlier of (i) when our students take their courses or (ii) the term for taking their course expires, both of which could be several quarters after the student purchases a program and pays the associated fee. We recognize revenue immediately when we sell our (i) proprietary products delivered at time of sale and (ii) third party product sales. Our symposiums and forums combine multiple advanced training courses in one location, allowing us to achieve certain economies of scale that reduce costs and improve margins while also accelerating U.S. GAAP revenue recognition, while at the same time, enhancing our students' experience, particularly, for example, through the opportunity to network with other students.

We also provide a richer experience for our students through one-on-one mentoring (two to three days in length, on site or remotely telephone mentoring (10 to 16 weekly one-on-one or one-on-many telephone sessions). Mentoring involves a subject matter expert interacting with the student remotely or in person and guiding the student, for example, through his or her first real estate transaction, providing a real hands-on experience.

We were founded in 1996, and through a reverse merger, became a publicly-held company in November 2014.

Historically, our operations have relied heavily on our and our students' ability to travel and attend live events where large groups of people gather in local markets within each of the segments in which we operate. Due to the COVID-19 pandemic, and the resulting worldwide restrictions on travel and social distancing, we have temporarily suspended live events and shifted to online live training and on-demand training to our students.

Historically, our operations have been managed through three operating segments: (i) North America, (ii) United Kingdom, and (iii) Other Foreign Markets.

Basis of Presentation.

The terms "Legacy Education Alliance, Inc.," the "Company," "we," "our," "us" or "Legacy" as used in this report refer collectively to Legacy Education Alliance, Inc., a Nevada corporation, the registrant, which was formerly known as Priced In Corp., and, unless the context otherwise requires, together with its wholly-owned subsidiary, Legacy Education Alliance Holdings, Inc., a Colorado corporation, other operating subsidiaries and any predecessor of Legacy Education Alliance Holdings, including Tigrent Inc., a Colorado corporation. All intercompany balances and transactions have been eliminated in consolidation. As discussed in Note 4 "*Discontinued Operations*", the sale of the assets and deferred revenues of Legacy Education Alliance International Ltd (Legacy UK), and liquidations of Legacy Education Alliance Hong Kong Limited (Legacy HK), Legacy Education Alliance Australia Pty, Ltd. (Legacy Australia) and Tigrent Learning Canada, Inc. (Tigrent Canada) are reflected as discontinued operations in the consolidated financial statements.

The accompanying unaudited Consolidated Financial Statements presented in this report are for us and our consolidated subsidiaries, each of which is a wholly-owned subsidiary. All significant intercompany transactions have been eliminated. These interim financial statements should be read in conjunction with the consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021 and reflect all normal recurring adjustments that are, in the opinion of management, necessary to present fairly our results of operations and financial position. Amounts reported in our Consolidated Statements of Operations and Comprehensive income are not necessarily indicative of amounts expected for the respective annual periods or any other interim period.

Reclassification.

We have reclassified certain amounts in our prior-period financial statements to conform to the current period's presentation.

Significant Accounting Policies.

Our significant accounting policies have been disclosed in *Note 2 - Significant Accounting Policies* in our most recent Annual Report on Form 10-K. There have been no changes to our accounting policies disclosed therein, except for those discussed in *Note 2 - New Accounting Pronouncements, - "Accounting Standards Adopted in the Current Period."*

Going Concern.

The accompanying consolidated financial statements and notes have been prepared assuming we will continue as a going concern. For the six months ended June 30, 2022 we had an accumulated deficit, a working capital deficit and a negative cash flow from operating activities. These circumstances raise substantial doubt as to our ability to continue as a going concern. Our ability to continue as a going concern is dependent upon our ability to generate profits by expanding current operations as well as reducing our costs and increasing our operating margins, and to sustain adequate working capital to finance our operations. The failure to achieve the necessary levels of profitability and cash flows would be detrimental to us. The consolidated financial statements do not include any adjustments that might be necessary if we are unable to continue as a going concern.

Use of Estimates.

Conformity with GAAP requires the use of estimates and judgments that affect the reported amounts in our consolidated financial statements and accompanying notes. These estimates form the basis for judgments we make about the carrying values of our assets and liabilities, which are not readily apparent from other sources. We base our estimates and judgments on historical information and on various other assumptions that we believe are reasonable under the circumstances. GAAP requires us to make estimates and judgments in several areas, including, but not limited to, those related to deferred revenues, reserve for breakage, deferred costs, revenue recognition, commitments and contingencies, fair value of financial instruments, useful lives of property and equipment, right-of-use assets, and income taxes. These estimates are based on management's knowledge about current events and expectations about actions we may undertake in the future. Actual results could differ materially from those estimates.

Cash and Cash Equivalents.

We consider all highly liquid instruments with an original maturity of three months or less to be cash or cash equivalents. We continually monitor and evaluate our investment positions and the creditworthiness of the financial institutions with which we invest and maintain deposit accounts. When appropriate, we utilize Certificate of Deposit Account Registry Service (CDARS) to reduce banking risk for a portion of our cash in the United States. A CDAR consists of numerous individual investments, all below the FDIC limits, thus fully insuring that portion of our cash. At June 30, 2022 and December 31, 2021, we did not have a CDAR balance.

Restricted Cash.

Restricted cash balances consist primarily of funds on deposit with credit card and other payment processors. These balances do not have the benefit of federal deposit insurance and are subject to the financial risk of the parties holding these funds. Restricted cash balances held by credit card processors are unavailable to us unless, and for a period of time after, we discontinue the use of their services. Because a portion of these funds can be accessed and converted to unrestricted cash in less than one year in certain circumstances, that portion is considered a current asset. Restricted cash is included with cash and cash equivalents in our consolidated statements of cash flows.

Deposits with Credit Card Processors.

The deposits with our credit card processors are held due to arrangements under which our credit card processors withhold credit card funds to cover charge backs in the event we are unable to honor our commitments. These deposits are included in restricted cash on our consolidated balance sheet.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated balance sheets that sum to the total of the same such amounts in the consolidated cash flow statements:

	June 30, 2022	December 31, 2021
	(in thousands)	
Cash and cash equivalents	$ 20	$ 576
Restricted cash	112	374
Total cash, cash equivalents, and restricted cash shown in the cash flow statement	$ 132	$ 950

Convertible Instruments

The Company evaluates and accounts for conversion options embedded in convertible instruments in accordance with ASC 815 *"Derivatives and Hedging Activities"*.

Applicable GAAP requires companies to bifurcate conversion options from their host instruments and account for them as free standing derivative financial instruments according to certain criteria. The criteria include circumstances in which (a) the economic characteristics and risks of the embedded derivative instrument are not clearly and closely related to the economic characteristics and risks of the host contract, (b) the hybrid instrument that embodies both the embedded derivative instrument and the host contract is not re-measured at fair value under other GAAP with changes in fair value reported in earnings as they occur and (c) a separate instrument with the same terms as the embedded derivative instrument would be considered a derivative instrument.

The Company accounts for convertible instruments (when it has been determined that the embedded conversion options should not be bifurcated from their host instruments) as follows: The Company records when necessary, discounts to convertible notes for the intrinsic value of conversion options embedded in debt instruments based upon the differences between the fair value of the underlying common stock at the commitment date of the note transaction and the effective conversion price embedded in the note. Debt discounts under these arrangements are amortized over the term of the related debt.

Stock Warrants.

The Company accounts for stock warrants as equity in accordance with *ASC 480 – Distinguishing Liabilities from Equity*. Stock warrants are accounted for a derivative in accordance with *ASC 815 – Derivatives and Hedging*, if the stock warrants contain other terms that could potentially require "net cash settlement" and therefore, do not meet the scope exception for treatment as a derivative.

Income Tax in Interim Periods

We conduct operations in separate legal entities in different jurisdictions. As a result, income tax amounts are reflected in these consolidated financial statements for each of those jurisdictions. Tax laws and tax rates vary substantially in these jurisdictions and are subject to change based on the political and economic climate in those countries. We file our tax returns in accordance with our interpretations of each jurisdiction's tax laws. We record our tax provision or benefit on an interim basis using the estimated annual effective tax rate. This rate is applied to the current period ordinary income or loss to determine the income tax provision or benefit allocated to the interim period.

We record our interim provision for income taxes by applying our estimated annual effective tax rate to our year-to-date pre-tax income and adjusting for discrete tax items recorded in the period. Deferred income taxes result from temporary differences between the reporting of amounts for financial statement purposes and income tax purposes. These differences relate primarily to different methods used for income tax reporting purposes, including for depreciation and amortization, warranty and vacation accruals, and deductions related to allowances for doubtful accounts receivable and inventory reserves. Our provision for income taxes included current federal and state income tax expense, as well as deferred federal and state income tax expense.

Losses from jurisdictions for which no benefit can be realized and the income tax effects of unusual and infrequent items are excluded from the estimated annual effective tax rate. Valuation allowances are provided against the future tax benefits that arise from the losses in jurisdictions for which no benefit can be realized. The effects of unusual and infrequent items are recognized in the impacted interim period as discrete items.

The estimated annual effective tax rate may be affected by nondeductible expenses and by our projected earnings mix by tax jurisdiction. Adjustments to the estimated annual effective income tax rate are recognized in the period during which such estimates are revised.

We have established valuation allowances against our deferred tax assets, including net operating loss carryforwards and income tax credits. Valuation allowances take into consideration our expected ability to realize these deferred tax assets and reduce the value of such assets to the amount that is deemed more likely than not to be realizable. Our ability to realize these deferred tax assets is dependent on achieving our forecast of future taxable operating income over an extended period of time. We review our forecast in relation to actual results and expected trends on a quarterly basis. A change in our valuation allowance would impact our income tax expense/benefit and our stockholders' deficit and could have a significant impact on our results of operations or financial condition in future periods.

Discontinued Operations.

ASC 205-20-45, *"Presentation of Financial Statements Discontinued Operations"* requires discontinued operations to be reported if the disposal of a business component represents a strategic shift that has a major effect on an entity's operations and financial reports. We have determined that the sale of the assets and deferred revenues of Legacy UK, and liquidations of Legacy HK, Legacy Australia and Tigrent Canada meet this criterion. Accordingly, the assets, deferred revenues, and income statement of these entities were transferred to discontinued operations to close out the business. See Note 4 "*Discontinued Operations*", for additional disclosures regarding these entities.

Note 2 - New Accounting Pronouncements

Accounting Standards Adopted in the Current Period

We have implemented all new accounting pronouncements that are in effect and that management believes would materially affect our financial statements.

Recently Issued Accounting Pronouncements

In August 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") *2020-06 – Debt – Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging – Contracts in Entity's Own Equity (Subtopic 815-40) – Accounting for Convertible Instruments* and *Contracts in an Entity's Own Equity* . The ASU simplifies the guidance on the issuer's accounting for convertible debt instruments by removing the separation models for (1) convertible debt with a cash conversion feature and (2) convertible instruments with a beneficial conversion feature. As a result, entities will not separately present in equity an embedded conversion feature in such debt. Instead, they will account for a convertible debt instrument wholly as debt, unless certain other conditions are met. The elimination of these models will reduce reported interest expense and increase reported net income for entities that have issued a convertible instrument that was within the scope of those models before the adoption of ASU 2020-06. Also, ASU 2020-06 requires the application of the if-converted method for calculating diluted earnings per share, and the treasury stock method will be no longer available. The provisions of ASU 2020-06 are applicable for fiscal years beginning after December 15, 2023, with early adoption permitted no earlier than fiscal years beginning after December 15, 2020. The Company is currently evaluating the impact of ASU 2020-06 on its consolidated financial statements.

Note 3 - Share-Based Compensation

We account for share-based awards under the provisions of ASC 718, "*Compensation—Stock Compensation*." Accordingly, share-based compensation cost is measured at the grant date based on the fair value of the award and we expense these costs using the straight-line method over the requisite service period.

Share-based compensation expenses related to our restricted stock grants were $49.6 thousand and $31.0 thousand for the three months ended June 30, 2022 and 2021, respectively, and $45.40 thousand and $31.0 thousand for the six months ended June 30, 2022 and 2021, respectively, which are reported as a separate line item in the consolidated statements of changes in stockholders' deficit.

On May 5, 2022, pursuant to the 2015 Incentive Plan, we granted250,000 shares of restricted stock to an external consultant, which are fully vested at the grant date. The grant date price per share was $0.165 for a total grant date fair value of $41.3 thousand.

Note 4 - Discontinued Operations

On January 27, 2021, Legacy Education Alliance Australia PTY Limited ("LEA Australia"), a wholly owned subsidiary of Legacy Education Alliance, Inc. ("LEAI"), appointed Brent Leigh Morgan and Christopher Stephen Bergin, both of the firm of Rodgers Reidy, 326 William Street, Melbourne VIC 3000 Australia, as Joint and Several Liquidators of LEA Australia, to supervise a Creditors Voluntary Liquidation of LEA Australia. Subject to the approval of the creditors of LEA Australia at a meeting held on February 23, 2021, AEDT (February 22, 2021, EST), the Joint Liquidators will wind down the business of LEA Australia and make distributions, if any, to its creditors in accordance with the applicable provisions of the Australian Corporations Act of 2001. The first meeting of creditors of LEA Australia was held on February 24, 2021, (AEDT), at which no resolutions were proposed by the creditors, no nominations for a Committee of Inspection were made, and no alternative liquidator was proposed. On March 11, 2022, the proof of debt was rejected by the Liquidator of Legacy UK and extended twenty-one days from the receipt of the notice to provide additional documentation supporting the claim to the Court of England. The additional information was submitted to the Liquidators on March 21, 2022.

On March 2, 2021, Legacy Education Alliance Holdings, Inc. the sole shareholder of Legacy Education Alliance Hong Kong Limited ("LEA Hong Kong"), a subsidiary of the Company, adopted a resolution to wind up voluntarily the affairs of LEA Hong Kong and to appoint Cosimo Borrelli and Li Chung Ngai (also known as Anson Li), both of Borrelli Walsh Limited, Level 17, Tower 1, Admiralty Centre, 18 Harcourt Road, Hong Kong as Joint and Several Liquidators of LEA Hong Kong. At a meeting of the creditors of LEA Hong Kong held on March 2, 2021, the creditors similarly approved the voluntary winding up of LEA Hong Kong and the appointment of Cosimo Borrelli and Li Chung Ngai (also known as Anson Li), as Joint and Several Liquidators. The Joint and Several Liquidators will wind up the business of LEA Hong Kong and make distributions, if any, to its creditors in accordance with the applicable provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance of Hong Kong.

On March 7, 2021, Tigrent Learning Canada Inc. ("Tigrent Canada"), a wholly owned subsidiary of Legacy Education Alliance, Inc., filed an assignment in bankruptcy under section 49 of the Canada Bankruptcy and Insolvency Act (the "Act") in the Office of the Superintendent of Bankruptcy Canada, District of Ontario, Division of Toronto, Court No. 31-2718213. Also on March 7, 2021, A. Farber & Partners was appointed trustee of the estate of Tigrent Canada. The trustee will wind down the business of Tigrent Canada and make distributions, if any, to its creditors in accordance with the applicable provisions of the Act. At the First Meeting of Creditors held on March 23, 2021, the creditors of Tigrent Canada approved the appointment of A. Farber & Partners as trustee of the estate of Tigrent Canada.

On October 28, 2019, four creditors of Legacy Education Alliance International Ltd. ("Legacy UK"), one of our UK subsidiaries, obtained an order from the High Court of Justice, Business and Property Courts of England and Wales (the "English Court") with respect to the business and affairs of Legacy UK. Pursuant to the Administration Order of November 15, 2019, from the English Court, the two individuals appointed as administrators engaged a third-party to market Legacy UK's business and assets for sale to one or more third parties. On November 26, 2019, Legacy UK's assets and deferred revenues sold for £300 thousand (British pounds) to Mayflower Alliance LTD. We did not receive any proceeds from the sale of Legacy UK. Further details, including the resolution of claims and liabilities, and other information regarding the administration may not be forthcoming for several months. The impact of this transaction is reflected as a discontinued operation in the consolidated financial statements. We are awaiting outcome from the meeting of the Creditors on March 25, 2022.

The major classes of assets and liabilities of the entities classified as discontinued operations were as follows:

	June 30, 2022	December 31, 2021
	(in thousands)	
Major classes of assets		
Cash and cash equivalents	$ —	$ —
Deferred course expenses	—	—
Discontinued operations-current assets	—	—
Other assets	32	33
Total major classes of assets - discontinued operations	$ 32	$ 33
Major classes of liabilities		
Accounts payable	$ 3,350	$ 3,638
Accrued course expenses	528	587
Other accrued expenses	1,906	439
Deferred revenue	5,018	5,181
Total major classes of liabilities - discontinued operations	$ 10,802	$ 9,845

The financial results of the discontinued operations are as follows:

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
	(in thousands)	
Revenue	$ -	$ 40
Total operating costs and expenses	-	907
(Loss) Income from discontinued operations	-	(867)
Other expense, net	-	(80)
Income tax benefit	-	1,118
Net income from discontinued operations	$ -	$ 171

Note 5 - Earnings Per Share ("EPS")

Basic EPS is computed by dividing net income (loss) by the basic weighted-average number of shares outstanding during the period.

Diluted EPS is computed by dividing net income by the diluted weighted-average number of shares outstanding during the period and, accordingly, reflects the potential dilution that could occur if securities or other agreements to issue common stock, such as stock options, were exercised, settled or converted into common stock and were dilutive. The diluted weighted-average number of shares used in our diluted EPS calculation is determined using the treasury stock method for stock options and warrants, and the if-converted method for convertible notes. Under the if-converted method, the convertible notes are assumed to have been converted at the beginning of the period or at time of issuance, if later, and the resulting common shares are included in the denominator. For periods in which we recognize losses, the calculation of diluted loss per share is the same as the calculation of basic loss per share.

Unvested awards of share-based payments with rights to receive dividends or dividend equivalents, such as our restricted stock awards, are considered to be participating securities, and therefore, the two-class method is used for purposes of calculating EPS. Under the two-class method, a portion of net income is allocated to these participating securities and is excluded from the calculation of EPS allocated to common stock. Our restricted stock awards are subject to forfeiture and restrictions on transfer until vested and have identical voting, income and distribution rights to the unrestricted common shares outstanding.

Our weighted average unvested restricted stock awards outstanding were790,000 and 1,871,396 for the three months ended June 30, 2022 and 2021, respectively, and 790,000 and 986,365 for the six months ended June 30, 2022 and 2021, respectively.

The calculations of basic and diluted EPS are as follows:

	Six Months Ended June 30, 2022			Six Months Ended June 30, 2021		
	Net Loss	Weighted Average Shares Outstanding	Loss Per Share	Net Income	Weighted Average Shares Outstanding	Earnings Per Share

	(in thousands, except per share data)			(in thousands, except per share data)		
Basic:						
As reported	$ (1,399)	34,168	$ (0.04)	$ 615	25,142	
Amounts allocated to unvested restricted shares and warrants	—	—		(24)	(986)	
Amounts available to common stockholders	$ (1,399)	34,168	$ (0.04)	$ 591	24,156	$ 0.02
Diluted:						
Amounts allocated to unvested restricted shares	—	—		25	986	
Stock warrants	—	—		—	4,006	
Shares of common stock to be issued for convertible note	—	—		—	—	
Incremental shares to be issued for convertible note – related party				13	900	
Amounts reallocated to unvested restricted shares	—	—		(25)	—	
Amounts available to stockholders and assumed conversions	$ (1,399)	34,168	$ (0.04)	$ 604	30,048	$ 0.02

Note 6 - Fair Value Measurements

ASC 820, *"Fair Value Measurements and Disclosures"* defines fair value, establishes a consistent framework for measuring fair value and expands disclosure requirements of fair value measurements. ASC 820 requires entities to, among other things, maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

ASC 820 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect our market assumptions.

In accordance with ASC 820, these two types of inputs have created the following fair value hierarchy:

- Level 1-Inputs that are quoted prices (unadjusted) for identical assets or liabilities in active markets;

- Level 2-Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability, including:
  - Quoted prices for similar assets or liabilities in active markets
  - Quoted prices for identical or similar assets or liabilities in markets that are not active
  - Inputs other than quoted prices that are observable for the asset or liability
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means; and
- Level 3-Inputs that are unobservable and reflect our assumptions used in pricing the asset or liability based on the best information available under the circumstances (e.g., internally derived assumptions surrounding the timing and amount of expected cash flows).

For the three-month ended June 30, 2022, the Company has the derivative liabilities measured at fair value on a recurring basis which are valued at level 3 measurement. At December 31, 2021, the Company does not have any financial assets or liabilities measured and recorded at fair value on its consolidated balance sheet on a recurring basis.

Financial Instruments. Financial instruments consist primarily of cash and cash equivalents, accounts payable, deferred course expenses, accrued expenses, deferred revenue, and debt. U.S. GAAP requires the disclosure of the fair value of financial instruments, including assets and liabilities recognized in the balance sheets. Management believes the carrying value of its financial instruments approximates their fair value either to the length of maturity or interest rates that approximate prevailing market rates.

Note 7 - Short-Term and Long-Term Debt

(in thousands)	As of June 30, 2022	As of December 31, 2021
Senior Secured Convertible Debenture	500	$ 500
EDIL Loan	200	
Debt Discount	(417)	(467)
Senior Secured Convertible Debenture, net	283	33
Paycheck Protection Program loan	1,000	1,000
Paycheck Protection Program loan 2	1,900	1,900
IPFS Insurance Premium Note Payable	1	11
Total debt	3,184	2,944
Less current portion of long-term debt	(344)	(1,011)
Total long-term debt, net of current portion	$ 2,840	$ 1,933

Short-term related party debt:

(in thousands)	As of June 30, 2022	As of December 31, 2021
Senior Secured Convertible Debenture - related party	$ 506	$ 346
Debt Discount-related party	(114)	(204)
Senior Secured Convertible Debenture - related party, net	$ 392	$ 142

The following is a summary of scheduled debt maturities by year (in thousands):

2022	$	1,393
2023		—
2024		—
2025		—
2026		2,183
Thereafter		—
Total debt	$	3,576

First Draw Paycheck Protection Program Note Agreement.

On April 27, 2020, Elite Legacy Education, Inc. ("ELE"), a subsidiary of the Company, entered into a Promissory Note in favor of Pacific Premier Bank ("PPBI"), the lender, through the Small Business Administration ("SBA") Paycheck Protection Program ("PPP") established pursuant to the CARES Act. The unsecured loan (the "First Draw PPP Loan") proceeds were in the amount of $1,899,832. The First Draw PPP Loan bears interest at a fixed rate of1% per annum and is payable in 17 equal monthly payments of interest only and a final payment of the full principal plus interest for one month. Under the terms of the CARES Act, PPP Loan recipients can apply for and be granted forgiveness for all or a portion of loans granted under the PPP. Such forgiveness will be determined, subject to limitations, based on the use of loan proceeds for payroll costs and mortgage interest, rent or utility costs and the maintenance of employee and compensation levels.

In March 2021, ELE was notified that PPBI sold substantially all of its PPP loans, including ELE's loan, to The Loan Source, Inc. ("TLS"), which, together with its servicing partner, ACAP SME, LLC, took over the forgiveness and ongoing servicing process for ELE's PPP loan. On August 4, 2021, ELE received notice from TLS that its First Draw PPP Loan had been partially forgiven in the amount of $900 thousand in principal and $11 thousand in interest. The remaining outstanding principal balance of $1,000 thousand was originally due on April 24, 2022. On March 29, 2022, the documents to extend the maturity date to April 24, 2025 was signed. The extension agreement was executed on April 1, 2022. The loan is a term of 60 months at 1.0% interest rate with monthly payments in the amount of $29 thousand. Interest paid was $2.5 thousand and $0.0 for the six months ended June 30, 2022 and 2021, respectively.

Senior Secured Convertible Debenture and Exercise of Conversion Rights.

On March 8, 2021, the Company issued a $375 thousand Senior Secured Convertible Debenture ("LTP Debenture") to Legacy Tech Partners, LLC ("LTP"), a related party. The LTP Debenture accrues interest at a rate of 10% and is due on the earlier of the occurrence of certain liquidity events with respect to the Company and March 8, 2022. The LTP Debenture may be converted at any time after the issue date into shares of the Company's Common Stock (the "LTP Conversion Shares") at a price equal to $ 0.05 per share. Together with each LTP Conversion Share, a warrant will be issued with a strike price of $ 0.05 per share and an expiration date of March 8, 2026 (the "LTP Warrants"). Under the term of the original LTP Debenture, LTP had an obligation to lend the Company an additional $ 625 thousand under the same terms prior to June 30, 2022, and an option to fund an additional $4 million under the same terms prior to March 8, 2024. LTP also has the option to extend the maturity date of each loan it makes to the Company, including the initial loan of $375 thousand for a term not to exceed four years from the original maturity date of that loan. Net proceeds were $314 thousand after legal fees of $61 thousand, which are included in our consolidated statement of operations for the year ended December 31, 2021. The LTP Debenture is secured by a lien on all the Company's assets. The Company's U.S. subsidiaries entered into Guaranties on March 9, 2021 in favor of LTP under which such subsidiaries guaranteed the Company's obligations under the LTP Debenture and granted LTP a lien on all assets of such subsidiaries. The proceeds from the LTP Debenture were used to extinguish liabilities of the Company and to fund the development of the Education Technology (EdTech) business. The "LTP Warrants will not be listed for trading on any national securities exchange. The "LTP Warrants and the shares issuable upon conversion of the LTP Debenture are not being registered under the Securities Act of 1933, as amended (the "Securities Act"). The aggregate number of shares issuable upon conversion of the LTP Debenture and upon the exercise of the "LTP Warrants may not exceed 19.9% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares upon conversion of the Debenture and the exercise of the "LTP Warrants. At the Annual Meeting of Stockholders of the Company held on July 2, 2021, the stockholders approved the future issuance of shares to LTP upon conversion under the LTP Debenture in excess of the 19.9% limitation, but no such shares have been issued. On May 4, 2021, LTP exercised its conversion rights with respect to $330 thousand of the outstanding principal at the Conversion Price resulting in the issuance of 6.6 million shares of Common Stock to LTP. In addition, an equal number of warrants were issued on June 11, 2021 (see Note 8 – *"Stock Warrants"*). The cash receipt date, March 10, 2021, was used for the market value of stock on measurement date, at $0.155 per common share, resulting in the recognition of debt discount and additional paid-in capital of $375 thousand, respectively, within the consolidated balance sheet for the year ended December 31, 2021, which represents the intrinsic value of the conversion option. The Company evaluated the convertible debenture under ASC 470-20 and recognized a debt discount of $375 thousand related to the beneficial conversion feature during the year ended December 31, 2021, with a corresponding credit to additional paid-in capital. The related amortization of the debt discount to interest expense for the six months ended June 30, 2022 and 2021 were $14 thousand and $0.0 thousand, respectively.

On August 27, 2021, the Company amended the terms of the LTP Debenture to reduce LTP's maximum funding obligation from $1 million to $675 thousand and to require LTP to fund the remaining principal balance of $300 thousand no later than October 15, 2021. On October 15, 2021, the Company received $100 thousand of the remaining $300 thousand funding obligation of LTP. On October 27, 2021, LTP funded the remaining funding obligation of $200 thousand. The Company evaluated the convertible debenture under ASC 470-20 and recognized a debt discount of $228 thousand related to the beneficial conversion feature during the year ended December 31, 2021, with a corresponding credit to additional paid-in capital. The related amortization of the debt discount to interest expense for the six months ended June 30, 2022 and 2021 amounted to $57 thousand and $0.0 thousand, respectively.

On March 8, 2022, the Company defaulted on the March 8, 2021, LTP Debenture in the remaining amount left unconverted of $46 thousand and $9 thousand accrued interest. There was no acceleration of interest rate and no triggering of guarantees under the note agreement to increase any debt obligations.

Second Draw Paycheck Protection Program Note Agreement.

On April 20, 2021, Elite Legacy Education, Inc. (ELE), a wholly owned subsidiary of the Company, closed on an unsecured Paycheck Protection Program Note agreement (the "Promissory Note") to borrow $1,899,832 from Cross River Bank, the lender, pursuant to the Paycheck Protection Program ("PPP"), originally created under the Coronavirus Aid, Relief, and Economic Security Act, or CARES Act, and extended to "Second Draw" PPP loans as described below. The PPP is intended to provide loans to qualified businesses to cover payroll and certain other identified costs. Funds from the loan may only be used for certain purposes, including payroll, benefits, rent, utilities, and certain covered operating expenses. All or a portion of the loan may be forgivable, as provided by the terms of the PPP. The Second Draw PPP Loan has an interest rate of 1.0% per annum and a term of 60 months. Payments will be deferred in accordance with the CARES Act, as modified by the Paycheck Protection Program Flexibility Act of 2020; however, interest will accrue during the deferral period. If all or any portion of the loan is not forgiven in accordance with the terms of the program, ELE will be obligated to make monthly payments of principal and interest in amounts to be calculated after the amount of loan forgiveness, if any, is determined to repay the balance of the loan in full prior to maturity. The Promissory Note contains customary events of default relating to, among other things, payment defaults and breaches of representations. ELE may prepay the loan at any time prior to maturity with no prepayment penalties. The principal balance amounted to $1.9 million, as of June 30, 2022.

Debenture, Warrant and Guaranty Agreements, and Exercise of Conversion Rights.

On May 4, 2021, the Company issued a 10% Subordinated Secured Convertible Debenture ("Subordinated Debenture") in the principal amount of $25 thousand to Michel Botbol, the Company's Chairman and Chief Executive Officer at the time. The Subordinated Debenture called for interest at a rate of 10% and would have been due on the earlier of the occurrence of certain liquidity events with respect to the Company and May 4, 2022. The Subordinated Debenture was convertible at any time after the issuance date into shares of the Company's Common Stock (the "Botbol Conversion Shares") at a price equal to $0.05 per share ("Conversion Price"). Together with each Botbol Conversion Share, a warrant would be issued with a strike price of $0.05 per share and an expiration date of May 4, 2026 (the "Botbol Warrants"). Mr. Botbol also had the option to extend the maturity date of the loan for a term not to exceed four years from the original maturity date of that loan. The Subordinated Debenture is secured by a lien on all the Company's assets subordinated to the lien granted to LTP. The Company's U.S. subsidiaries are required to enter into Guaranties in favor of Botbol under which such subsidiaries guaranteed the Company's obligations under the Debenture and granted Botbol a lien on all assets of such subsidiaries subject to the lien held by LTP. The use of proceeds from the Debenture was to extinguish liabilities of the Company and to fund working capital, general corporate purposes and the development of administrative functions. The aggregate number of shares issuable upon conversion of the Debenture and upon the exercise of the Botbol Warrants may not exceed 19.9% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares upon conversion of the Debenture and the exercise of the Botbol Warrants. On May 4, 2021, Mr. Botbol exercised his conversion rights with respect to the entire $25 thousand of outstanding principal at the Conversion Price resulting in the issuance of500 thousand shares of Common Stock to him. In addition, an equal number of warrants were issued on May 4, 2021 (see Note 8 – *"Stock Warrants"*). The Botbol Warrants will not be listed for trading on any national securities exchange. The Botbol Warrants and the shares issuable upon conversion of the Debenture are not being registered under the Securities Act.

Senior Secured Convertible Debenture, Advisory Agreement, and Intercreditor Agreement

On August 27, 2021, the Company issued a $500 thousand Senior Secured Convertible Debenture (the "GLD Debenture") to GLD Legacy Holdings, LLC ("GLD"). The GLD Debenture accrues interest at a rate of 10% and is due on the earlier of the occurrence of certain liquidity events with respect to the Company orAugust 27, 2026. The GLD Debenture may be converted at any time after the issue date into shares of the Company's Common Stock (the "GLD Conversion Shares") at a price equal to $0.05 per share. Together with each GLD Conversion Share, a warrant will be issued with a strike price of $0.05 per share and an expiration date of August 27, 2026 (the "GLD Warrants"). The cash receipt date, August 27, 2021, was used for the market value of stock on measurement date, at $0.10 per common share, resulting in the recognition of debt discount and additional paid-in capital of $500 thousand, respectively, within the consolidated balance sheet for the year ended December 31, 2021, which represents the intrinsic value of the conversion option. The Company evaluated the convertible debenture under ASC 470-20 and recognized a debt discount of $500 thousand related to the beneficial conversion feature during the year ended December 31, 2021, with a corresponding credit to additional paid-in capital. The related amortization of the debt discount to interest expense for the six months ended June 30, 2022 and 2021 was $25 thousand and $0.0 thousand, respectively. Net proceeds were $485.2 thousand after legal fees and transaction expenses of $14.8 thousand, which are included in our consolidated statement of operations for the year ended December 31, 2021. GLD has an option to lend the Company an additional $500 thousand under the same terms prior to December 31, 2023. The GLD Debenture is secured by a lien on all the Company's assets. The Company's U.S. subsidiaries entered into Guaranties on August 27, 2021, in favor of GLD under which such subsidiaries guaranteed the Company's obligations under the GLD Debenture and granted GLD a lien on all assets of such subsidiaries. The proceeds from the GLD Debenture were used for working capital for the development of the Company's Legacy EdTech business and for working capital for the operation of the Company's seminar business. The GLD Warrants will not be listed for trading on any national securities exchange. The GLD Warrants and the shares issuable upon conversion of the GLD Debenture are not being registered under the Securities Act. The aggregate number of shares issuable upon conversion of the GLD Debenture and upon the exercise of the GLD Warrants may not exceed 19.9% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares upon conversion of the GLD Debenture and the exercise of the GLD Warrants. Under the terms of the GLD Debenture, and until all of the obligations of the Company under the GLD Debenture have been paid in full, GLD may appoint one member to the Board of Directors of the Company, subject to the review and approval of the GLD appointed candidate by the Nominating and Governance Committee of the Company. In lieu of cash compensation, the GLD appointed director will receive a grant of 150,000 restricted shares of Common Stock of the Company upon appointment to the Board.

Pursuant to the terms of the GLD Debenture, on August 27, 2021, the Company entered into an Advisory Services Agreement with GLD Advisory Services, LLC ("GLDAS"), an affiliate of GLD. GLDAS will provide the Company and its subsidiaries with business, finance and organizational strategy, advisory, consulting and other services related to the business of the Company. In lieu of cash compensation, on the effective date of the agreement, August 27, 2021, GLDAS received fully vested 315,000 shares of Common Stock of the Company and will receive 315,000 shares of Common Stock thereafter on each anniversary until the GLD Debenture has been repaid in full.

On August 27, 2021, in connection with the GLD Debenture, the Company entered into an Intercreditor Agreement with GLD, LTP, and Barry Kostiner, a related party. LTP and GLD agreed that LTP's and GLD's respective rights under the LTP Debenture and GLD Debenture would rank equally and ratably in all respects to one another including, without limitation, rights in collateral, right and priority of payment and repayment of principal, interest, and all fees and other amounts. The Intercreditor Agreement also appoints Barry Kostiner as Servicing Agent to act on behalf of all GLD and LTP, subject to the terms of the agreement, with respect to (a) enforcing GLD's and LTP's rights and remedies, and the Company's obligations, under the debentures.

The Company received a "Notice of Breach and Obligation to Cure to Avoid Event of Default" from GLD dated May 11, 2022 (the "Notice"). Pursuant to the Notice, GLD informed the Company of certain alleged breaches of the terms of the GLD Debenture by the Company, and that the Company has 30 days to cure or GLD would consider an event of default under the GLD Debenture to have occurred. See Note 15 – Forbearance Agreement, for further information on the GLD Debenture.

IPFS Premium Finance Agreement

On July 30, 2021, the Company entered into a premium finance agreement for insurance coverage in the amount of $26 thousand at an interest rate of5.55% for 10 months. The balance remaining as of June 30, 2022, is $4.0 thousand.

Economic Injury Disaster Loan

On April 25, 2022, the Company executed the standard loan documents required for securing a loan (the "EIDL Loan") from the SBA under is Economic Injury Disaster Loan ("EIDL") assistance program in light of the impact of the COVID-19 pandemic on the business operations. Pursuant to that certain Loan Authorization and Agreement (the "SBA Loan Agreement"), the principal amount of the EIDL Loan was $200,000, with proceeds to be used for working capital purposes disbursed on May 3, 2021. Interest accrues at a rate of 3.75% per annum. Installment payments, including principal and interest, are due monthly beginning twenty-four (24) months from the date of the EIDL Loan in the amount of $1 thousand. The balance of principal and interest is payable thirty (30) years from the date of the SBA note.

Convertible Promissory Note

On May 17, 2022 the Company entered into a Securities Purchase Agreement (the "Purchase Agreement") and issued and sold to TLC Management & Consulting LLC (the "Investor"), a Convertible Promissory Note (the "May Note") in the principal amount of $110,000 (the "May Loan"), less an original issue discount of $10,000. Also pursuant to the Purchase Agreement, in connection with the issuance of the May Note, the Company issued a common stock purchase warrant (the "May Warrant") to the Investor, pursuant to which the Investor has the right to purchase Company common stock at 100% coverage as provided in the May Warrant.

The maturity date of the May Note is 12 months from the issue date with an option to extend for up to 6 months in the sole discretion of the Company, and is the date upon which the principal sum as well as interest and other fees, shall be due and payable. The May Note bears interest commencing on May 17, 2022 at a fixed rate of 6% per annum.

The Company intends to use the net proceeds from the sale of the May Note for business development, including for acquisitions, general corporate and working capital.

The then outstanding and unpaid principal and interest shall be converted into fully paid and non-assessable shares of Company common stock on the 10th trading day after the effective date of a registration statement registering the shares (the "Mandatory Conversion Date"). The per share conversion price into which principal and interest under the May Note shall be convertible into shall be a 20% discount to the VWAP (as defined in the May Note) for the ten trading day period ending on the latest complete trading day prior to the Mandatory Conversion Date (the "Conversion Price"). The Conversion Price is subject to adjustment pursuant to customary terms described in the May Note.

The Company may prepay the May Note, provided that it shall pay an amount in cash equal to the sum of110% multiplied by the principal then outstanding plus interest.

The May Note contains customary events of default for a transaction such as the May Loan which entitle the Investor, among other things, to accelerate the due date of the unpaid principal amount of, and all accrued and unpaid interest on, the May Note. Any principal and interest on the May Note which is not paid when due shall bear interest at the rate of the lesser of (i) 12% per annum; and (ii) the maximum amount permitted by law from the due date thereof until the same is paid.

Pursuant to the Purchase Agreement, the Company granted to the Investor registration rights whereby the Company shall register for resale all of the common stock underlying the May Note and May Warrant, as set forth on Exhibit C to the Purchase Agreement.

The May Warrant has an exercise price of 125% of the offering price per share of Company common stock (or unit, if units are offered in the Uplist Offering (as defined in Exhibit C of the Purchase Agreement)) at which the Uplist Offering is made, subject to adjustment as provided in the May Warrant. The exercise period of the May Warrant commences on the consummation of the Uplist Offering and ending on the five-year anniversary thereof.

The exercise of the May Warrant is subject to a beneficial ownership limitation of 4.99% of the number of shares of common stock outstanding immediately after giving effect to such exercise.

10% Convertible Debenture

On June 9, 2022, Legacy Education Alliance, Inc. (the "Company") borrowed $50,000 (the "June Loan") from ABCImpact I, LLC, a Delaware limited liability company ("ABCImpact"), evidenced by a 10% Convertible Debenture (the "June Debenture"). Pursuant to the June Debenture, ABCImpact has the option to loan up to an additional $4,950,000 to the Company.

ABCImpact is a newly-formed entity in which an affiliate of Barry Kostiner, the Company's Chief Executive Officer and sole director, has a non-controlling passive interest.

The maturity date of the June Debenture is the earlier of 12 months from the issue date and the date of a Liquidity Event (as defined in the June Debenture), and is the date upon which the principal and interest shall be due and payable. The June Debenture bears interest at a fixed rate of 10% per annum. Any overdue accrued and unpaid interest shall entail a late fee at an interest rate equal to the lesser of 18% per annum or the maximum rate permitted by applicable law, which shall accrue daily from the date such interest is due through and including the date of actual payment in full.

The Company intends to use the net proceeds from the June Loan for general corporate purposes and working capital.

The then outstanding and unpaid principal and interest shall be converted into shares of Company common stock and an equal number of common stock purchase warrants at the option of ABCImpact, at a conversion price per share of $0.05, subject to adjustment (including pursuant to certain dilutive issuances) pursuant to the terms of the June Debenture. The June Debenture is subject to a beneficial ownership limitation of 4.99% (or 9.99% in ABCImpact's discretion).

The Company may not prepay the Note without the prior written consent of ABCImpact.

The Note contains customary events of default for a transaction such as the June Loan. If any event of default occurs, the outstanding principal amount under the June Debenture, plus accrued but unpaid interest, liquidated damages and other amounts owing through the date of acceleration, shall become, at ABCImpact's election, immediately due and payable in cash at the Mandatory Default Amount. "Mandatory Default Amount" means the sum of (a) the greater of (i) the outstanding principal amount of the June Debenture, plus all accrued and unpaid interest, divided by the conversion price on the date the Mandatory Default Amount is either (A) demanded or otherwise due or (B) paid in full, whichever has a lower conversion price, multiplied by the VWAP (as defined in the June Debenture) on the date the Mandatory Default Amount is either (x) demanded or otherwise due or (y) paid in full, whichever has a higher VWAP, or (ii) 130% of the outstanding principal amount of the June Debenture, plus 100% of accrued and unpaid interest hereon, and (b) all other amounts, costs, expenses and liquidated damages due in respect of the June Debenture.

The Warrant has an exercise price per share of $0.05, subject to adjustment (including pursuant to certain dilutive issuances) pursuant to the terms of the Warrant. The exercise period of the Warrant is for five years from the issue date.

The exercise of the Warrant is subject to a beneficial ownership limitation of 4.99% (or 9.99%) of the number of shares of common stock outstanding immediately after giving effect to such exercise.

The shares underlying the June Debenture and the Warrants have "piggy-back" registration rights afforded to them.

Note 8 - Stock Warrants

On May 4, 2021, the Company issued 500,000 warrants to M. Botbol, a then-related party, in connection with conversion of a 10% subordinated convertible debenture in the amount of $25,000 (see Note 7 – *"Short-Term and Long-Term Debt"*). The warrants entitle the holder to purchase one share of common stock at an exercise price of $0.05 per share at any time on or after the inception date, May 4, 2021, through May 4, 2026, the expiration date. The warrants will not be listed for trading on any national securities exchange.

On June 11, 2021, the Company issued 6,583,500 warrants to LTP, a related party, in connection with conversion of a 10% subordinated convertible debenture in the amount of $330,000 of outstanding principal (see Note 7 – *"Short-Term and Long-Term Debt"*). The warrants entitle the holder to purchase one share of common stock at an exercise price of $0.05 per share at any time on or after the inception date, June 11, 2021, through March 8, 2026, the expiration date. The warrants are not listed for trading on any national securities exchange.

A summary of the warrant activities for the six months ended June 30, 2022, is as follows:

Warrants Outstanding

	Number of Shares	Weighted Average Exercise Price		Weighted Average Remaining Contractual Term in Years	Aggregate Intrinsic Value (in 000's)[1]
Balance as of January 1, 2021	-		-	-	-
Granted	7,083,500	$	0.05	-	-
Balance as of December 31, 2021	7,083,500	$	0.05	4.3	259
Exercisable as of June 30, 2021	7,083,500	$	0.05	4.1	259

1 The aggregate intrinsic value is calculated as the difference between the exercise price of the underlying warrants and the closing stock price of $ 0.0866 for our common stock on June 30, 2022.

Note 9 - Income Taxes

We recorded income tax benefit of $0 and $131 thousand for the three months ended June 30, 2022 and 2021, respectively. We recorded income tax benefit of $136 thousand for and expense of $(915) thousand for the six months ended June 30, 2022 and 2021, respectively. Our effective tax rate was 0% and 22.8% for the three months ended June 30, 2022 and 2021 and 38% and 67% for the six months ended June 30, 2022 and 2021, respectively. Our effective tax rates differed from the U.S. statutory corporate tax rate of 21% primarily because of our reduced operations while also recognizing revenues from the expiration of student contracts.

The Company assessed the weight of all available positive and negative evidence and determined it was more likely than not that future earnings will be sufficient to realize the associated deferred tax assets. As of June 30, 2022 and December 31, 2021, we retained a valuation allowance of $3.5 million and $3.5 million, respectively, for a certain number of our international subsidiaries.

During the six months ended June 30, 2022 and 2021, there were no material changes in uncertain tax positions. We do not expect any significant changes to unrecognized tax benefits in this and next year. We estimate $ 0.3 million and $0.3 million of the unrecognized tax benefits, which if recognized, would impact the effective tax rate at June 30, 2022 and December 31, 2021, respectively.

We record interest and penalties related to unrecognized tax benefits within the provision for income taxes. We believe that no current tax positions that have resulted in unrecognized tax benefits will significantly increase or decrease within one year. We file income tax returns in the U.S. federal jurisdiction and in various state and foreign jurisdictions.

We are not currently under examination in any jurisdiction. In the event of any future tax assessments, we have elected to record the income taxes and any related interest and penalties as income tax expense on our consolidated statements of operations and comprehensive income.

Our federal income tax returns for the years subsequent to 2019 are subject to examination by the Internal Revenue Service. Our state tax returns for all years after 2019 or 2018, depending on each state's jurisdiction, are subject to examination. In addition, our Canadian tax returns and United Kingdom tax returns for all years after 2015 are subject to examination.

Note 10 - Concentration Risk

Cash and cash equivalents.

We maintain deposits in banks in amounts that might exceed the federal deposit insurance available. Management believes the potential risk of loss on these cash and cash equivalents to be minimal. All cash balances as of June 30, 2022 and December 31, 2021, including foreign subsidiaries, without FDIC coverage were $0.03 million and $0.04 million, respectively.

Revenue.

Historically, a significant portion of our revenue was derived from the Rich Dad brands, as a result of contracts with students entered into prior to the expiration, in 2019, of our License Agreement with Rich Dad Operating Company, LLC. For the three months and six months ended June 30, 2022, there was no revenue from Rich Dad brands. For the three months ended June 30, 2021, Rich Dad brands provided 67.59% of our revenue and 59.6% of revenue for the six months ended June 30, 2021. In addition, we have operations in North America, United Kingdom and Other foreign markets (see Note 11 — *Segment Information*).

The License Agreement with Rich Dad Operating Company, LLC pursuant to which we licensed the Rich Dad Education brand expired on September 30, 2019. Notwithstanding the expiration of the License Agreement, the Company may continue to use Licensed Intellectual Property, as defined in the License Agreement, including, but not limited to, the Rich Dad trademark and stylized logo, for the purpose of honoring and fulfilling orders by its customers in existence as of the date of the expiration of the Agreement.

Note 11 - Segment Information

We manage our business in three segments based on geographic location for which operating managers are responsible to the Chief Executive Officer. These segments historically have included: (i) North America, (ii) United Kingdom, and (iii) Other Foreign Markets. We no longer operate in the Other Foreign Markets segment. Operating results, as reported below, are reviewed regularly by our Chief Executive Officer, or Chief Operating Decision Maker ("CODM") and other members of the executive team.

The proportion of our total revenue attributable to each segment is as follows:

	Six Months Ended June 30,	
	2022	2021
As a percentage of total revenue		
North America	100.0%	55.0%
U.K.	0.0%	45.0%
Other foreign markets	—%	-%
Total consolidated revenue	100.0%	100.0%

Operating results for the segments are as follows:

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
	(In thousands)	
Segment revenue		
North America	$ 354	$ 3,293
U.K.	-	2,689
Other foreign markets	—	-
Total consolidated revenue	$ 354	$ 5,982

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
	(In thousands)	
Segment gross profit contribution *		
North America	$ 7	$ 1,935
U.K.	1	2,209
Other foreign markets	—	-
Total consolidated gross profit	$ 8	$ 4,144

* Segment gross profit is calculated as revenue less direct course expenses, advertising and sales expenses and royalty expenses.

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
	(In thousands)	
Depreciation and amortization expenses		
North America	$ -	$ 2
U.K.	$ -	2
Other foreign markets	—	-
Total consolidated depreciation and amortization expenses	$ -	$ 4

	June 30, 2022	December 31, 2021
	(In thousands)	
Segment identifiable assets		
North America	$ 400	1348
U.K.	$ 93	126
Other foreign markets	$ 171	175
Total consolidated identifiable assets	$ 664	$ 1,649

Note 12 - Revenue Recognition

We recognize revenue when our customers obtain control of promised goods or services, in an amount that reflects the consideration which we expect to receive in exchange for those goods or services, in accordance with implemented Topic 606 - an update to Topic 605. Revenue amounts presented in our consolidated financial statements are recognized net of sales tax, value-added taxes, and other taxes.

In the normal course of business, we recognize revenue based on the customers' attendance of the course, mentoring training, coaching session or delivery of the software, data or course materials on-line. After a customer contract expires, we record breakage revenue less a reserve for cases where we allow a customer to attend after expiration. As of June 30, 2022, we have deferred revenue of $6.9 million related to contractual commitments with customers where the performance obligation will be satisfied over time, which ranges from six to twenty-four months. The revenue associated with these performance obligations is recognized as the obligation is satisfied. As of June 30, 2022, we maintain a reserve for breakage of $0.02 million for the fulfillment of our obligation to students whose contracts expired during our COVID-19 60-day operational hiatus during Q2 2020 (see Note 1 "*General*").

The following tables disaggregate our segment revenue by revenue source:

	Six Months Ended June 30, 2022				Six Months Ended June 30, 2021			
Revenue Type:	**North America**	**U.K.**	**Other foreign markets**	**Total Consolidated Revenue**	**North America**	**U.K.**	**Other foreign markets**	**Total Consolidated Revenue**
		(In thousands)				(In thousands)		
Seminars	$ 226	—	$ —	$ 226	$ 3,293	$ 2,689	—	$ 5,982
Products	-	—	—	-		—	—	-
Coaching and Mentoring	—	—	—	—	-	—	—	-
Online and Subscription	126	—	—	126		—	—	-
Other	1	—	—	1	-	—	—	-
Total revenue	$ 353	—	$ —	$ 353	$ 3,293	$ 2,689	—	$ 5,982

Note 13 - Commitments and Contingencies

Licensing agreements.

We are committed to pay royalties for the usage of certain brands, as governed by various licensing agreements, including T&B Seminars, Inc., and Rich Dad. There were no royalty expenses included in our Consolidated Statement of Operations and Comprehensive Income for the six months ended June 30, 2022 and 2021. Our License Agreement with our Rich Dad brand licensor expired on September 30, 2019. Notwithstanding the expiration of the License Agreement, the Company may continue to use the Licensed Intellectual Property, as defined in the License Agreement, including, but not limited to, the Rich Dad trademark and stylized logo, for the purpose of honoring and fulfilling orders by its customers in existence as of the date of the expiration of the agreement.

Purchase commitments. From time to time, the Company enters into non-cancellable commitments to purchase professional services, Information Technology licenses and support, and training courses in future periods. There were no purchase commitments made by the Company for the six months ended June 30, 2022 and 2021.

Litigation.

We and certain of our subsidiaries, from time to time, are parties to various legal proceedings, claims and disputes that have arisen in the ordinary course of business. These claims may involve significant amounts, some of which would not be covered by insurance.

Tranquility Bay of Pine Island, LLC v. Tigrent, Inc., et al. On March 16, 2017, suit was filed in the Twentieth Judicial Circuit In and For Lee County, Florida (the "Court") by Tranquility Bay of Pine Island, LLC ("TBPI") against Tigrent Inc. and various of its present and former shareholders, officers and directors. By amendment dated May 24, 2019, the Company and its General Counsel and former Chief Executive Officer were named as defendants to a civil conspiracy count. The suit, as originally filed, primarily related to the alleged obligation of Tigrent to indemnify the Plaintiff pursuant to an October 6, 2010 Forbearance Agreement. The suit, as originally filed, included claims for Breach of Contract, Permanent and Temporary Injunction, Breach of Fiduciary Duty, Civil Conspiracy, Tortious Interference and Fraudulent Transfer. On March 20, 2019, the Court dismissed the complaint in its entirety with leave to amend. On April 11, 2019, TBPI filed its Second Amended Complaint with the Court against Tigrent Inc. ("Tigrent"), Legacy Education Alliance Holdings, Inc. ("Holdings"), and certain shareholders of the Company. The Second Amended Complaint included claims for Breach of Contract, Breach of Fiduciary Duty against Tigrent, Civil Conspiracy against Tigrent and Holdings, and various Counts of Fraudulent Transfer against various shareholders of the Company. On May 24, 2019, with leave from the court, TBPI filed its Third Amended Complaint, which included claims for Breach of Contract against Tigrent, Breach of Fiduciary Duty against Tigrent, Damages for Violation of Unfair and Deceptive Business Practices Act against Tigrent, Civil Conspiracy against Tigrent and Holdings, and various Counts of Fraudulent Transfer against various shareholders of Tigrent, including the Company's current General Counsel, James E. May. On June 23, 2020, the Court entered summary judgment in favor of Tigrent with respect to TBPI's claims against Tigrent alleging (i) breach of fiduciary duty, (ii) violation of the Florida Deceptive and Unfair Trade Practices Act, and (iii) indemnification against certain attorney's fees claimed to have been incurred by TBPI. On September 17, 2020, the Court (i) granted summary judgment in favor of Tigrent and Holdings on TBPI's claim for conspiracy; (ii) denying TBPI's motion for summary judgment against Tigrent in which TBPI sought a declaration by the Court that claims against TBPI in a lawsuit to which neither Tigrent nor Holdings is a party ("Third Party Lawsuit") were within the scope of Tigrent's indemnity obligations under the Forbearance Agreement; and (iii) denying TBPI's motion for summary judgment in which TBPI sought a declaration by the Court that TBPI's attorney's fees incurred the Third Party Lawsuit were also within the scope of Tigrent's indemnity obligations under the Forbearance Agreement. On August 18, 2020, TBPI voluntarily dismissed all shareholder defendants, other than Mr. May and Steven Barre, Tigrent's former Chief Executive Officer. On January 4, 2021, a Settlement Agreement and Mutual Release was entered into by and between TBPI, M. Barry Strudwick, Carl Weiss and Susan Weiss (the "Strudwick Parties") and Tigrent Inc., Legacy Education Alliance, Inc., Legacy Education Alliance Holdings, Inc., Mr. May, and Steven Barre (Defendants) pursuant to which the Strudwick Parties agreed to dismiss the lawsuit with prejudice against all parties and the Company agreed to pay the aggregate sum of $400 thousand payable in one installment of $100 thousand on February 18, 2021 and five quarterly installments of $60 thousand commencing on May 19, 2021, which the Company has accrued for within accounts payable as of December 31, 2021, and within accounts payable and other long-term liability for the current and long-term portions as of December 31, 2021, within the Consolidated Balance Sheets. The parties also exchanged mutual releases as part of the Settlement Agreement. The lawsuit was dismissed by order of the Court on January 12, 2021. Through June 30, 2022, the Company has paid $340 thousand of the total settlement. The final settlement payment was due 450 days after February 18, 2021 in the amount of $60 thousand and is in default. On May 25, 2022, a Motion for Judgement after default of settlement agreement was filed which triggered an entitled immediate entry of judgement of $160 thousand.

In the Matter of Legacy Education Alliance International, Ltd. On October 28, 2019, an Application for Administration was filed in the High Court of Justice, Business and Property Courts of England and Wales (the "English Court"), whereby four creditors of Legacy UK, one of our UK subsidiaries, sought an administration order with respect to the business affairs of the subsidiary, the appointment of an administrator, and such other ancillary orders as the applicants may request or as the court deemed appropriate. On November 15, 2019, the creditors obtained an Administration Order from the English Court. Under the terms of the Administration Order, two individuals have been appointed as administrators of Legacy UK and will manage Legacy UK and operate its affairs, business and property under the jurisdiction of the English Court. The administrators engaged a third-party to market Legacy UK's business and assets for sale to one or more third parties. On November 26, 2019, Legacy UK's assets and deferred revenues sold for £300 thousand (British pounds) to Mayflower Alliance LTD. We will not receive any proceeds from the sale of Legacy UK. On November 19, 2020, the administrators filed notice of their proposal to move from administration to a creditors' voluntary liquidation and on December 9, 2020, notice was filed with Companies House that Paul Zalkin and Nicholas Simmonds were appointed as liquidators of Legacy UK to commence its winding up. Further details regarding the resolution of claims and liabilities may not be known for several months. Because there are a number of intercompany relationships between the Company and Legacy UK, the financial impact of any future claims in relation to the administration and disposition of Legacy UK, outside of those included in the discontinued operations of Legacy UK (see Note 4 "*Discontinued Operations*"), is unknown to us at this time, as is the timing and other conditions and effects of the administrative process. On December 8, 2020 we paid $90.6 thousand in cash and transferred our residential properties in the value of $363 thousand as settlement of intercompany debts of two of our subsidiaries, LEAI Property Development UK, Ltd. and LEAI Property Investment UK, Ltd., totaling $924 thousand to Legacy UK.

In the Matter of Elite Legacy Education UK Ltd. On March 18, 2020, a Winding-Up Petition, CR-2020-001958, was filed in the High Court of Justice, Business and Property Courts of England and Wales (the "High Court") against one of our UK subsidiaries, Elite Legacy Education UK Ltd. ("ELE UK"), by one of its creditors ("Petitioner") pursuant to which the Petitioner was claiming a debt of £461,459.70 plus late payment interest and statutory compensation was due and owing. The Petitioner sought an order from the High Court to wind up the affairs of ELE UK under the UK Insolvency Act of 1986. ELE UK has disputed the claim of the Petitioner and on June 11, 2020, ELE UK obtained a court order vacating the hearing on the Petition originally set for June 24, 2020. On July 24, 2020, the High Court entered an order finding that there was a genuine dispute on substantial grounds with respect to £392,761.70 of the Petitioner's claim, and that only £68,698 plus late payment interest and statutory compensation was due and owing. The High Court further restrained the Petitioner from advertising its Winding-Up Petition until August 14, 2020 and, provided ELE UK pays the Petitioner the sums awarded under the High Court's order, plus late payment interest and statutory compensation on or before August 14, 2020, the Petitioner's Winding-Up Petition would be dismissed. On August 10, 2020, ELE UK filed its Notice of Appeal in which it sought permission to appeal the High Court's ruling. On October 23, 2020, the Court denied ELE UK permission to appeal whereupon ELE UK filed an application to renew its application for permission to appeal ("Renewal Application"), which Renewal Application would be heard at a subsequent Oral Hearing on a date not yet determined. On October 27, 2020, ELE UK filed an application with the High Court of Appeal, Royal Courts of Justice ("Court of Appeals") for a hearing to renew its application for permission to appeal the High Court's order and a hearing was set for February 11, 2021. On October 30, 2020, the High Court entered a Consent Order restraining Petitioner from advertising its Winding Up Petition until ELE UK' s Renewal Application is determined at the Oral Hearing or until further order of the Court, whichever is earlier. At a hearing held on December 16, 2020, the High Court issued an order lifting the restraint on advertising the petition for a winding up order and that the matter be listed on January 13, 2021 for winding up and awarding costs to the creditor. However, at a meeting held on January 11, 2021 ("Creditors' Meeting"), the creditors of Elite Legacy Education UK Ltd ("ELE UK"), a wholly owned subsidiary of Legacy Education Alliance, Inc. ("LEAI"), approved a Proposal for a Company Voluntary Arrangement (the "Arrangement") under the UK Insolvency Act 1986 (the "IA") and the UK Insolvency Rules 2016 (the "IR"). As a result, the Petitioner's claims will be administered under the terms of the CVA and, at the request of ELE UK, the hearing on its application to renew its appeal of the High Court's order was lifted.

Other Legal Proceedings.

In the Matter of Elite Legacy Education UK Ltd., Proposal for a Company Voluntary Arrangement. At a meeting held on January 11, 2021 ("Creditors' Meeting"), the creditors of Elite Legacy Education UK Ltd ("ELE UK"), a wholly owned subsidiary of Legacy Education Alliance, Inc. ("LEAI"), approved a Proposal for a Company Voluntary Arrangement (the "CVA") under the UK Insolvency Act 1986 (the "IA") and the UK Insolvency Rules 2016 (the "IR"). Under the terms of the CVA, CVR Global LLP has been appointed as Supervisor of ELE UK for the purposes of administering the Arrangement. At the Creditors Meeting, the creditors also approved a modification to the CVA whereby any tax refunds due to ELE UK would be paid to the Supervisor and made available for distribution to creditors. The Supervisor will wind down the business of ELE UK and make distributions to ELE UK's non-student creditors in accordance with the applicable provisions of the IA and the IR, on and subject to the terms and conditions set forth in the CVA in satisfaction of the non-student creditors' respective claims against ELE UK. Pursuant to the CVA, student creditors of ELE UK were provided the opportunity to receive trainings from an independent training provider in satisfaction of their respective claims against ELE UK; as a result, all obligations of ELE UK to student creditors have been satisfied. Pursuant to the CVA, and at its conclusion, the remaining assets of ELE UK, if any, would be distributed to LEAI. As a result of the CVR, the Winding-Up Petition, CR-2020-001958, filed in the High Court of Justice, Business and Property Courts of England and Wales has been dismissed. At this time, LEAI management is unable to anticipate any distributions that would be received from ELE UK.

Mr. Kostiner, our Chairman, Chief Executive Officer, and Interim Principal Financial and Accounting Officer is a named defendant in three legal proceedings which are described below.

In Re Argon Credit, LLC, et al., Debtors, Case No. 16-39654 (U.S. Bankruptcy Court Northern District of Illinois Eastern Division).

On December 16, 2016, Argon Credit, LLC and Argon X, LLC (collectively the "Debtors") filed petitions for relief under chapter 11 of title 11 of the United States Code. On January 11, 2017, Debtors' bankruptcy cases were converted to chapter 7 cases. On December 14, 2018, the chapter 7 trustee filed an adversary proceeding as case number 18-ap-00948 (the "Bankruptcy Complaint") against multiple defendants, including Barry Kostiner, asserting claims for aiding and abetting breach of fiduciary duty. As to Mr. Kostiner, the Bankruptcy Complaint alleged that, while an employee of the Debtor, he aided and abetted the former CEO of Argon Credit, Raviv Wolfe, in breaching his fiduciary duties to Argon Credit, by, among other things, knowingly participating in a scheme to funnel assets away from the Debtors and their creditors, double pledging Argon Credit's assets, and knowingly submitting false or misleading financial reports to the Debtors' secured lender to conceal the transfer of Argon Credit's assets. On July 11, 2019, Mr. Kostiner, appearing through counsel, filed an answer denying all allegations against him set forth in the Bankruptcy Complaint.

On August 12, 2021, the trustee filed a Motion for the Entry of an Order Pursuant to Bankruptcy Rule 9019 Approving Settlement with Mr. Kostiner. Under the terms of the proposed settlement, Mr. Kostiner would pay the trustee $35,000 in exchange for dismissal with prejudice from the suit and the exchange of mutual releases (the "Proposed Settlement"). Each of the trustee and Mr. Kostiner concluded that the Proposed Settlement was in their respective best interests in light of the contested nature of the Complaint, the costs that both parties would incur in connection with the litigation of same the uncertain outcome from protracted litigation. The trustee argued that the Proposed Settlement was reasonable based upon: (a) the range of potential outcomes taking into account the defenses that Mr. Kostiner could assert; (b) the likelihood of recovering more given Mr. Kostiner's financial condition; (c) Argon Credit's director and officers' liability insurance policy had been exhausted; and (d) the Debtors' pre-petition lender had recently filed a complaint against many of the parties originally named by the trustee in its adversary proceeding, including Mr. Kostiner, and this action further reduces the likelihood of recovery against Mr. Kostiner, because at a minimum, he will be forced to pay to defend that action. On September 3, 2021, the Bankruptcy Court issued an order approving the settlement, and on November 18, 2021, the Bankruptcy Court issued an order granting the motion to voluntarily dismiss the proceeding against Mr. Kostiner.

Fund Recovery Services, LLC v. RBC Capital Markets, LLC, et al, Case No. 1:20-cv-5730 (U.S. District Court for the Northern District of Illinois Eastern Division.

On September 25, 2020, Fund Recovery Services, LLC ("Fund"), as assignee of Princeton Alterative Income Fund, L.P. ("PAIF") filed a complaint in the above-referenced action asserting a variety of claims against 37 defendants, including Mr. Kostiner. On May 15, 2021, Fund filed an amended complaint against 34 of the defendants, including Mr. Kostiner (the "Amended Complaint"). The claims against Mr. Kostiner in the Amended Complaint include: (i) violation of 18 U.S.C. 1962(2) by the conduct and participation in a RICO enterprise through a pattern of racketeering activity; (ii) violation of 18 U.S.C. 1962(d) by conspiracy to engage in a pattern of racketeering activity; (iii) fraud/intentional misrepresentation; (iv) aiding and abetting fraud/intentional misrepresentation; (v) fraudulent concealment; (vi) aiding and abetting fraudulent concealment; (vii) fraudulent/intentional inducement; (viii) conversion; (ix) aiding and abetting conversion; (x) civil conspiracy; and (xi) tortious interference with contractual relations. The Amended Complaint seeks damages of approximately $240 million jointly and severally against all defendants, together with treble and punitive damages, among other relief.

The Amended Complaint, as it pertains to Mr. Kostiner, covers much of the same conduct that is the subject of the Bankruptcy Complaint described above and stems from a transaction that Argon Credit entered into with Spartan Specialty Finance, LLC ("Spartan"). Argon, a consumer finance platform that made high-interest, unsecured loans to credit-impaired borrowers, financed its loans through a revolving credit facility provided by PAIF. Mr. Kostiner was the sole member of Spartan and was also, for a period of time, the Vice President of Capital Markets at Argon. Argon and Spartan entered into an agreement whereby Spartan agreed to purchase a portfolio of loans from Argon. Spartan financed the acquisition by obtaining a loan from Hamilton Funding ("Hamilton"). The Amended Complaint alleges that PAIF had a perfected security interest in the loans that Argon improperly sold to Spartan (which were financed by Hamilton Funding), and that defendants, including Mr. Kostiner, engaged in a scheme to induce PAIF to initially lend funds, later to increase its credit line, and ultimately convert and deprive PAIF of its property by numerous acts of fraud.

On July 1, 2021, defendants, including Mr. Kostiner, filed a consolidated motion to dismiss the Amended Complaint in its entirety against them, based on the following arguments: (a) the RICO claims (Counts (1)-(2)) are time-barred; (b) Fund lacks standing to bring Counts 1-11; (c) Fund is collaterally estopped from litigating the issues that are the subject of the Amended Complaint; (d) the allegations in the Amended Complaint fail to satisfy the requirements of Rules 8 and 9(b) of the Federal Rules of Civil Procedure; (e) the Amended Complaint failed to allege a duty sufficient to support its allegations in Counts 1-7; (f) Fund failed to adequately plead the elements of a valid RICO claim; and (g) Fund failed to adequately plead the elements of any of its state law claims (Counts 3-13). This motion is fully briefed and awaits resolution by the Court.

On February 22, 2022, PAIF filed a Revised Second Amended Complaint ("RSA Complaint") against 25 defendants, including Mr. Kostiner. The RSA Complaint incorporates information from witness statements and journal entries from alleged Argon insiders. The claims against Mr. Kostiner in the RSA Complaint include: (i) fraud/intentional misrepresentation; (ii) aiding and abetting fraud/intentional misrepresentation; (iii) fraudulent concealment; (iv) aiding and abetting fraudulent concealment; (v) fraudulent/intentional inducement; (vi) conversion; (vii) aiding and abetting conversion; (viii) civil conspiracy; and (ix) tortious interference with contractual relations. The Amended Complaint seeks damages of approximately $240 million jointly and severally against all defendants, together with treble and punitive damages, among other relief.

In re Spartan Specialty Finance I SPV, LLC, Case No. 16-22881-rdd (U.S. Bankruptcy Court for the Southern District of New York White Plains Division)

On June 29, 2016, Spartan filed a petition for relief under chapter 11 of title 11 of the United States Code. It did so in order to resolve a loan dispute that it had with Hamilton, including Hamilton's alleged right to access cash accounts that Spartan had pledged as collateral. On May 26, 2017, the bankruptcy court approved a Stipulation and Agreement Resolving Debtor's Motion for Use of Cash Collateral and Fixing Amount of Secured Claim, between Hamilton, Spartan, and Mr. Kostiner, in his individual capacity. Spartan's bankruptcy petition was dismissed as part of the Court's approval of the Settlement.

Except for the actions set forth above, there is no material litigation, arbitration or governmental proceeding currently pending against us or any members of our management team in their capacity as such, and we and our officers and directors have not been subject to any such proceeding in the 12 months preceding the date of this report.

Note 14 - Leases

Right-of-Use Assets and Leases Obligations

We lease office space and office equipment under non-cancelable operating leases, with terms typically ranging from one to three years, subject to certain renewal options as applicable. We consider those renewal or termination options that are reasonably certain to be exercised in the determination of the lease term and initial measurement of lease liabilities and right-of-use assets. Lease expense for lease payments is recognized on a straight-line basis over the lease term. Leases with an initial term of 12 months or less are not recorded on the balance sheet.

We determine whether a contract is or contains a lease at inception of the contract and whether that lease meets the classification criteria of a finance or operating lease. When available, we use the rate implicit in the lease to discount lease payments to present value; however, most of our leases do not provide a readily determinable implicit rate. Therefore, we must discount lease payments based on an estimate of its incremental borrowing rate.

We do not separate lease and nonlease components of contracts. There are no material residual value guarantees associated with any of our leases. There are no significant restrictions or covenants included in our lease agreements other than those that are customary in such arrangements.

Lease Position as of June 30, 2022 and December 31, 2021

The table below presents the lease related assets and liabilities recorded on the Company's Consolidated Balance Sheets as of June 30, 2022 and December 31, 2021:

Balance Sheet Line	Classification on the Balance Sheet	June 30, 2022	December 31, 2021
		(in thousands)	
Assets			
Operating lease assets	Operating lease right of use assets	$ 6	$ 20
	Total lease assets	$ 6	$ 20
Liabilities			
Current liabilities:			
Operating lease liabilities	Current operating lease liabilities	$ 7	$ 20
Noncurrent liabilities:			
Operating lease liabilities	Long-term operating lease liabilities	$ —	$ -
	Total lease liabilities	$ 7	$ 20

Lease cost for the six months ended June 30, 2022 and 2021

The table below presents the lease related costs recorded on the Company's Consolidated Statements of Operations for the six months ended June 30, 2022 and 2021:

Lease cost	Classification	Six Months Ended June 30, 2022	2021
		(in thousands)	
Operating lease cost	General and administrative expenses	$ 6	$ 13
	Total lease cost	$ 6	$ 13

Other Information

The table below presents supplemental cash flow information related to leases for the six months ended June 30, 2022 and 2021:

	Six Months Ended June 30, 2022	2021
	(in thousands)	
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases	$ 6	$ 13
Supplemental non-cash amounts of lease liabilities arising from obtaining right-of-use assets/(decrease) of lease liability due to cancellation of leases	$ —	$ —

Lease Terms and Discount Rates

The table below presents certain information related to the weighted average remaining lease terms and weighted average discount rates for the Company's operating leases as of June 30, 2022 and December 31, 2021:

	June 30, 2022	December 31, 2021
Weighted average remaining lease term - operating leases	.50 years	.75 years
Weighted average discount rate - operating leases	12.00%	12.00%

There are no lease arrangements where the Company is the lessor.

Note 15 – Subsequent Events

The Company evaluated subsequent events and transactions that occurred after the consolidated balance sheet date up to May 17, 2022, the date that the financial statements were issued.

July 2022 ABCImpact Loan

On July 8, 2022, the Company borrowed $100,000 (the "July Loan") from ABCImpact, evidenced by a 10% Convertible Debenture (the "July Debenture"). Pursuant to the July Debenture, ABCImpact has the option to loan up to an additional $4,850,000 to the Company.

ABCImpact previously loaned $50,000 to the Company pursuant to a convertible debenture substantially similar to the July Debenture. See "Note 7 - Short-Term and Long-Term Debt, Convertible Debenture" above.

The maturity date of the July Debenture is the earlier of 12 months from the issue date and the date of a Liquidity Event (as defined in the July Debenture), and is the date upon which the principal and interest shall be due and payable. The July Debenture bears interest at a fixed rate of 10% per annum. Any overdue accrued and unpaid interest shall entail a late fee at an interest rate equal to the lesser of 18% per annum or the maximum rate permitted by applicable law, which shall accrue daily from the date such interest is due through and including the date of actual payment in full.

The Company intends to use the net proceeds from the July Loan for general corporate purposes and working capital.

The then outstanding and unpaid principal and interest shall be converted into shares of Company common stock and an equal number of common stock purchase warrants (the "July Loan Warrant") at the option of ABCImpact, at a conversion price per share of $0.05, subject to adjustment (including pursuant to certain dilutive issuances) pursuant to the terms of the July Debenture. The July Debenture is subject to a beneficial ownership limitation of 4.99% (or 9.99% in ABCImpact's discretion).

The Company may not prepay the July Debenture without the prior written consent of ABCImpact.

The July Debenture contains customary events of default for a transaction such as the July Loan. If any event of default occurs, the outstanding principal amount under the July Debenture, plus accrued but unpaid interest, liquidated damages and other amounts owing through the date of acceleration, shall become, at ABCImpact's election, immediately due and payable in cash at the Mandatory Default Amount. "Mandatory Default Amount" means the sum of (a) the greater of (i) the outstanding principal amount of the July Debenture, plus all accrued and unpaid interest, divided by the conversion price on the date the Mandatory Default Amount is either (A) demanded or otherwise due or (B) paid in full, whichever has a lower conversion price, multiplied by the VWAP (as defined in the July Debenture) on the date the Mandatory Default Amount is either (x) demanded or otherwise due or (y) paid in full, whichever has a higher VWAP, or (ii) 130% of the outstanding principal amount of the July Debenture, plus 100% of accrued and unpaid interest hereon, and (b) all other amounts, costs, expenses and liquidated damages due in respect of the July Debenture.

The July Loan Warrant has an exercise price per share of $0.05, subject to adjustment (including pursuant to certain dilutive issuances) pursuant to the terms of the July Loan Warrant. The exercise period of the July Loan Warrant is for five years from the issue date.

The exercise of the July Loan Warrant is subject to a beneficial ownership limitation of 4.99% (or 9.99%) of the number of shares of common stock outstanding immediately after giving effect to such exercise.

The shares underlying the July Debenture and the July Loan Warrant have "piggy-back" registration rights afforded to them.

Forbearance Agreement

On July 15, 2022, the Company entered into a Forbearance Agreement (the "Forbearance Agreement") with GLD with respect to the GLD Debenture, and LTP with respect to the LTP Debenture (with the GLD Debenture, the "Debentures" and each sometimes, a "Debenture").

Pursuant to the Forbearance Agreement, GLD and LTP each agreed to forbear from exercising its rights against the Company under the applicable Debenture until the earlier of (i) a default under the Forbearance Agreement or a new default under such Debenture or (ii) October 15, 2022 (the "Forbearance Period").

Prior to the expiration of the Forbearance Period, the Company agreed to cause a sale of the GLD Debenture to ABCImpact, or as directed by ABCImpact, at a purchase price equal to the outstanding balance due and payable on the GLD Debenture by no later than October 15, 2022, which shall be in full and complete satisfaction of the Company's obligations to GLD under the GLD Debenture.

The Company agreed to pay certain of GLD's legal fees in the amount of $25,000, payable no later than August 31, 2022.

Until the date that the GLD Debenture is sold to ABCImpact and the LTP Debenture has been repaid in full, the Company shall cause Mayer and Associates LLC, a shareholder of the Company, to be restricted from exercising its existing option for 18,400,000 shares of Company common stock at $.0001 per share.

As partial consideration for GLD entering into the Forbearance Agreement, the Company agreed to issue to GLD2,100,000 shares of the common stock of the Company at a price per share of $.0001 (the "GLD Consideration Shares"), which GLD Consideration Shares (i) at the time of their issuance thereafter shall be subject to all applicable restrictions under relevant securities laws and (ii) shall be registered for resale on a Registration Statement on Form S-1 (the "Form S-1"). In addition, as partial consideration for LTP entering into the Forbearance Agreement, the Company agreed to issue to LTP 1,600,000 shares of the common stock of the Company at a price per share of $.0001 (the "LTP Consideration Shares"). The issuance of the GLD Consideration Shares and the LTP Consideration Shares are subject to restrictions as described in the Forbearance Agreement and will not trigger any anti-dilution provisions of any convertible securities of the Company that may be held by GLD or LTP or their affiliates in whatever form, including the Debentures.

The Company also agreed to use its best efforts to effect a spin-off of an existing to-be-determined subsidiary of the Company, pursuant to the terms described in the Forbearance Agreement.

Following the occurrence of any of the following Events of Default, each of LTP and GLD may exercise any or all remedies as provided under the Forbearance Agreement, the applicable Debenture or applicable law:

- The failure of the Company to observe, or timely comply with, or perform any covenant or term contained in the Forbearance Agreement;
- Any warranty or representation made or deemed made by the Company in the Forbearance Agreement is or shall be untrue in any material respect;
- The failure of the Company to observe, or timely comply with, or perform any covenant or term contained in the GLD Debenture (other than those subject to an event of default existing prior to the date of the Forbearance Agreement under the GLD Debenture, which shall not be deemed an event of default under the Forbearance Agreement);
- The failure by ABCImpact to purchase the GLD Debenture by October 15, 2022;
- The failure by the Company to pay GLD's legal fees by August 31, 2022; or
- The failure of the Company to file the Form S-1 by August 15, 2022 or to cause the Form S-1 to be declared effective by the SEC by October 15, 2022.

August 2022 ABCImpact Loan

On August 8, 2022, the Company borrowed $100,000 (the "August Loan") from ABCImpact, evidenced by a 10% Convertible Debenture (the "August Debenture"). Pursuant to the August Debenture, ABCImpact has the option to loan up to an additional $4,750,000 to the Company.

ABCImpact previously loaned an aggregate of $150,000 to the Company pursuant to convertible debentures substantially similar to the August Debenture. See "Note

7 - Short-Term and Long-Term Debt, Convertible Debenture" and "Note 15 – Subsequent Events, July 2022 ABCImpact Loan" above.

The maturity date of the August Debenture is the earlier of 12 months from the issue date and the date of a Liquidity Event (as defined in the August Debenture), and is the date upon which the principal and interest shall be due and payable. The August Debenture bears interest at a fixed rate of 10% per annum. Any overdue accrued and unpaid interest shall entail a late fee at an interest rate equal to the lesser of 18% per annum or the maximum rate permitted by applicable law, which shall accrue daily from the date such interest is due through and including the date of actual payment in full.

The Company intends to use the net proceeds from the August Loan for general corporate purposes and working capital.

The then outstanding and unpaid principal and interest shall be converted into shares of Company common stock and an equal number of common stock purchase warrants (the "August Loan Warrant") at the option of ABCImpact, at a conversion price per share of $ 0.05, subject to adjustment (including pursuant to certain dilutive issuances) pursuant to the terms of the August Debenture. The August Debenture is subject to a beneficial ownership limitation of 4.99% (or 9.99% in ABCImpact's discretion).

The Company may not prepay the August Debenture without the prior written consent of ABCImpact.

The August Debenture contains customary events of default for a transaction such as the August Loan. If any event of default occurs, the outstanding principal amount under the August Debenture, plus accrued but unpaid interest, liquidated damages and other amounts owing through the date of acceleration, shall become, at ABCImpact's election, immediately due and payable in cash at the Mandatory Default Amount. "Mandatory Default Amount" means the sum of (a) the greater of (i) the outstanding principal amount of the August Debenture, plus all accrued and unpaid interest, divided by the conversion price on the date the Mandatory Default Amount is either (A) demanded or otherwise due or (B) paid in full, whichever has a lower conversion price, multiplied by the VWAP (as defined in the August Debenture) on the date the Mandatory Default Amount is either (x) demanded or otherwise due or (y) paid in full, whichever has a higher VWAP, or (ii) 130% of the outstanding principal amount of the August Debenture, plus 100% of accrued and unpaid interest hereon, and (b) all other amounts, costs, expenses and liquidated damages due in respect of the August Debenture.

The August Loan Warrant has an exercise price per share of $0.05, subject to adjustment (including pursuant to certain dilutive issuances) pursuant to the terms of the August Loan Warrant. The exercise period of the August Loan Warrant is for five years from the issue date.

The exercise of the August Loan Warrant is subject to a beneficial ownership limitation of 4.99% (or 9.99%) of the number of shares of common stock outstanding immediately after giving effect to such exercise.

The shares underlying the August Debenture and the August Loan Warrant have "piggy-back" registration rights afforded to them.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution

The following table sets forth the Company's expenses in connection with this registration statement. All of the listed expenses are estimates, other than the filing fees payable to the Securities and Exchange Commission.

Securities and Exchange Commission registration fee	$	1,130.96
Transfer Agent Fees	$	2,000.00
Accounting fees and expenses	$	5,000.00
Legal fees and expense	$	10,000.00
Miscellaneous	$	6,869.04
Total	$	25,000.00

None of such expenses will be borne by the selling shareholders referenced in the prospectus forming a part of this Registration Statement on Form S-1.

Item 14. Indemnification of Directors and Officers

The Bylaws of our Company provide that the Company will indemnify, to the fullest extent permitted by the Nevada Revised Statutes, each person who is or was a director, officer, employee or agent of the Company, or who serves or served any other enterprise or organization at the request of the Company. Pursuant to Nevada law, this includes elimination of liability for monetary damages for breach of the directors' fiduciary duty of care to the Company and its stockholders. These provisions do not eliminate the directors' duty of care and, in appropriate circumstances, equitable remedies such as injunctive or other forms of non-monetary relief will remain available under Nevada law. In addition, each director will continue to be subject to liability for breach of the director's duty of loyalty to the Company, for acts or omissions not in good faith or involving intentional misconduct, for knowing violations of law, for any transaction from which the director derived an improper personal benefit, and for payment of dividends or approval of stock repurchases or redemptions that are unlawful under Nevada law. The provision also does not affect a director's responsibilities under any other laws, such as the federal securities laws or state or federal environmental laws.

The Company enters into agreements with its directors and executive officers that require the Company to indemnify these persons against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with any proceeding, whether actual or threatened, to which any such person may be made a party by reason of the fact that the person is or was a director or officer of the Company or any of its affiliated enterprises.

The Company maintains directors' and officers' liability insurance that insures its directors and officers against the cost of defense, settlement or payment of a judgment under any circumstances.

Item 15. Recent Sales of Unregistered Securities

On March 8, 2021 the Company issued a Senior Secured Convertible Debenture to Legacy Tech Partners, LLC, or LTP, a Delaware limited liability company and a related party, under which LTP loaned the Company the principal sum of $375,000. This initial loan accrues interest at a rate of 10% and is due on the earlier of the occurrence of certain liquidity events with respect to the Company and March 8, 2022. The initial loan may be converted at any time after the issue date into shares of the Company's Common Stock, at a price equal to $0.05 per share. Together with each conversion share, a warrant will be issued with a strike price of $0.05 per share and an expiration date of March 8, 2026. On May 4, 2021, LTP exercised its conversion rights with respect to $330,000 of the outstanding principal of the initial loan at the conversion price resulting in the issuance of 8,186,500 shares of Common Stock to LTP. In addition, an equal number of warrants were issued on June 11, 2021. The Senior Secured Convertible Debenture, warrants and the shares issuable upon conversion of the Debenture were not registered under the Securities Act of 1933, as amended (the "Securities Act"), as a transaction not involving any public offering pursuant to Section 4(a)(2) of the Securities Act.

On May 4, 2021 the Company issued a 10% Subordinated Debenture in the principal amount of $25,000 to Michel Botbol, the Company's Chairman and Chief Executive Officer. The Subordinated Debenture accrues interest at a rate of 10% and is due on the earlier of the occurrence of certain liquidity events with respect to the Company and May 4, 2022. The Subordinated Debenture may be converted at any time after the issuance date into shares of the Company's Common Stock, at a price equal to $0.05 per share. Together with each Conversion Share, a warrant will be issued with a strike price of $0.05 per share and an expiration date of May 4, 2026. The aggregate number of shares issuable upon conversion of the Debenture and upon the exercise of the warrants may not exceed 19.9% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares upon conversion of the Debenture and the exercise of the warrants. On May 4, 2021 Mr. Botbol exercised his conversion rights with respect to the entire $25,000 of outstanding principal resulting in the issuance of 500,000 shares of Common Stock to him. In addition, an equal number of warrants were issued on May 4, 2021. The Subordinated Debenture, warrants and the shares issuable upon conversion of the Subordinated Debenture were not registered under the Securities Act as a transaction not involving any public offering pursuant to Section 4(a)(2) of the Securities Act.

On August 27, 2021, the Company issued a Senior Secured Convertible Debenture, to GLD Legacy Holdings, LLC in the principal amount of $500,000. The GLD Debenture accrues interest at a rate of 10% per annum and is due on the earlier of the occurrence of certain liquidity events with respect to the Company and August 27, 2026. The GLD Debenture may be converted at any time after the issue date into shares of the Company's Common Stock at a price equal to $0.05 per share. Together with each Conversion Share, a warrant will be issued with a strike price of $0.05 per share and an expiration date of August 27, 2026. The aggregate number of shares issuable upon conversion of the Debenture and upon the exercise of the Warrants may not exceed 19.9% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares upon conversion of the Debenture and the exercise of the warrants. The GLD Debenture, warrants and the shares issuable upon conversion of the Subordinated Debenture were not registered under the Securities Act as a transaction not involving any public offering pursuant to Section 4(a)(2) of the Securities Act.

On August 27, 2021, the Company entered into an Advisory Services Agreement with GLD Advisory Services, LLC. As compensation hereunder, the Company issued to the advisor 315,000 restricted shares of Common Stock of the Company and will issue on each year anniversary thereafter the same number of shares until the GLD Debenture has been repaid in full. Such shares were not registered under the Securities Act as a transaction not involving any public offering pursuant to Section 4(a)(2) of the Securities Act.

On November 18, 2021, the Company entered into a Stock Purchase and Option Agreement with Mayer and Associates LLC ("Mayer"), pursuant to which Mayer purchased 1.6 million shares of common stock of the Company for a total aggregate price of $160.00. Such shares were not registered under the Securities Act as a transaction not involving any public offering pursuant to Section 4(a)(2) of the Securities Act.

Item 16. Exhibits and Financial Statement Schedules.

(a) The following exhibits are filed as a part of, or incorporated by reference into, this Registration Statement.

The following exhibits, which are numbered in accordance with Item 601 of Regulation S-K, are filed herewith or, as noted, incorporated by reference herein.

Exhibit No.	Title	Method of filing
2.1	Agreement and Plan of Merger, dated as of November 10, 2014, by and among Priced In Corp., Priced in Corp. Subsidiary, Tigrent Inc. and Legacy Education Alliance Holdings, Inc.	Incorporated by reference to Exhibit 2.1 in the Company's Form 8-K filed with the SEC on November 10, 2014.
2.2	Elite Legacy Education UK LTD, Proposal for Company Voluntary Arrangement	Incorporated by reference to Exhibit 99.1 in the Company's Form 8-K filed with the SEC on January 15, 2021.
2.3	Bankruptcy or Receivership of Legacy Education Alliance Australia PTY Ltd	Incorporated by reference to the Company's Form 8-K filed with the SEC on February 2, 2021.

2.4	Bankruptcy or Receivership of Legacy Education Alliance Hong Kong, Ltd.	Incorporated by reference to the Company's Form 8-K filed with the SEC on March 5, 2021.
2.5	Bankruptcy or Receivership of Tigrent Learning Canada, Inc.	Incorporated by reference to the Company's Form 8-K filed with the SEC on March 11, 2021.
3.1	Second Amended and Restated Articles of Incorporation of the Registrant	Incorporated by reference to Exhibit 3.1 in the Company's Form 8-K filed with the SEC on November 10, 2014.
3.2	Certificate of Designation of Registrant	Incorporated by reference to Exhibit 3.1 in the Company's Form 8-K filed with the SEC on February 17, 2017.
3.3	Bylaws of the Registrant	Incorporated by reference to Exhibit 3.2 in the Company's Form 8-K filed with the SEC on November 10, 2014.
3.4	Amendment to Bylaws of Registrant	Incorporated by reference to Exhibit 3.2 in the Company's Form 8-K filed with the SEC on February 17, 2017.
3.5	Amendment to Bylaws of the Registrant	Incorporated by reference to Exhibit 3.1 in the Company's Form 8-K filed with the SEC on January 12, 2018.
4.1	Rights Agreement dated as of February 16, 2017, between Legacy Education Alliance, Inc. and VStock Transfer, LLC, which includes the Form of Certificate of Designation of Series A Junior Participating Preferred Stock as Exhibit A, the Form of Right Certificate as Exhibit B and the Summary of Rights to Purchase Preferred Stock as Exhibit C.	Incorporated by reference to Exhibit 4.1 in the Company's Form 8-K filed with the SEC on February 17, 2017.
4.2	Amendment to Rights Agreement dated as of November 12, 2018, between Legacy Education Alliance, Inc. and VStock Transfer, LLC	Incorporated by reference to Exhibit 4.1 in the Company's Form 8-K filed with the SEC on November 16, 2018.
4.3	Amendment to Rights Agreement dated as of February 11, 2021, between Legacy Education Alliance, Inc. and Broadridge Corporate Issuer Solutions, Inc.	Incorporated by reference to Exhibit 4.1 in the Company's Form 8-K filed with the SEC on February 12, 2021.
4.4	Assumption Agreement dated November 25, 2019, between Legacy Education Alliance, Inc. and Broadridge Corporate Issuer Solutions, Inc.	Incorporated by reference to Exhibit 4.3 in the Company's Form 10-K filed with the SEC on March 30, 2020.
4.5	Description of Registered Securities	Incorporated by reference to the Company's Form S-1/A filed with the SEC on March 25, 2013.
5.1	Opinion of Ruskin Moscou Faltischek, P.C.	To be filed by amendment.
10.1	Bill of Sale, Assignment and Assumption Agreement dated as of September 10, 2014, by and between Tigrent Inc. and Legacy Education Alliance Holdings, Inc.	Incorporated by reference to Exhibit 10.1 in the Company's Form 8-K filed with the SEC on November 10, 2014.

10.2	Form of Indemnification Agreement	Incorporated by reference to Exhibit 10.2 in the Company's Form 8-K filed with the SEC on November 10, 2014.
10.3	Employment Agreement, dated September 1, 2017, by and between Legacy Education Alliance, Inc., and James E. May.	Incorporated by reference to Exhibit 10.3 in the Company's Form 8-K filed with the SEC on September 6, 2017.
10.4	Employment Agreement, dated March 18, 2020, by and between Legacy Education Alliance, Inc., and Vanessa Guzmán-Clark.	Incorporated by reference to Exhibit 10.1 in the Company's Form 8-K filed with the SEC on March 20, 2020.
10.5	Royalty Payment Agreement dated March 15, 2013[1]	Incorporated by reference to Exhibit 10.5 in the Company's Form 8-K/A filed with the SEC on February 11, 2015.

10.6	License Agreement with Rich Dad Operating Company, LLC, dated September 1, 2013 [1]	Incorporated by reference to Exhibit 10.6 in the Company's Form 8-K/A filed with the SEC on February 11, 2015.
10.7	Settlement and Amendment to the 2013 License Agreement, dated April 22, 2014 [1]	Incorporated by reference to Exhibit 10.7 in the Company's Form 8-K/A filed with the SEC on February 11, 2015.
10.8	Second Amendment to Rich Dad Operating Company, LLC License Agreement, dated January 25, 2018. [1]	Incorporated by reference to Exhibit 10.1 in the Company's Form 8-K filed with the SEC on January 29, 2018.
10.9	Mutual Waiver and Release of Claims, dated January 25, 2018.	Incorporated by reference to Exhibit 10.2 in the Company's Form 8-K filed with the SEC on January 29, 2018.
10.10	Talent Endorsement Agreement with Robbie Fowler, dated January 1, 2015	Incorporated by reference to Exhibit 10.9 in the Company's Form 10 filed with the SEC on May 12, 2017.
10.11	Talent Endorsement Agreement with Martin Roberts, dated April 20, 2017.	Incorporated by reference to Exhibit 10.10 in the Company's Form 10 filed with the SEC on May 12, 2017.
10.12	2015 Incentive Plan	Incorporated by reference to Appendix B to the Company's Definitive Proxy Statement on Schedule 14A for the 2015 Annual Meeting of Stockholders filed with the SEC on June 16, 2015.
10.13	Form of Registration Rights Agreement	Incorporated by reference to Exhibit 10.1 in the Company's Form 8-K filed with the SEC on June 17, 2015.
10.14	Form of Warrant	Incorporated by reference to Exhibit 10.3 in the Company's Form 8-K filed with the SEC on June 17, 2015.
10.15	Form of Restricted Stock Award Grant Notice and Restricted Stock Award Agreement (2015 Incentive Plan)	Incorporated by reference to Exhibit 10.1 in the Company's Form 8-K filed with the SEC on July 22, 2015.
10.16	Settlement Agreement and Release dated October 31, 2017 among Elite Legacy Education, Inc.; Rich Dad Education, LLC; and Tigrent Enterprises, Inc. and the other parties thereto.	Incorporated by reference to Exhibit 10.1 in the Company's Form 8-K filed with the SEC on November 1, 2017.
10.17	December 23, 2019 Real Estate Education Training Program Development Agreement by and between Legacy Education Alliance Holdings, Inc., and T&B Seminars, Inc.	Incorporated by reference to the Company's Form 10-K filed with the SEC on March 30, 2020.
10.18	Bankruptcy or Receivership of Legacy UK	Incorporated by reference to the Company's Form 10-K filed with the SEC on March 30, 2020.
10.19	Commercial Contract dated July 24, 2020, between 1612 E. Cape Coral Parkway Holding Co., LLC, a subsidiary of the Company and Daniel Thom, as Trustee of Torstonbo Trust.	Incorporated by reference to Exhibit 10.1 in the Company's Form 10-Q filed with the SEC on August 14, 2020.
10.20	First Amendment to Commercial Contract dated August 20, 2020, between 1612 E. Cape Coral Parkway Holding Co., LLC, a subsidiary of the Company and Daniel Thom, as Trustee of Torstonbo Trust.	Incorporated by reference to Exhibit 10.1 in the Company's Form 8-k filed with the SEC on August 20, 2020.
10.21	Second Amendment to Commercial Contract dated September 24, 2020, between 1612 E. Cape Coral Parkway Holding Co., LLC, a subsidiary of the Company and Daniel Thom, as Trustee of Torstonbo Trust.	Incorporated by reference to Exhibit 10.1 in the Company's Form 8-K filed with the SEC on September 29, 2020.

10.22	Promissory Note and Mortgage, Assignment of Rents and Security Agreement, dated August 6, 2020, by and between 1612 E. Cape Coral Parkway Holding Co., LLC and Northern Equity Group, Inc., JKH Ventures, Inc., and Donald Ross, LLC.	Incorporated by reference to Exhibit 10.2 in the Company's Form 10-Q filed with the SEC on August 14, 2020.
10.23	Senior Secured Convertible Debenture Agreement dated March 8, 2021	Incorporated by reference to Exhibit 10.1 in the Company's Form 8-K filed with the SEC on March 12, 2021.
10.24	Form of Guaranty	Incorporated by reference to Exhibit 10.2 in the Company's Form 8-K filed with the SEC on March 12, 2021.
10.25	Form of Warrant	Incorporated by reference to Exhibit 10.3 in the Company's Form 8-K filed with the SEC on March 12, 2021.
10.26	Employment Agreement dated March 9, 2021, between Legacy Education Alliance, Inc., and Michel Botbol	Incorporated by reference to Exhibit 10.4 in the Company's Form 8-K filed with the SEC on March 12, 2021.
10.27	Non-Binding Term Sheet, dated February 11, 2021	Incorporated by reference to Exhibit 10.5 in the Company's Form 8-K filed with the SEC on March 12, 2021.
10.28	Paycheck Protection Program Note, dated April 19, 2021, by and between Cross River Bank and Elite Legacy Education, Inc.	Incorporated by reference to Exhibit 10.1 in the Company's Form 8-K filed with the SEC on April 27, 2021.
10.29	Subordinated Secured Convertible Debenture Agreement dated May 4, 2021	Incorporated by reference to Exhibit 10.1 in the Company's Form 8-K filed with the SEC on May 7, 2021.
10.30	Form of Guaranty	Incorporated by reference to Exhibit 10.2 in the Company's Form 8-K filed with the SEC on May 7, 2021.
10.31	Form of Warrant	Incorporated by reference to Exhibit 10.3 in the Company's Form 8-K filed with the SEC on May 7, 2021.
10.32	Amendment dated August 27, 2021 to Senior Secured Convertible Debenture Agreement with Legacy Tech Partner, LLC	Incorporated by reference to Exhibit 10.1 in the Company's Form 8-K filed with the SEC on September 2, 2021.
10.33	Senior Secured Convertible Debenture Agreement with GDL Legacy Holdings, LLC dated August 27 2021	Incorporated by reference to Exhibit 10.2 in the Company's Form 8-K filed with the SEC on September 2, 2021.
10.34	Form of Guaranty	Incorporated by reference to Exhibit 10.3 in the Company's Form 8-K filed with the SEC on September 2, 2021.

10.35	Form of Warrant	Incorporated by reference to Exhibit 10.4 in the Company's Form 8-K filed with the SEC on September 2, 2021.
10.36	Intercreditor Agreement Dated August 27, 2021	Incorporated by reference to Exhibit 10.5 in the Company's Form 8-K filed with the SEC on September 2, 2021.
10.37	Stock Purchase and Option Agreement Dated November 18, 2021	Incorporated by reference to Exhibit 10.1 in the Company's Form 8-K filed with the SEC on November 23, 2021.
10.38	Form of Convertible Debenture with form of Common Stock Purchase Warrant	Incorporated by reference to Exhibit 10.1 in the Company's Form 8-K filed with the SEC on August 25, 2022
10.39	Forbearance Agreement dated July 15, 2022	Incorporated by reference to Exhibit 10.1 in the Company's Form 8-K filed with the SEC on July 21, 2022

10.40	Form of Securities Purchase Agreement	Incorporated by reference to Exhibit 10.1 in the Company's Form 8-K filed with the SEC on May 26, 2022
10.41	Form of Convertible Promissory Note	Incorporated by reference to Exhibit 10.2 in the Company's Form 8-K filed with the SEC on May 26, 2022
10.42	Form of Common Stock Purchase Warrant	Incorporated by reference to Exhibit 10.3 in the Company's Form 8-K filed with the SEC on May 26, 2022
10.43	Employment Agreement with Barry Kostiner dated March 9, 2021	Filed herewith.
14.1	Code of Business Conduct and Ethics	Incorporated by reference to Exhibit 14.1 in the Company's Form 10-K filed with the SEC on March 28, 2016.
21.1	List of Subsidiaries	Incorporated by reference to Exhibit 21.1 in the Company's Form 10-K filed with the SEC on April 9, 2021.
23.1	Consent of MaloneBailey, LLP independent registered public accounting firm.	Filed herewith.
23.2	Consent of Ram Associates LLP independent registered public accounting firm.	Filed herewith.
23.3	Consent of Ruskin Moscou Faltischek, P.C. (included in Exhibit 5.1).	To be filed by amendment.
107	Filing Fee Table	Filed herewith.
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 (formatted as Inline XBRL and contained in Exhibit 101).	

(1) Portions of this exhibit have been omitted pursuant to a request for confidential treatment.

Item 17. Undertakings

Pursuant to Rule 415 under the Securities Act of 1933 (as amended and updated from time to time)

The undersigned registrant hereby undertakes:

(1) To file, during any period in which it offers or sales securities, a post-effective amendment to this registration statement;

(I) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events which, individually or together, represent a fundamental change in the information in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

(iii) To include any additional material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of the securities at that time to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities that remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser in the initial distribution of securities:

If the undersigned Registrant is subject to Rule 430C, each prospectus filed pursuant to Rule 424(b) as part of this Registration Statement, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the Registration Statement as of the date it is first used after effectiveness; provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the Registration Statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the Registration Statement or made in any such document immediately prior to such date of first use.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized in the City of Cape Coral, Florida on October 14, 2022.

LEGACY EDUCATION ALLIANCE, INC.

/s/ Barry Kostiner
Barry Kostiner
Interim Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed below by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Barry Kostiner Barry Kostiner	Interim Chief Executive Officer, Chairman of the Board (principal executive, financial and accounting)	October 14, 2022

Exhibit 10.43

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (this "Agreement") is made as of the 9th day of March 2021 (the "Effective Date"), by and between LEGACY EDUCATION ALLIANCE, INC., a Nevada corporation, with an address of 1490 N.E. Pine Island Road, Suite SD, Cape Coral, FL 33909 (the "Company") and Barry Kostiner (the "Employee").

WHEREAS Employee was first engaged by the Company on March 9, 2021 (the "Start Date"); and

WHEREAS, the Company desires to continue to employ Employee in the capacity of Manager, Capital Markets; and

WHEREAS Employee is willing to continue make his services available to the Company on the terms and conditions set forth in this Agreement;

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and for such other good and valuable consideration, the receipt and sufficiency of which are hereby conclusively acknowledged, the parties, intending to be legally bound, agree as follow:

1. Term. The Company hereby employs Employee as Manager, Capital Markets of the Company, and Employee agrees to accept such employment and to serve the Company as such upon the terms and conditions hereof commencing on the Effective Date and continuing until terminated by either the Company or Employee subject to and in accordance with Section 7 of this Agreement (the "Term").

2. Duties.

(a) Employee shall serve as Manager, Capital Markets of the Company and shall report directly to the Chief Executive Officer (the "CEO").

(a) (b) Employee shall have such duties and responsibilities as are customary for Employee's position and any other duties or responsibilities that may be assigned or delegated to him from time to time. Employee agrees that he will use his best efforts to fulfill his duty of loyalty and care to the Company and to promote the business and interests of the Company above all others. The Company expressly acknowledges that the Employee may serve in fiduciary or other positions with Legacy Tech Partners, LLC and other businesses not affiliated with the Company, and expressly and irrevocably waives any conflict or claim arising from the fact of such service. The Company additionally has been informed that the Employee may serve as Chief Executive Officer of a SPAC. Such role is expected to be synergistic with the interests of the Company and will not be deemed a conflict or interfere with the duties of the Employee.

3. Compensation.

(a) Base Salary. The Company will pay Employee for all services to be rendered by Employee hereunder (including and without limitation, all services to be rendered by him as an officer and/or director of the Company and its subsidiaries and affiliates) a base salary ("Base Salary") of Two thousand three hundred seven dollars and sixty-nine cents ($2,307.69) per week ($120,000 annualized). The Base Salary may be increased at the discretion of the Board from time to time during the Employment Term. Base Salary shall be payable at least bi-weekly or otherwise in accordance with customary payroll practices for senior Employees of the Company.

(b) Annual Incentive Compensation. Employee shall be eligible to receive an annual non-equity incentive bonus ("Annual Incentive Compensation") and other long term incentive compensation, all of which are intended to comply with Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"), under such Employee bonus plans and long term incentive plans as may be established by the Compensation Committee of the Board [or, in the absence of a Compensation Committee, then a committee of the Board of Directors comprised of not less than two independent directors (in either event, the "Compensation Committee")] in its sole discretion from time to time, subject to the terms and conditions of such plans. The Annual Incentive Compensation will be based on the achievement of Company and individual performance goals to be established by the Compensation Committee, with annual target incentive bonuses of not less than 50% of the Base Annual Salary.

(c) Repayment upon Material Restatement. The Compensation Committee of the Board of Director or, in the absence of a Compensation Committee, then a committee of the Board of Directors comprised of not less than two independent directors (in either event, the "Independent Director Committee") may, in its discretion, require reimbursement of all or part of any Annual Incentive Compensation or other incentive payments to Employee where: (1) the payment of such Annual Incentive Compensation or other incentive payments to Employee was predicated upon achieving certain financial results that were subsequently the subject of a material restatement of the Company's audited financial statement with the need for such restatement having been confirmed by the Company's independent auditors; (2) the Company determines Employee engaged in gross negligence or willful misconduct that substantially caused the need for the restatement; and (3) a lower payment would have been made to Employee based upon the restated financial results. In each such instance, the Employee shall repay to the Company the amount by which the Employee's Annual Incentive Compensation or other incentive payments for the relevant period exceeded the lower payments that would have been made based on the restated financial results; provided, however, that the Employee shall not be required to repay any Annual Incentive Compensation or other incentive payments, or portion thereof, pursuant to this paragraph if such payments relate to accounting periods occurring two (2) years (or such longer time period as may be required by law) or more prior to the restatement. Before the Compensation Committee determines whether Employee engaged in gross negligence or willful misconduct that caused or substantially caused the need for the substantial restatement, it shall provide to Employee written notice and the opportunity to be heard, at a meeting of the Independent Director Committee (which may be in-person or telephonic, as determined by the Independent Director Committee).

(d) Vacation. Employee shall be entitled to paid annual paid time off ("PTO") in an amount provided for in the Company's vacation, PTO or similar policy as amended from time to time, with the calculation of such entitlement to be retroactive to the Start Date, but in no event less than four (4) weeks of paid annual vacation.

(e) Company Health Insurance Premium.. Each month, the Company shall pay One Hundred Percent (100%) of the premium for Family coverage option selected by Employee under the terms of the highest level of coverage offered by the Company's health insurance plan. In the event the Company, in its sole discretion, determines at any time to discontinue offering a Company-sponsored health insurance plan, the Company agrees to pay Employee the total current premium as of the Effective Date, less applicable withholdings, in accordance with the regular practices of the Company's third-party payroll service provider. Employee understands that U.S. tax law may require the Company to include in Employee's income the amount paid pursuant to this provision.

4. Expenses. Within thirty (30) days after the submission of reasonable supporting documentation by Employee and in accordance with the Company's expense reimbursement policy, the Company shall reimburse Employee for all reasonable and customary business, travel, and entertainment expenses incurred by Employee in the course of and pursuant to the business of the Company.

5. Employee Benefits. Employee shall be entitled to participate in any employee benefit plans, programs or policies provided to other full time employees or senior management of the Company or which may become in effect for the benefit of any other employees or senior management of the Company at any time during the course of Employee's employment by the Company, subject to the terms of such plans, programs or policies. Such other benefits shall include, but not be limited to, directors' and

officers' liability insurance maintained by the Company for the benefit of its directors and officers. Nothing in this Agreement shall preclude the Company from amending or terminating any such plan at any time.

6. Withholding. All payments required to be made by the Company to Employee hereunder shall be subject to the withholding of such amounts relating to taxes and other governmental assessments as the Company may reasonably determine it should withhold pursuant to any applicable law, rule, or regulation.

7. Termination of Employment.

(a) Death; Permanent Disability. Upon the death of Employee during the term of this Agreement, the Employment Term shall terminate. If during the Employment Term Employee fails, because of illness or other incapacity, to perform the services required to be performed by him hereunder for any period of more than 90 days during any calendar year (provided that vacation time, if not previously taken, shall be exhausted before the above 90-day period commences to run) (any such illness or incapacity being hereinafter referred to as "Permanent Disability"), then the Company, in its discretion, may at any time thereafter terminate the Employment Term upon not less than 30 days' written notice thereof to Employee, and the Employment Term shall terminate and come to an end upon the date set forth in said notice as if said date were the termination date of the Employment Term; provided, however, that no such termination shall be effective if prior to the date when such notice is given, Employee's illness or incapacity shall have terminated and he shall be physically and mentally able to perform the services required hereunder and shall have taken up and be performing such duties.

If Employee's employment shall be terminated by reason of his death or Permanent Disability, Employee or his estate, as the case may be, shall be entitled to receive (i) any earned and unpaid Base Salary through the date of termination; (ii) a pro rata portion of any Annual Incentive Compensation that Employee otherwise would have been entitled to receive pursuant to any bonus plan or arrangement for senior Employees of the Company (such pro rata portion to be payable at the time such Annual Incentive Compensation otherwise would have been payable to Employee); and (iii) subject to the terms thereof, any benefits that may be due to Employee on the date of his termination under the provisions of any employee benefit plan, program, or policy of the Company. If Employee's employment is terminated by reason of his Permanent Disability, Employee shall be entitled to receive short-term disability benefits subject to the terms of the Company's short-term disability plan until such time as Employee becomes entitled to the benefits under the Company's Long Term Disability Plan; provided that the Company's obligation to provide such short-term disability benefits to Employee shall not under any circumstances extend beyond the maximum period provided in the Company's short-term disability plan plus an additional 90 days.

(b) Termination for Cause or Upon Employee's Resignation. If the Employment Term is terminated (i) by Employee (other than as a result of a material breach by the Company as set forth in Section 7(c) or (ii) by the Company for Cause, in either case, Employee shall be entitled to receive only (x) any earned and unpaid Base Annual Salary accrued through the date of termination and (y) subject to the terms thereof, any benefits which may be due to Employee on such date under the provisions of any employee benefit plan, program, or policy. If Employee is terminated for Cause, the Company shall deliver written notice to Employee, which notice shall specify the item of Cause for which Employee has been terminated.

For purposes of this Agreement, "Cause" and "for Cause" shall mean (i) any intentional breach of Employee's fiduciary duty to the Company, including but not limited to fraud, dishonesty, embezzlement, and failure to follow directions of the Board of Directors; (ii) Employee's material breach of this Agreement (iii) Employee's material breach of the Covenant Agreement; (iv) Employee's gross negligence or willful misconduct in the performance of his duties that materially adversely affects the Company; (v) any material violation by Employee of the Company's Code of Business Conduct and Ethics, as may be amended from time to time; (vi) any material violation by Employee of the Company's non-discrimination, non-harassment, or non-retaliation policies or procedures as may be established by the Company from time to time; (vii) conviction of, or a plea to, a felony (including a plea of nolo contendere); or (viii) Employee's continued failure to perform in any material respect his duties to the Company as specifically directed by the Board; provided, however, that (A) the Company shall give Employee notice of any circumstances described in (ii) or (viii) above, which notice shall describe such circumstances in reasonable detail, and (B) no for "Cause" termination shall be deemed to exist if Employee shall remedy or cure the relevant circumstances within 20 days from his receipt of such notice. Termination for Cause under clause (ii) or (viii) shall be effective immediately following expiration of the 20-day cure period as aforesaid; provided Employee has not previously cured the event of Cause; and termination for Cause under (i), (iii), (iv), (v), (vi), or (vii) shall be effective immediately upon receipt by Employee of written notice of termination.

(c) Termination Other than for Cause or Upon Material Breach by Company. If the Employment Term is terminated (i) by the Company other than for Cause or (ii) by Employee, subject to the succeeding sentence, following a material breach by the Company of this Agreement (including, but not limited to, any material diminution in the scope of the Employee's duties or a reduction in the Annual Salary payable hereunder), in either case, the Company shall to pay to Employee (x) any earned and unpaid Base Annual Salary and Annual Incentive Compensation accrued but unpaid through the date of termination; (y) subject to the terms thereof, any benefits which may be due to Employee on such date under the provisions of any employee benefit plan, program, or policy and (z) a separation benefit in an amount equal to **twenty-six (26) weeks** of Employee's Base Salary in effect as of the date of termination date, less all applicable withholding taxes and any other amounts required by law to be withheld, payable in bi-weekly installments concurrently with Company's regularly scheduled pay periods (such separation benefit payable pursuant to this clause (z) hereinafter referred to as the "Separation Benefit").

If there is a material breach of this Agreement by the Company, Employee shall, within 30 days following his knowledge of such breach, deliver written notice to the Company, which notice shall specify such material breach. No material breach shall be deemed to exist if the Company shall remedy or cure the relevant circumstances within 20 days of its receipt of such notice. Payment by the Company of the Separation Benefit shall be conditioned upon (i) Employee executing a general release in favor of the Company (which release shall be reasonably satisfactory to the Company and shall exclude the Company's obligations in this Section) and (ii) Employee's continued compliance with the terms and conditions of Covenant Agreement.

(d) Termination following Change of Control. If the Employment Term is terminated by (i) the Company without Cause or by Employee following a material breach by the Company, (including, but not limited to, any material diminution in the scope of the Employee's duties or a reduction in the Base Salary payable hereunder), in either case within eighteen (18) months following a Change of Control (as defined below) of the Company, (a "Change of Control Termination") then (i) the Company shall pay to Employee in a lump sum payment (x) all Base Salary and Annual Incentive Compensation that have accrued but are unpaid as of the Termination Date, (y) an amount equal to the **fifty-two (52) weeks** of Base Salary in effect as of the date of termination date, less all applicable withholding taxes and any other amounts required by law to be withheld, payable in bi-weekly installments concurrently with Company's regularly scheduled pay periods (such separation benefit payable pursuant to this clause (z) hereinafter referred to as the "Change in Control Separation Benefit"). Payment by the Company of the Change in Control Separation Benefit shall be conditioned upon (i) Employee executing a general release in favor of the Company (which release shall be reasonably satisfactory to the Company and shall exclude the Company's obligations in this Section) and (ii) Employee's continued compliance with the terms and conditions of Covenant Agreement.

For purposes hereof, a "Change of Control" shall be deemed to occur upon:

(i) any "person", with the exception of Legacy Tech Partners, LLC, a Delaware limited liability company, and/or its affiliates, as such term is used in Sections 13(d) and 14(d) of the Exchange Act (other than LEAI, any trustee or other fiduciary holding securities under any employee benefit plan of the Company, or any company owned, directly or indirectly, by the shareholders of LEAI in substantially the same proportions as their ownership of common stock of LEAI), is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of LEAI representing fifty percent (50%) or more of the combined voting power of LEAI's then outstanding securities;

(ii) during any period of two (2) consecutive years, individuals who at the beginning of such period constitute the Board, and any new director (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in paragraph (a), (c), or (d) of this Section) whose election by the Board or nomination for election by LEAI's shareholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the two-year period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority of the Board;

(iii) a merger, consolidation, reorganization, or other business combination of LEAI with any other entity, other than a merger or consolidation which would result in the voting securities of LEAI outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than fifty percent (50%) of the combined voting power of the voting securities of LEAI or such surviving entity outstanding immediately after such merger or consolidation; provided, however, that a merger or consolidation effected to implement a recapitalization of LEAI (or similar transaction) in which no person acquires thirty percent (30%) or more of the combined voting power of LEAI's then outstanding securities shall not constitute a Change in Control; or

(iv) other than the EdTech Spin-off transaction, the shareholders of LEAI approve a plan of complete liquidation of LEAI or the consummation of the sale or disposition by LEAI of all or substantially all of LEAI's assets other than (x) the sale or disposition of all or substantially all of the assets of LEAI to a person or persons who beneficially own, directly or indirectly, at least fifty percent (50%) or more of the combined voting power of the outstanding voting securities of LEAI at the time of the sale or (y) pursuant to a spin-off type transaction, directly or indirectly, of such assets to the shareholders of LEAI.

(e) Equity Grants. Upon the termination of employment of the Employee for any reason, all awards of common stock in the Company or other awards that are valued in whole or in part by reference to, or otherwise based on the common stock of the company, including, but not limited to, stock options, restricted stock or restricted stock units, stock appreciation rights, and performance shares or performance units, previously made to the Employee shall be governed by the respective terms of such awards and any agreements entered into between the Company and the Employee with respect to such awards, notwithstanding anything in this Agreement to the contrary.

(f) **No Other Amounts. Employee hereby agrees that except as expressly provided in this Agreement (including any benefits expressly referenced herein as being generally available to Employee), no salary, incentive compensation, bonus, benefits, severance, or other compensation of any kind, nature, or amount shall be payable to Employee and except as expressly provided herein, Employee hereby irrevocably waives any claim for salary, incentive compensation, bonus, benefits, severance, or other compensation.**

8. Restrictive Covenants. Employee hereby ratifies and affirms the Confidentiality, Non-Compete and Non-Solicitation Agreement (attached hereto as Appendix A) ("Covenant Agreement") and agrees to comply with the Covenant Agreement. The restrictions provided for in the Covenant Agreement shall survive the termination of this Agreement and the termination of Employee's employment with the Company.

9. Acceptance by Employee. Employee accepts all of the terms and provisions of this Agreement and agrees to perform all of the covenants on his part to be performed hereunder. The Company accepts all of the terms and provisions of this Agreement and agrees to perform all of the covenants on its part to be performed hereunder.

10. Equitable Remedies. Employee acknowledges that he has been employed for his unique talents and that his leaving the employ of the Company would seriously hamper the business of the Company and the parties acknowledge that any violation or breach of this Agreement, including, but not limited to, the Covenant Agreement, will cause the non-breaching party to suffer irreparable damage. The parties hereby expressly agree that the non-breaching party shall be entitled as a matter of right to injunctive or other equitable relief, in addition to all other remedies permitted by law, to prevent a breach or violation by the other party and to secure enforcement of the provisions of this Agreement, including, but not limited to, Sections 8 or 9 hereof. Resort to such equitable relief, however, shall not constitute a waiver of any other rights or remedies which the non-breaching party may have.

11. Entire Agreement. This Agreement constitutes the entire agreement between the parties hereto and there are no other terms other than those contained herein. No variation hereof shall be deemed valid unless in writing and signed by the parties hereto and no discharge of the terms hereof shall be deemed valid unless by full performance of the parties hereto or by a writing signed by the parties hereto. No waiver by any party of any breach by the other party of any provision or condition of this agreement by it to be performed shall be deemed a waiver of a breach of a similar or dissimilar provision or condition at the same time or any prior or subsequent time.

12. Severability. In case any provision in this agreement shall be declared invalid, illegal or unenforceable by any court of competent jurisdiction, the validity and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

13. Notices. All notices, requests, demands and other communications provided for by this agreement ("Notices") shall be in writing and shall be deemed to have been given and to have been effective and deemed received at the time when hand delivered or delivered by Federal Express or other recognized overnight courier delivery service, such Notices to be addressed to the addresses of the respective parties stated below or to such changed addresses as such parties may fix by Notice given as aforesaid:

To the Company:	Legacy Education Alliance, Inc. Attn: General Counsel 1612 E. Cape Coral Parkway Cape Coral, FL 33904
To Employee:	Barry Kostiner 85 Horton Drive Monsey, NY 10952
with a copy to:	______________________ ______________________ ______________________

provided, however, that any Notice of change of address shall be effective only upon receipt.

14. Successors and Assigns. This agreement is personal in its nature and neither of the parties hereto shall, without the consent of the other, assign or transfer this agreement or any rights or obligations hereunder (except for an assignment or transfer by the Company to a successor as contemplated by the following proviso); provided, however, that the provisions hereof shall inure to the benefit of, and be binding upon, any successor of the Company, whether by merger, consolidation, transfer of all or substantially all of the assets of the Company, or otherwise, and upon Employee, his heirs, executors, administrators, and legal representatives.

15. Governing Law. This agreement and its validity, construction and performance shall be governed in all respects by the internal laws of the State of New York without giving effect to any principles of conflict of laws.

16. Headings. The headings in this Agreement are for convenience of reference only and shall not control or affect the meaning or construction of this Agreement.

17. Pronouns. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular or plural as the context may require.

18. Number and Gender. Words used in this Agreement, regardless of the number and gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context indicates is appropriate.

19. Construction. The parties hereto and their respective legal counsel participated in the preparation of this Agreement; therefore, this agreement shall be construed neither against nor in favor of any of the parties hereto, but rather in accordance with the fair meaning thereof.

20. Enforcement. Should it become necessary for any party to institute legal action to enforce the terms and conditions of this Agreement, the successful party will be awarded reasonable attorneys' fees at all trial and appellate levels, and in insolvency, bankruptcy and regulatory proceedings, and all related expenses and costs. Any suit, action or proceeding with respect to this agreement shall be brought in the courts of Rockland County, New York or in the U.S. District Court for the Southern District of New York. The parties hereto hereby accept the exclusive jurisdiction of those courts for the purpose of any such suit, action, or proceeding.

Venue for any such action, in addition to any other venue permitted by statute, will be state court for Rockland Country or the U.S. District Court for Southern District of New York. The parties hereto hereby irrevocably waive, to the fullest extent permitted by law, any objection that any of them may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this agreement or any judgment entered by any court in respect thereof brought in state court for Rockland County or U.S. District Court for the Southern District of New York, and hereby further irrevocably waive any claim that any suit, action or proceeding brought in state court for Rockland Country or the U.S. District Court for Southern District of New York has been brought in an inconvenient forum.

21. No Third-Party Beneficiaries. No person shall be deemed to possess any third-party beneficiary right pursuant to this Agreement. It is the intent of the parties hereto that no direct benefit to any third party is intended or implied by the execution of this Agreement.

22. Counterparts. This agreement may be executed in one or more facsimile or electronic counterparts, each of which will be deemed an original and all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have hereunder set their hands on the day and year first written above.

LEGACY EDUCATION ALLIANCE, INC.
a Nevada Corporation

By: */s/ James E. May*

Name: James E. May

Title: General Counsel

EMPLOYEE:

/s/ Barry Kostiner
Barry Kostiner

Appendix A

(Confidentiality, Non-Compete and Non-Solicitation Agreement)

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the inclusion in this Registration Statement on Form S-1 of our report dated April 9, 2021 with respect to the audited consolidated financial statements of Legacy Education Alliance, Inc. for the year ended December 31, 2020. Our report contains an explanatory paragraph regarding the Company's ability to continue as a going concern.

We also consent to the references to us under the heading "Experts" in such Registration Statement.

/s/ MaloneBailey, LLP
www.malonebailey.com
Houston, Texas
October 14, 2022

Exhibit 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the inclusion in this Registration Statement on Form S-1 of our report dated March 31, 2022 with respect to the audited consolidated financial statements of Legacy Education Alliance, Inc. for the year ended December 31, 2021. Our report contains an explanatory paragraph regarding the Company’s ability to continue as a going concern.

We also consent to the references to us under the heading “Experts” in such Registration Statement.

/s/ Ram Associates
www.ramassociates.us
Hamilton, New Jersey
October 14, 2022

Exhibit 107

Calculation of Filing Fee Table

Form S-1
(Form Type)

Legacy Education Alliance, Inc.
(Exact Name of Registrant as Specified in its Charter)

Table 1: Newly Registered Securities

	Security Type	Security Class Title[1]	Fee Calculation Rule or Carry Forward Rule	Amount Registered (1)	Proposed Maximum Offering Price Per Unit[2]	Maximum Aggregate Offering Price[2]	Fee Rate	Amount of Registration Fee[2]
Fees to be Paid	Equity	Common Stock, $0.0001 par value	Other	15,610,236	$ .1593	$ 2,486,711	.0001102	$ 274.04
Fees to be Paid	Equity	Common Stock, par value $0.0001 per share underlying convertible debentures	Other	30,413,500	$ .1593	$ 4,844,871	.0001102	$ 533.91
Fees to be Paid	Equity	Common Stock, par value $0.001 per share underlying options	Other	18,400,000	.1593	2,931,120	.0001102	323.01
		Total Offering Amounts				$ 10,262,702		$ 1,130.96
		Total Fee Offsets						$ 255.35
		Net Fee Due						$ 875.61

Table 2: Fee Offset Claims and Sources

	Registrant or Filer Name	Form or Filing Type	File Number	Initial Filing Date	Filing Date	Fee Offset Claimed[3]	Security Type Associated with Fee Offset Claimed	Security Title Associated with Fee Offset Claimed	Unsold Securities Associated with Fee Offset Claimed	Unsold Aggregate Offering Amount Associated with Fee Offset Claimed	Fee Paid with Fee Offset Source
						Rule 457(p)					
Fee Offset Claims	Legacy Education Alliance, Inc.	S-1	333-261414	November 30, 2021		$ 255.35	Equity	Common Stock, $0.0001 par value	43,723,736	$ 2,754,596.00	
Fee Offset Sources	Legacy Education Alliance, Inc.	S-1	333-261414		November 30, 2021	$					$ 255.35

(1) Pursuant to Rule 416(a) under the Securities Act of 1933, as amended (the "Securities Act"), this registration statement shall also cover an indeterminate number of additional shares of Common Stock that may become issuable as a result of any stock splits, stock dividends, reclassifications, recapitalizations, combinations or similar transactions.

(2) Estimated solely for the purpose of calculating the registration fee under Rule 457(c) under the Securities Act.

(3) An aggregate of 43,723,736 shares of Common Stock, consisting of 11,907,236 shares of Common Stock, 13,416,500 shares of Common Stock issuable upon conversion of certain of the Debentures. and 18,400,000 shares of Common Stock issuable upon conversion of outstanding options were previously registered for resale pursuant to the Company's previously filed Registration Statement on Form S-1 (File No. 333-261414) (the "Prior Registration Statement"). The Prior Registration Statement is no longer effective.