INTELVIO, LLC [formerly Phlebotomy Training Specialists (USA), LLC]; PHLEBOTOMY TRAINING SPECIALISTS, LLC; AND NHCO LLC

INDEPENDENT AUDITOR'S REPORT
AND
COMBINED FINANCIAL STATEMENTS

For the Year Ended
December 31, 2022

TABLE OF CONTENTS

SADLERGIBB
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Members
Intelvio, LLC [formerly Phlebotomy Training Specialists (USA), LLC];
Phlebotomy Training Specialists, LLC; and
NHCO LLC
Lehi, Utah

Opinion

We have audited the accompanying combined financial statements of Intelvio, LLC [formerly Phlebotomy Training Specialists (USA), LLC]; Phlebotomy Training Specialists, LLC; and NHCO LLC (collectively "the Company"), which comprise the combined balance sheet of the Company as of December 31, 2022, and the related combined statement of income and changes in members' equity (deficit), and cash flows for the year then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of the Company as of December 31, 2022, and the results of its operations and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Combined Financial Statements section of our report. We are required to be independent of the Company, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the combined financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as going concerns for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Sadler Gibb & Assoc.

Draper, UT
July 20, 2023

INTELVIO, LLC [formerly Phlebotomy Training Specialists (USA), LLC];
PHLEBOTOMY TRAINING SPECIALISTS, LLC; AND NHCO LLC
COMBINED BALANCE SHEET

		December 31, 2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$	3,332,625
Accounts receivable, net		1,159,668
TOTAL CURRENT ASSETS		4,492,293
Property and equipment, net		1,186,758
Operating lease right-of-use assets		5,932,444
Other assets		222,896
TOTAL ASSETS	$	11,834,391
LIABILITIES AND MEMBERS' EQUITY (DEFICIT)		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$	612,250
Contract liabilities		2,130,840
Current portion of long-term debt		3,889
Current portion of operating lease liabilties		2,071,933
TOTAL CURRENT LIABILITIES		4,818,912
Long-term debt, net of current portion		14,989,423
Operating lease liabilties, net of current portion		4,006,598
TOTAL LIABILITIES		23,814,933
Members' equity (deficit)		(11,980,542)
TOTAL LIABILITIES AND MEMBERS' EQUITY (DEFICIT)	$	11,834,391

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

INTELVIO, LLC (formerly Phlebotomy Training Specialists USA, LLC);
PHLEBOTOMY TRAINING SPECIALISTS, LLC; AND NHCO LLC

COMBINED STATEMENT OF INCOME AND CHANGES IN MEMBERS' EQUITY (DEFICIT)

	For the Year Ended December 31, 2022
REVENUE	$ 20,568,837
OPERATING EXPENSES	
Program and class expenditures	2,589,487
Personnel	5,044,513
Occupancy	2,839,811
Advertising and marketing	1,675,137
General and administrative	2,725,969
TOTAL OPERATING EXPENSES	14,874,917
INCOME FROM OPERATIONS	5,693,920
OTHER INCOME (EXPENSE)	
Interest expense	(1,240,377)
Gain on forgiveness of debt	271,210
TOTAL OTHER INCOME (EXPENSE)	(969,167)
NET INCOME	$ 4,724,753
MEMBERS' EQUITY - Beginning	980,681
Capital contributions by members	2,106,919
Distributions paid to members	(19,792,895)
MEMBERS' DEFICIT - Ending	$ (11,980,542)

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

INTELVIO, LLC (formerly Phlebotomy Training Specialists USA, LLC); PHLEBOTOMY TRAINING SPECIALISTS, LLC; AND NHCO LLC

COMBINED STATEMENT OF CASH FLOWS

	For the Year Ended December 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES	
Net income	$ 4,724,753
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation expense	214,754
Amortization of operating lease right-of-use assets	1,924,403
Amortization of debt discounts	152,484
Gain on forgiveness of debt	(271,210)
Changes in operating assets and liabilities:	
Accounts receivable	(1,009,467)
Prepaid expenses and other current assets	11,908
Accounts payable and accrued expenses	417,575
Contract liabilities	781,387
Operating lease liabilities	(1,778,316)
Other assets	(36,046)
NET CASH PROVIDED BY OPERATING ACTIVITIES	5,132,225
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of property and equipment	(177,841)
NET CASH USED IN INVESTING ACTIVITIES	(177,841)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from notes payable, net of debt issuance costs	14,835,000
Principal payments on long-term debt	(153,889)
Proceeds from capital contributions	2,106,919
Distributions paid to members	(19,792,895)
NET CASH USED IN FINANCING ACTIVITIES	(3,004,865)
NET CHANGE IN CASH	1,949,519
CASH AT BEGINNING OF PERIOD	1,383,106
CASH AT END OF PERIOD	$ 3,332,625
SUPPLEMENTAL CASH FLOW DISCLOSURES	
Cash paid for interest	$ 755,687
Cash paid for taxes	$ -
NON-CASH INVESTING AND FINANCING ACTIVITIES	
Right-of-use assets obtained in exchange for operating lease liabilities	$ 7,856,847

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

NOTE 1 – ORGANIZATION

Nature of Operations

Intelvio, LLC [formerly Phlebotomy Training Specialists (USA), LLC, "Intelvio," or "PTS USA"] was formed under the laws of the State of Delaware on September 8, 2014 as Phlebotomy Training Specialists (USA), LLC. On December 22, 2022, PTS USA filed an amendment to its certificate of organization to amend its name to Intelvio, LLC. Phlebotomy Training Specialists, LLC ("PTS") was formed under the laws of the State of Utah on February 4, 2007. NHCO LLC ("NHCO") was formed under the laws of the State of Utah on August 7, 2020. Intelvio, LLC, Phlebotomy Training Specialists, LLC, and NHCO LLC are collectively referred to as "the Company."

On May 6, 2022, PTS USA, the buyer, entered into an asset purchase agreement with PTS, the seller. Pursuant to the asset purchase agreement, among other details, members of PTS transferred all membership units in PTS, to PTS USA for a purchase price of $8,300,000. The transaction falls under the guidance of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 805 – Business Combinations, for entities under common control. Combined financial statements and combined financial information presented herein as of and for the year ended December 31, 2022, have been retrospectively adjusted using the pooling-of-interest method.

The Company is a private, postsecondary educational provider specializing currently in phlebotomy training. Students are trained to become certified to work in several medical environments such as hospitals, blood banks, laboratories, physician's offices, and plasma centers.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The combined financial statements of the Company have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") and are presented in US dollars. These financial statements have been combined as the companies were under common ownership and management. Material intercompany transactions and balances have been eliminated in combination. In the opinion of management, all adjustments considered necessary for a fair presentation have been included.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. On an ongoing basis, the Company evaluates the estimates and assumptions, including those used to determine the incremental borrowing rate to calculate operating lease liabilities and right-of-use ("ROU") assets, lease terms to calculate lease costs, revenue recognition, bad debts, property and equipment, and certain accruals. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable and Allowance for Credit Losses

Accounts receivable have been reduced by an allowance that reflects the current expected credit losses associated with the receivables. The current expected credit losses are estimated based on historical write-offs, current macroeconomic conditions, and reasonable and supportable forecasts of future economic conditions. Reserves are also established against specific receivables based on aging category, historical collection experience and management's evaluation of the financial condition of the customer. The Company generally considers an account past due or delinquent when a student misses a scheduled payment. The Company writes off accounts receivable balances deemed uncollectible against the allowance for credit losses following the passage of a certain period of time, or generally when the account is turned over for collection to an outside collection agency.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and amortization. Expenditures for major additions, construction, and improvements are capitalized. Depreciation is expensed using the straight-line method over the estimated useful lives of the related assets, which range from three to seven years. Leasehold improvements are depreciated on a straight-line basis over the lesser of the remaining term of the leased facility or the estimated useful life of the improvement, which generally range from four to nine years. Useful lives of significant assets are periodically reviewed and adjusted prospectively to reflect the Company's current estimates of the respective assets' expected utility. Repair and maintenance costs are expensed as incurred.

Long-Lived Assets

The Company assesses the possibility of impairment of long-lived assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors that could trigger an impairment review include significant underperformance relative to expected historical or projected future cash flows, significant changes in the manner of use of acquired assets or the strategy for the overall business, and significant negative industry events or trends.

Fair Value of Financial Instruments

The fair value of a financial instrument under ASC 820 is the amount that could be received upon the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial assets are marked to bid prices and financial liabilities are marked to offer prices. Fair value measurements do not include transaction costs. A fair value hierarchy is used to prioritize the quality and reliability of the information used to determine fair values. Categorization within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The fair value hierarchy is defined in the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs or inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments (Continued)

The Company's assets and liabilities that are subject to fair value measurement are categorized in one of the three levels above. Fair values are based on the inputs available at the measurement dates, and may rely on certain assumptions that may affect the valuation of fair value for certain assets or liabilities.

Revenue Recognition

The Company has adopted ASC 606 – Revenue from Contracts with Customers. In accordance with ASC 606, a principles-based five step model is applied to recognize revenue upon the transfer of control of promised goods to customers and in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The principles-based five step model includes: 1) identifying the contract(s) with a customer; 2) identifying the performance obligations in the contract; 3) determining the transaction price; 4) allocating the transaction price to the performance obligations in the contract; and 5) recognizing revenue when (or as) the Company satisfies a performance obligation.

Performance Obligations

Substantially all the Company's revenues are considered to be revenues from contracts with students, which is recognized when a student completes the course the Company is obligated to provide under the contract. The Company determined standalone selling prices based on the price at which the distinct services or goods are sold separately. The Company does not have significant revenue recognized from performance obligations that were satisfied in prior periods, and the Company does not have any transaction prices allocated to unsatisfied performance obligations other than unearned tuition. The Company records revenue for students who withdraw from its programs only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Unearned tuition represents contract liabilities primarily related to tuition revenue. The Company has assessed the costs incurred to obtain a contract with a student and determined them to be immaterial.

Contract Assets and Liabilities

Unearned tuition in the amount of $2,130,840 is recorded as contract liabilities in the current liabilities section of the accompanying combined balance sheet as of December 31, 2022. The change in this contract liability balance during the year ended December 31, 2022 is the result of payments received in advance of satisfying performance obligations, offset by revenue recognized during that period. Revenue recognized for the year ended December 31, 2022 that was included in the contract liability balance at the beginning of the year was $1,349,453. The Company has no contract assets to record.

Financing Components

Receivables from students generally do not bear interest. Payment terms and collection patterns are short-term, and there are no significant financing components.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Debt Issuance Costs

Debt issuance costs are incurred as a result of entering into certain borrowing transactions and are presented as a reduction from the carrying amount of the debt liability on the Company's combined balance sheet. Debt issuance costs are amortized over the term of the associated debt instrument. The amortization of debt issuance costs is included as a component of interest expense on the Company's combined statement of income and changes in members' equity. If the Company extinguishes debt prior to the end of the underlying instrument's full term, some or all of the unamortized debt issuance costs may need to be written off, and a loss on extinguishment may need to be recognized.

Leases

The Company leases its administrative and educational facilities under operating lease agreements. Upon adoption of ASC 842 – Leases, as of January 1, 2022, the Company derecognized all previously recorded deferred rent balances. ASC 842 requires lessees to recognize a ROU asset and a lease liability on the balance sheet for substantially all leases, with the exception of short-term leases. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of income and changes in members' equity. The Company adopted ASC 842 under a modified retrospective method without the recasting of comparative periods' financial information.

Operating lease payment terms may include fixed payment terms and variable payments. Fixed payment terms and variable payments that depend on an index (e.g., Consumer Price Index, or "CPI," etc.) or rate are considered in the determination of the operating lease right-of-use assets and liabilities. Variable payments that do not depend on an index or rate are not included in the lease right-of-use assets and liabilities determination. Expenses related to leases with a lease term of one month or less are recognized as variable lease expense when incurred. Other lease payments terms may include lease and non-lease components together in fixed payment terms. Lease and non-lease components aggregated in fixed payment terms are treated entirely as lease components.

The Company estimates incremental borrowing rates, which is defined as the interest rate the Company would pay to borrow on a collateralized basis, considering such factors as length of lease term and the risks of the economic environment in which the leased asset operates. A number of the Company's lease agreements contain options to renew. The lease term used to calculate ROU assets and lease liabilities only includes renewal options that are deemed reasonably certain to be exercised.

Advertising and Marketing

Costs related to advertising and marketing are expensed as incurred and were approximately $1,675,137 for the year ended December 31, 2022.

Income Taxes

The Company is taxed as a partnership, and as such, the members report their proportionate share of the Company's taxable income. Therefore, no provision or liability for federal income taxes has been included in the financial statements. The Company applies the measurement and disclosure provisions for uncertain tax positions as required by ASC 740. This subtopic requires that computations and deferred income tax provisions only consider tax positions that are more likely than not to be sustained if the tax authority examines the positions.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

Management has evaluated income tax positions taken or expected to be taken, if any, on income tax returns filed and the likelihood that, upon examination by relevant jurisdictions, those income tax positions would be sustained. Based on the results of this evaluation, management determined there are no positions that necessitated disclosures and/or adjustments. The income tax return filed is not subject to examination by U.S. federal tax authorities for tax years before 2018.

Concentrations

Financial instruments that subject the Company to significant concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. All of the Company's cash is held at financial institutions that management believes to be of high credit quality. The Company's cash and cash equivalents held in Federal Deposit Insurance Corporation ("FDIC") insured institutions can exceed the federally insured limit periodically. Cash balances exceeded federally insured amounts by $2,899,573 as of December 31, 2022.

Recently Issued Accounting Standards

The Company has evaluated all new accounting pronouncements that are in effect. These pronouncements did not have any material impact on the financial statements unless otherwise disclosed, and the Company does not believe that there are any other new accounting pronouncements that have been issued that might have a material impact on its financial position or results of operations.

NOTE 3 – PROPERTY AND EQUIPMENT

Major classes of property and equipment consist of the following:

	December 31, 2022
Vehicles	$ 391,672
Leasehold improvements	615,245
Furniture and fixtures	178,014
Machinery and equipment	603,841
Total property and equipment	1,788,772
Less: accumulated depreciation	(602,014)
Property and equipment, net	$ 1,186,758

Total depreciation expense was $214,754 for the year ended December 31, 2022.

NOTE 4 – LINE OF CREDIT

In 2017, the Company entered into a revolving line of credit agreement with an unrelated third-party for aggregate principal amounts not to exceed $300,000, bearing interest at a rate of 11 percent per annum. Payments are interest-only and are due on a monthly basis. The amount outstanding on the line of credit as of December 31, 2022 was $-0-.

NOTE 5 – LONG-TERM DEBT

Vehicle Loan

In 2018, the Company purchased a vehicle with financing from a third-party lender. The loan requires monthly payments of $360, bears interest at a rate of six percent per annum, and matures in April of 2024.

Paycheck Protection Program Loan

In 2020 the Company applied for and received a Small Business Administration, Paycheck Protection Program (“PPP”) loan. Forgiveness was applied for and granted on April 15, 2022. As such, the balance due on the loan at December 31, 2022 was $-0-.

Credit Agreement

On May 6, 2022, the Company entered into a credit agreement with an unrelated third-party lender for cash proceeds of $16,000,000, net of debt issuance costs paid for legal and other fees of $1,165,000, which has recorded as an offset to the carrying value of the loan on the Company’s combined balance sheet and is being amortized to interest expense over the term of the note.

The note bears cash interest at a rate of seven percent per annum, which is due and payable on a monthly basis through the maturity date of the loan. The note also bears paid-in-kind (“PIK”) interest at a rate of three percent per annum, which accrues and is added to the principal balance of the loan on a monthly basis for the calculation of cash interest payable. The note carries customer prepayment penalties, and matures on May 6, 2027, at which point all outstanding principal, accrued cash interest and PIK interest is due and payable.

Long-term debt is summarized as follows:

	December 31, 2022
Vehicle loan to bank with monthly payments including interest at 6% at December 31, 2022, due May 2024. The note is secured with the vehicle.	$ 5,828
PPP loan with the Small Business Administration, original principal balance of $271,210, due February 2026. Note was forgiven in April 2022.	-
Credit agreement to non-financial institution with borrowings of $16,000,000, due May 2027, net of debt issuance costs. Note is secured with personal and real property.	16,000,000
Total long-term debt	16,005,828
Less: debt discounts	(1,012,516)
Less: current maturities	(3,889)
Long-term debt, net of current maturities and debt discounts	$ 14,989,423

NOTE 5 – LONG-TERM DEBT (CONTINUED)

Aggregate annual principal payments applicable to long-term debt for years subsequent to December 31, 2022 are as follows:

Year Ending December 31,		
2023	$	3,889
2024		1,939
2025		-
2026		-
2027		16,000,000
Thereafter		-
Total	$	16,005,828

Interest expense for the year ended December 31, 2022 was $1,240,068, $318,667 was accrued as PIK interest. Loan fees incurred for bank financing have been included as a debt discount and are amortized over the life of the loan, recorded in interest expense. Amortization of loan fee expenses for the year ended December 31, 2022 was $152,484.

Under the terms of the May 2022 loan agreement, the Company has pledged substantially all assets as collateral. The agreement contains a number of customary restrictive covenants including but not limited to conformity with certain financial reporting requirements, ongoing financial ratios, and maximum annual capital expenditures. The Company was in compliance with all restrictive covenants as of December 31, 2022.

NOTE 6 – LEASES

As of December 31, 2022, the Company leased approximately 80 campus locations and the Company's corporate headquarters under non-cancelable operating leases, some of which contain escalation clauses and requirements to pay other fees associated with the leases. The Company's facility leases have remaining lease terms ranging from one to nine years and expire at various dates through 2032. In addition, the leases commonly include lease incentives in the form of rent abatements and tenant improvement allowances. All of the leases, other than those that may qualify for the short-term scope exception of 12 months or less, are recorded on the Company's combined balance sheets.

Some of the facility leases are subject to annual changes in monthly payments. Lease liabilities are not remeasured as a result of any changes, and such changes are treated as variable lease payments and recognized in the period in which the obligation for those payments was incurred. Many of the Company's lease agreements include options to extend the lease, which the Company does not include in its minimum lease terms unless they are reasonably certain to be exercised. There are no early termination with penalties, residual value guarantees, restrictions or covenants imposed by the Company's facility leases.

The components of lease expense are included in occupancy expense on the combined statement of income, with the exception of interest on lease liabilities, which is included in interest expense.

NOTE 6 – LEASES (CONTINUED)

The components of lease expense during the year ended December 31, 2022 are presented below. The operating lease expense excludes expense for short-term leases not accounted for under ASC 842, which was not significant for the year ended December 31, 2022.

Other information related to the operating leases at December 31 was as follows:

	December 31, 2022
Operating lease expense	$ 2,390,891
Weighted average remaining lease term, in years	3.72
Weighted average discount rate	7.5%

The approximate remaining annual minimum lease payments under the noncancelable operating leases existing as of December 31, 2022 are:

2023	$ 2,453,931
2024	1,872,545
2025	1,074,519
2026	602,394
2027	465,087
Thereafter	593,680
Total minimum lease payments	7,062,156
Less: imputed interest	(983,625)
Total present value of minimum lease payments	$ 6,078,531
Current portion of operating lease liabilities	$ 2,071,933
Non-current operating lease liabilities	4,006,598
Total operating lease liabilities	$ 6,078,531

NOTE 7 – MEMBERS' EQUITY

During the year ended December 31, 2022, net cash proceeds of $2,106,919 were received by the Company as capital contributions from members, and the Company paid $19,792,895 as distributions to members.

NOTE 8 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 19, 2023, the date the combined financial statements were available to be issued, and there were no subsequent events requiring adjustment to the combined financial statements or disclosures as stated herein except for the following:

NOTE 8 – SUBSEQUENT EVENTS (CONTINUED)

Sale of Membership Interests to Eden Capital Management

On March 31, 2023, the members of Intelvio, LLC, sold 55 percent of their membership interests in Intelvio, LLC to Eden Capital Management, LLC, through its subsidiary Eden PTS Holdco LLC (a Delaware limited liability company), for a purchase price of $150,000,000, plus closing cash and net working capital, less closing indebtedness, transaction expenses, and earn-out consideration. The earn-out consideration is equal to a total of $19,500,000, $7,500,000 of which is due to the sellers if Company earnings before interest, income-based taxes, depreciation and amortization ("EBITDA"), exceed the intermediate target EBITDA of $7,500,000 for the period from April 1, 2023 through June 30, 2023, and $12,000,000 of which is due to the sellers if Company EBITDA exceeds $10,000,000 for the period from July 1, 2023 through September 30, 2023.

Acquisition of Inter Fluenta B.V.

On March 26, 2023, Intelvio, LLC, through its subsidiary, Intelvio Behavioral Health Training Inc., entered into a share purchase agreement to acquire 100 percent of the share interests of Inter Fluenta B.V. (a private, limited liability company existing under Dutch law), doing business as Positive Psychology (hereafter referred to as "Positive Psychology"), for a purchase price of $12,667,000, which is comprised of $13,500,000, plus the closing cash balance of $350,678, less $100,000, less closing transaction expenses of $1,083,678.

Revolving Credit and Term Loan Agreement

On March 31, 2023, the Company entered into 1) a revolving credit and term loan agreement with an unrelated third-party lender and the related agent, for an aggregate principal amount of $14,600,000, 2) two delayed draw term loan facilities for an aggregate principal amount not to exceed $13,400,000 and $8,300,000, respectively, and 3) a revolving credit facility for an aggregate principal amount of up to $2,500,000. The loan proceeds were designated, in part, to be used to consummate the acquisition of Positive Psychology. The loans accrue interest at a rate of 7.5 percent interest per annum and mature on March 31, 2028.

Under the terms of the revolving credit and term loan agreements, and the delayed draw term loan facilities, the Company has pledged all equity interests in the Company as collateral. The agreement contains a number of customary restrictive covenants including but not limited to conformity with certain financial reporting requirements, ongoing financial ratios and EBITDA minimums, and maximum annual capital expenditures.

The outstanding principal and interest amounts of all revolving loans, together with accrued and unpaid interest, are due upon the maturity date unless terminated prior to maturity. Principal and interest amounts on the term loans are due in equal quarterly principal installments, commencing on June 30, 2023, and on the last day of each fiscal quarter thereafter, with a final payment equal to the unpaid principal amount on the maturity date of the loan. Principal and interest amounts on the delayed-draw term loans are due in equal quarterly principal installments, commencing on last day of the first fiscal quarter after the fiscal quarter in which the draw is made, and on the last day of each fiscal quarter thereafter, with a final payment equal to the unpaid principal amount on the maturity date of the loan.

Subsequent to year end, $1,501,289 had been drawn on the revolving loan, $8,767,526 had been borrowed under the term loan, and $8,046,907 and $4,984,278 had been borrowed under the delayed draw term notes, respectively.

NOTE 8 – SUBSEQUENT EVENTS (CONTINUED)

Senior Subordinated Credit Agreement

On March 31, 2023, the Company extinguished the credit agreement previously executed on May 6, 2022, with an original principal balance of $16,000,000, and entered into a senior subordinated credit agreement with the same unrelated third-party lender for a principal balance of $26,700,000, net of debt issuance costs.

The senior subordinated credit agreement bears cash interest at a rate of seven percent per annum, which is due and payable on a monthly basis through the maturity date of the loan. The note also bears paid-in-kind ("PIK") interest at a rate of three percent per annum, which accrues and is added to the principal balance of the loan on a monthly basis for the calculation of cash interest payable. The note carries customary prepayment penalties and matures on May 6, 2027, at which point all outstanding principal and PIK interest is due and payable.