

Risk Factors Comparison 2025-03-04 to 2024-03-05 Form: 10-K

Legend: **New Text** ~~Removed Text~~ Unchanged Text **Moved Text** Section

The risk factors described below and other information included elsewhere in this Annual Report on Form 10-K are among the numerous risks faced by our Company and should be carefully considered before deciding to invest in, sell or retain shares of our Common Stock. These are factors that, individually or in the aggregate, could cause our actual results to differ materially from expected and historical results and the risks and uncertainties described below are not the only ones we face. Investors should understand that it is not possible to predict or identify all such risks and, as such, should not consider the following to be a complete discussion of all potential risks and uncertainties that may affect the Company. Investors should consider carefully the risks and uncertainties described below in addition to other information contained in this Annual Report on Form 10-K, including our Consolidated Financial Statements and related notes. **Index** RISKS RELATED TO OUR INDUSTRY Our failure to comply with the extensive regulatory requirements applicable to our participation in Title IV Programs and our school operations could result in financial penalties, restrictions on our operations and loss of external financial aid funding, which could affect our revenues and impose significant operating restrictions upon us. Our industry is highly regulated by federal and state governmental agencies and by accrediting commissions. The various regulatory agencies applicable to our business periodically revise their requirements and modify their interpretations of existing requirements and restrictions. We cannot predict with certainty how any of these regulatory requirements will be applied or whether each of our schools will be able to comply with such revised requirements in the future. Given the complex nature of the regulations and the fact that they are subject to interpretation, it is reasonable to conclude that in the conduct of our business, we may inadvertently violate such regulations. In particular, the HEA and DOE regulations specify extensive criteria and numerous standards that an institution must satisfy to establish to participate in the Title IV Programs. For a description of these federal, state, and accrediting agency criteria, see Part I, Item 1. “Business- Regulatory Environment.” **Index** **If** we are found to have not satisfied the HEA or the DOE’s requirements for Title IV Programs funding, one or more of our institutions, including its additional locations, could be limited in its access to, or lose, Title IV Program funding, which could adversely affect our revenue, as we received approximately ~~81~~**82** % of our revenue (calculated based on cash receipts) from Title IV Programs during the fiscal year ended December 31, ~~2023~~**2024**, and have a significant impact on our business and results of operations. If we or any of our schools fail to comply with applicable federal, state, or accrediting agency requirements, our regulators could take a variety of adverse actions against us, and our schools could be subject to, among other things, a) the loss of, or placement of material restrictions or conditions on (i) state licensure or accreditation, (ii) eligibility to participate in and receive funds under the Title IV Programs or other federal or state financial assistance programs, or (iii) capacity to grant degrees, diplomas and certificates or b) the imposition of liabilities or monetary penalties **, or a requirement to provide a letter of credit or other financial protection**, any of which could have a material adverse effect on academic or operational initiatives, revenues or financial condition, and impose significant operating restrictions upon us. See Part I, Item 1. “Business – Regulatory Environment – Compliance with Regulatory Standards and Effect of Regulatory Violations” and “Business – Regulatory Environment – Other Financial Assistance Programs.” If we fail to demonstrate “administrative capability” to the DOE, our business could suffer. DOE regulations specify extensive criteria an institution must satisfy to establish that it has the requisite “administrative capability” to participate in Title IV Programs, and the DOE recently published new regulations that expand the number and scope of these criteria. For a description of these criteria, see Part I, Item 1. “Business- Regulatory Environment – Administrative Capability.” If we are found not to have satisfied the DOE’s “administrative capability” requirements, or to have otherwise failed to comply with one or more DOE requirements, one or more of our institutions and its additional locations could be limited in its access to, or lose, Title IV Program funding. This could adversely affect our revenue, as we received approximately ~~81~~**82** % of our revenue (calculated based on cash receipts) from Title IV Programs in ~~2023~~**2024**, which would have a significant impact on our business and results of operations. The DOE has placed all of our institutions ~~on~~**in** provisional certification **status** based on findings in recent audits of the institutions’ Title IV compliance that the DOE alleges identified deficiencies in regulations related to DOE regulations regarding an institutions’ level of administrative capability. See Part I, Item 1. “Business- Regulatory Environment – Regulation of Federal Student Financial Aid Programs.” Congress **, the President** and the DOE may make changes to **the DOE or** the laws and regulations applicable to, or reduce funding for, Title IV Programs, which could reduce our student population, revenues or profit margin. Congress periodically revises the HEA and other laws governing Title IV Programs and annually determines the funding level for each Title IV Program. We cannot predict what, if any, legislative or other actions will be taken or proposed by Congress in connection with the reauthorization of the HEA or other such activities of Congress, although Congress recently made a change to the 90 / 10 Rule that will make it harder for schools like ours that are subject to the rule to comply with the rule. See Part I, Item 1. “Business- Regulatory Environment – Congressional Action.” **Similarly, the President could issue executive orders or take other actions and the DOE could establish new regulations, that could make it more difficult for our schools to operate and comply with applicable regulations. Moreover, Congress, or the President, could take action to downsize or eliminate the DOE or transfer some or all of the DOE’s authority or responsibilities to another agency or to the States.** Because a significant percentage of our revenues is derived from the Title IV Programs, any action by Congress **, the President**, or the DOE that significantly reduces funding for Title IV Programs or that limits the ability of our schools, programs, or students to receive funding through such programs **, that disrupts the operations of such programs**, or that imposes new restrictions upon our business or operations could reduce our student enrollment and our revenues, increase our administrative costs, require us to arrange for alternative sources of financial aid for

our students, and require us to modify our practices in order to fully comply. In addition, current requirements for Title IV Program participation may change or the present Title IV Programs could be replaced by other programs with materially different eligibility requirements. The potential for changes **to the DOE or the Title IV Programs** that may be adverse to us and other for-profit schools like ours may increase as a result of changes in political leadership. The DOE continues to engage in a process to establish new regulations that have increased, and will continue to increase, the number and scope of regulatory requirements applicable to our schools. See Part I, Item 1. “Business – Regulatory Environment – Negotiated Rulemaking.” **We cannot predict the scope, timing or likelihood of future actions and changes by Congress, the President or the DOE with respect to the operations or existence of the DOE or the laws and regulations applicable to and the funding for the Title IV Programs.** If we cannot comply with the provisions of the HEA and the regulations of the DOE, as they may be revised, or **with the terms of an executive order or other executive action, or** if the cost of such compliance is excessive, or if funding is materially reduced, **or if funding is materially reduced or disrupted by changes to Title IV Programs,** our revenues or profit margin could be materially adversely affected. **Index** We could be subject to liabilities, letter of credit requirements, and other sanctions under the DOE’s Borrower Defense to Repayment regulations. The DOE’s ~~current~~ Borrower Defense to Repayment regulations establish processes for borrowers to receive from the DOE a discharge of the obligation to repay certain Title IV Program loans based on certain acts or omissions by the institution or a covered party. The ~~current~~ regulations also establish processes for the DOE to seek recovery from the institution of the amount of discharged loans. The regulations regarding Borrower Defense to Repayment and regarding closed school loan discharges are extensive and generally make it easier for borrowers to obtain discharges of student loans and for the DOE to assess liabilities and other sanctions on institutions based on the loan discharges. The implementation and enforcement of these Borrower Defense to Repayment and closed school loan discharge regulations could have a material adverse effect on our business and results of operations. See Part I, Item 1. “Business- Regulatory Environment – Borrower Defense to Repayment Regulations” and “Business – Regulatory Environment – Closed School Loan Discharges.” ~~Index~~**The** The U. S. District Court for the Northern District of California (Sweet v. Cardona, No. 3: 19- cv- 3674 (N. D. Cal.)) has approved a class action settlement that could result in the granting of all borrower defense applications submitted to the DOE concerning our institutions and, potentially, could lead to the DOE seeking recoupment from us of all loan amounts in the granted applications ~~– even though we have appealed the District Court’s judgment approving the settlement~~. On June 22, 2022, **the DOE and** the plaintiff student loan borrowers in a class action against the DOE **initiated on June 25, 2019** in ~~federal~~**the U. S. District court** ~~Court in~~**for the Northern District of** California (Sweet v. Cardona, No. 3: 19- cv- 3674 (N. D. Cal.)) ~~and the DOE~~ announced a proposed settlement agreement to resolve claims that the DOE ~~has had~~ failed to timely decide Borrower Defense to Repayment applications submitted to the DOE. The proposed settlement included three categories of relief for student loan borrowers. First ~~– it set forth a list of approximately 150 institutions, including Lincoln Technical Institute and Lincoln College of Technology, and, under the settlement~~, the DOE would agree to discharge loans and refund prior loan payments to class members with loan debt associated with an institution on the list **included in the settlement** (which includes Lincoln institutions). The class action plaintiffs and the DOE stated that the DOE had determined that attendance at one of the listed institutions justifies presumptive relief allegedly based on strong indicia regarding substantial misconduct by the institutions, whether credibly alleged or in some instances proven, and the purportedly high rate of class members with applications related to the listed schools. Second, the proposed settlement included new procedures for ~~the~~ DOE to resolve pending borrower defense claims associated with other schools not on the list. Third, for any student loan borrower who submitted a borrower defense application after June 22, 2022 and before the final approval of the settlement, the proposed settlement would require the DOE to review the applications under the DOE’s 2016 regulatory standards and issue decisions within 36 months, or else the applications would be discharged in full. ~~At~~**On November 16, 2022,** ~~the time~~**federal district court approved** the plaintiffs ~~settlement as proposed~~ **and the DOE announced** ~~began implementing~~ the proposed settlement ~~– relief while~~ Lincoln was not a party to the lawsuit and none of the named plaintiffs had attended a Lincoln institution. In August 2022, Lincoln and three other **parties appealed** schools were granted permission to intervene in the lawsuit to protect their interests in the finalization and implementation of any settlement agreement the court might approve. In October 2022, the four intervening schools, including Lincoln, filed objections to the final approval of the settlement, asserting reputational harms from the schools’ inclusion on the settlement’s **final approval to** list of schools and denial of schools’ due process rights under the DOE’s borrower defense regulations **U. S. Court of Appeals for the Ninth Circuit**. On November 16 ~~5~~, 2022 ~~2024~~, the **Ninth Circuit upheld** federal district court overruled the four ~~settlement on appeal. One or more~~ schools’ objections and **are expected to continue to appeal the final** approved ~~approval of~~ the settlement as proposed, **but Lincoln does not intend to continue participating in the appeal**. As a result of this final approval, the DOE has estimated that approximately 196, 000 student loan borrowers who attended one of the listed schools (including Lincoln institutions) will receive automatic student loan discharges; that another approximately 100, 000 student loan borrowers who attended other schools not on the list would receive decisions under new procedures; and that approximately 250, 000 student loan borrowers who submitted borrower defense applications between June 22, 2022 and November 16, 2022 would receive decisions under the DOE’s 2016 regulatory standards within 36 months or else receive automatic student loan discharges. ~~On~~**January 13, 2023,** Lincoln appealed the settlement’s final approval to the U. S. Court of Appeals for the Ninth Circuit. Two of the three other intervenor schools also appealed on the same date. The three appealing schools also sought to stay the implementation of the settlement while their appeals were being decided, but the requested stay was denied by the district court, the Ninth Circuit, and the U. S. Supreme Court. As a result, the DOE is implementing the settlement relief while the three schools appeal the settlement’s final approval. Lincoln and the two other appealing schools filed their opening appellate brief in the Ninth Circuit on May 3, 2023. The plaintiffs and the DOE filed their opposition appellate briefs on August 2, 2023. Lincoln and the two other appealing schools filed their reply appellate brief on September 22, 2023. The Ninth Circuit heard oral argument on December 5, 2023, and is currently considering the appeal. It is not possible at this time to predict whether the settlement will **continue to**

be upheld on appeal, what **additional** actions the DOE might take ~~if as~~ the settlement is **continues to be** upheld on appeal, or whether the DOE or other agencies might take actions against Lincoln institutions ~~before the appeal is decided~~. Such actions could have a material adverse effect on our business and results of operations. ~~Even if the Ninth Circuit rules in our favor and if the approval of the settlement is overturned, the DOE already may have discharged by that time the loans associated with some or all of the pending applications. We believe have seen evidence that the DOE already may have discharged some or all of the loans associated with some of the pending applications, but the DOE has not furnished definitive data to us necessary to determine the extent to which applications have been granted. See Part I, Item I. “Business – Regulatory Environment –~~ The DOE may or may not attempt to seek recoupment from applicable schools relating to approval of borrower **Borrower** defense **Defense** applications. The settlement also requires the DOE to **Repayment Regulations** review and decide borrower defense applications submitted after June 22, 2022 and before November 16, 2022 within 36 months of the final settlement date .” If the DOE grants some or all of these applications, the DOE also could attempt to recoup from us the loan amounts relating to these applications. If the DOE approves borrower defense applications concerning us and attempts to recoup from us the loan amounts in the approved applications, we would consider our options for challenging the legal and factual bases for such actions. We cannot predict what other actions the DOE might take if the settlement is fully implemented, including the amount of borrower defense applications that the DOE might grant or the amount of any recoupment that the DOE might seek from us, if any. We also cannot predict the outcome of any challenges we might make to such actions. The DOE’s Gainful Employment regulations could have a significant impact on our business and results of operations. On October 10, 2023, the DOE published final gainful employment **and financial value transparency** regulations on October 10, 2023 which have **had** a general effective date of July 1, 2024 and which establish rules for annually evaluating each of our educational programs based on the calculation of debt- to- earnings rates (an annual debt- to- earnings rate and a discretionary debt- to- earnings rate) and **a an earnings premium measure based on an evaluation of median annual earnings measure** under complex regulatory formulas outlined in the regulations. See Part I, Item 1. “Business- Regulatory Environment – Gainful Employment.” If one or more of our educational programs were to yield debt- to- earnings rates or **an a median earnings premium** measure that do not comply with regulatory benchmarks for two of three consecutive years, we would lose Title IV eligibility for each of the impacted educational programs. The regulations will also require us to provide warnings to current and prospective students for programs in danger of losing of Title IV eligibility (which could deter prospective students from enrolling and current students from continuing their respective programs). The regulations also include provisions for providing certifications and reporting data to the DOE and providing required student disclosures related to gainful employment. ~~Index~~ **The** regulations include gainful employment rates and measures that will be based in part on data that is not readily accessible to us and other institutions, which make it difficult for us to predict with certainty how our educational programs will perform under the new gainful employment benchmarks and the extent to which certain programs could become ineligible for Title IV participation. The DOE released performance data at the time it published the proposed regulations that calculates rates for each school’s program while acknowledging that the methodology used to produce the calculations differs from the methodology in the proposed regulations due to limitations in data availability. Because we do not have access to all of the data that will ultimately be used under the regulations to evaluate our programs and the DOE has not made this data available, we cannot predict whether, or the extent to which, our programs could fail to comply with the new gainful employment benchmarks. Moreover, we do not have control over some of the factors that could impact the rates and measures for our programs which will limit our ability to eliminate or mitigate the impact of the regulations on us and our educational programs. The DOE announced at the time it released the final gainful employment regulations that the first official outcome rates will be published in early 2025 and that programs that fail the same gainful employment metric in the first two years the rates are issued will become ineligible in **2026Index 2026**. The implementation of new gainful employment regulations could require us to eliminate or modify certain educational programs, could result in the loss of our students’ access to Title IV Program funds for the affected programs, and could have a significant impact on the rate at which students enroll in our programs and on our business and results of operations. The DOE has changed its regulations, and may make other changes in the future, in a manner which could require us to incur additional costs in connection with our administration of Title IV Programs, affect our ability to remain eligible to participate in Title IV Programs, impose restrictions on our participation in Title IV Programs, affect the rate at which students enroll in our programs, or otherwise have a significant impact on our business and results of operations. The DOE periodically issues new regulations and guidance that can have an adverse effect on our institutions. We cannot predict the timing and content of any new regulations or guidance that the DOE may seek to impose or whether and to what extent the DOE may issue new regulations and guidance that could adversely impact for- profit schools including our institutions. The DOE recently published new regulations on a variety of topics with a general effective date of July 1, 2024 and ~~is currently~~ **other regulations with a general effective date of July 1, 2026 and could engaged- engage** in additional rulemaking processes in **2024 the future** that **could** are expected to result in new regulations ~~on a broad range of topics~~ that could adversely impact institutions including our institutions. See Part I, Item 1. “Business – Regulatory Environment – Negotiated Rulemaking.” If we cannot comply with the provisions of these or other regulations, as they currently exist or may be revised, or if the cost of such compliance is excessive, or if funding is materially reduced, our revenues or profit margin could be materially adversely affected. We cannot predict how the DOE would interpret and enforce current or future regulations or how these regulations, or any regulations that may arise out of a negotiated rulemaking process or any other regulations that DOE may promulgate, may impact our schools’ participation in Title IV Programs; however, current or future regulations could have a material adverse effect on our schools’ business and results of operations, and the broad sweep of the recent rules and the rules that the DOE is currently developing may, in the future, require our schools to submit a letter of credit based on expanded standards of financial responsibility. If we or our eligible institutions do not meet the financial responsibility standards prescribed by the DOE, we may be required to post letters of credit or our eligibility to participate in Title IV Programs could be terminated or limited, which could significantly reduce our student

population and revenues. To participate in Title IV Programs, an eligible institution must satisfy specific measures of financial responsibility prescribed by the DOE or post a letter of credit in favor of the DOE and possibly accept other conditions on its participation in Title IV Programs. The DOE published new regulations that established expanded standards of financial responsibility, which could result in a requirement that we submit to the DOE a substantial letter of credit or other form of financial protection in an amount determined by the DOE, and be subject to other conditions and requirements, based on any one of an extensive list of triggering circumstances. See Part I, Item 1. “ Business- Regulatory Environment – Financial Responsibility Standards. ” Any obligation to post one or more letters of credit would increase our costs of regulatory compliance. Our inability to obtain a required letter of credit or limitations on, or termination or revocation of, our participation in Title IV Programs could limit our students’ access to various government- sponsored student financial aid programs, which could significantly reduce our student population and revenues. **Index** We are subject to fines and other sanctions if we make incentive payments to individuals involved in certain recruiting, admissions or financial aid activities, which could increase our cost of regulatory compliance and adversely affect our results of operations. An institution participating in Title IV Programs may not provide any commission, bonus or other incentive payment based directly or indirectly on success in enrolling students or securing financial aid to any person involved in any student recruiting or admission activities or in making decisions regarding the awarding of Title IV Program funds. See Part I, Item 1. “ Business- Regulatory Environment-- Restrictions on Payment of Commissions, Bonuses and Other Incentive Payments. ” We cannot predict how the DOE will interpret and enforce the incentive compensation rule and the limited published guidance that the DOE has provided, nor how it will apply the rule and guidance to our past, present, and future compensation practices. These regulations have had and may continue to have a significant impact on the rate at which students enroll in our programs and on our business and results of operations. If we are found to have violated this law, we could be fined or otherwise sanctioned by the DOE or we could face litigation filed under the qui tam provisions of the Federal False Claims Act. **Index** If our schools do not maintain their state licensure and accreditation, they may not participate in Title IV Programs, which could adversely affect our student population and revenues. An institution must be accredited by an accrediting commission recognized by the DOE and by applicable state educational agencies in order to participate in Title IV Programs. See Part I, Item 1. “ Business- Regulatory Environment – State Authorization ” and “ Business – Regulatory Environment – Accreditation. ” If any of our schools fail to comply with accrediting or state requirements, the institution and its main and / or branch campuses are subject to the loss of accreditation or state authorization or may be placed on probation or a special monitoring or reporting status which, if the noncompliance with accrediting commission requirements is not resolved, could result in loss of accreditation. If the DOE declines to continue its recognition of ACCSC in the future and if the subsequent period for obtaining accreditation from another DOE- recognized accrediting agency lapses before we obtain accreditation from another DOE- recognized accrediting agency (or if the DOE does not provide such a period for institutions to obtain other accreditation), our schools could lose their Title IV eligibility. Loss of accreditation by any of our main campuses would result in the termination of that school’ s eligibility and all of its branch campuses to participate in Title IV Programs and could cause us to close the school and its branches, which could have a significant adverse impact on our business and operations. ~~More recently, the DOE commenced a negotiated rulemaking process in January 2024 on a number of topics including amendments to the regulations on accreditation and state authorization. The proposals currently under discussion include amended regulations regarding the standards relating to the DOE’ s recognition of accrediting agencies and using a risk- based approach for prioritizing DOE review of accreditors which could lead to heightened scrutiny of certain accreditors including our institutional accrediting body, ACCSC. The proposals also include rules that would require accreditors to take action more quickly when they identify areas of noncompliance and limit the amount of time can be out of compliance with accreditor standards. The proposals also would require accreditors to strengthen their standards for the review of substantive changes in certain circumstances which could increase the level of accreditor scrutiny of substantive changes at our schools. See Part I, Item 1. “ Business- Regulatory Environment – Accreditation ” and “ Regulatory Environment – State Authorization. ”~~ Programmatic accreditation is the process through which specific programs are reviewed and approved by industry- and program- specific accrediting entities. Although programmatic accreditation is not generally necessary for Title IV Program eligibility, such accreditation may be required to allow students to sit for certain licensure exams or to work in a particular profession or career or to meet other requirements. Failure to obtain or maintain such programmatic accreditation may lead to a decline in enrollments in such programs. Our institutions would lose eligibility to participate in Title IV Programs if the percentage of their revenues derived from those programs exceeds 90 %, which could reduce our student population and revenues. A proprietary institution that derives more than 90 % of its total revenue from Title IV Programs for two consecutive fiscal years becomes immediately ineligible to participate in Title IV Programs and may not reapply for eligibility until the end of at least two fiscal years. An institution with revenues exceeding 90 % for a single fiscal year will be placed **on-in** provisional certification **status** and may be subject to other enforcement measures. In March 2021, the ARPA amended the 90 / 10 Rule by treating other “ federal funds that are disbursed or delivered to or on behalf of a student to be used to attend such institution ” in the same way as Title IV funds are currently treated in the 90 / 10 Rule calculation. See Part I, Item 1. “ Business – Regulatory Environment – 90 / 10 Rule. ” The ARPA states that the amendments to the 90 / 10 Rule apply to institutional fiscal years beginning on or after January 1, 2023 and are subject to the HEA’ s negotiated rulemaking process. The DOE published new final 90 / 10 Rule regulations on October 28, 2022 with a general effective date of July 1, 2023. The 90 / 10 Rule regulations could have a materially adverse effect on us and other schools like ours. See Part I, Item 1. “ Business – Regulatory Environment – 90 / 10 Rule ” and “ Business – Regulatory Environment – Negotiated Rulemaking. ” We cannot be certain that the changes we make to our operations in the future to address the new 90 / 10 Rule regulations will succeed in maintaining our institutions’ 90 / 10 Rule percentages below required levels or that the changes will not materially impact our business operations, revenues, and operating costs. It also is possible that Congress or the DOE could amend the 90 / 10 Rule in the future to lower the 90 % threshold, change the calculation methodology, or make other changes to the 90 / 10 Rule that could

make it more difficult for our institutions to comply with the 90 / 10 Rule. If any of our institutions loses eligibility to participate in Title IV Programs, that loss would also adversely affect our students' access to various government- sponsored student financial aid programs, and would have a significant impact on the rate at which our students enroll in our programs and on our business and results of operations. **IndexOur-Our** institutions would lose eligibility to participate in Title IV Programs if their former students defaulted on repayment of their federal student loans in excess of specified levels, which could reduce our student population and revenues. An institution may lose its eligibility to participate in some or all Title IV Programs if the rates at which the institution' s current and former students default on their federal student loans exceed specified percentages. See Part I, Item 1. " Business- Regulatory Environment – Student Loan Defaults. " If former students defaulted on repayment of their federal student loans in excess of specified levels, our institutions would lose eligibility to participate in Title IV Programs, would also adversely affect our students' access to various government- sponsored student financial aid programs, and would have a significant impact on the rate at which our students enroll in our programs and on our business and results of operations. **Index** We are subject to sanctions if we fail to correctly calculate and timely return Title IV Program funds for students who withdraw before completing their educational programs, which could increase our cost of regulatory compliance and decrease our profit margin. An institution participating in Title IV Programs must correctly calculate the amount of unearned Title IV Program funds that have been credited to students who withdraw from their educational programs before completing them and must return those unearned funds in a timely manner, generally within 45 days of such student' s withdrawal. If the unearned funds are not properly calculated and timely returned, we may have to post a letter of credit in favor of the DOE or may be otherwise sanctioned by the DOE, which could increase our cost of regulatory compliance and adversely affect our results of operations. Based upon the findings of an annual Title IV Program compliance audit of our Columbia and Iselin institutions, we are required to maintain a letter of credit in the amount of \$ 600, 020 to the DOE. More recently, **on January 3, 2025,** the DOE **issued amendments** ~~is engaged in a negotiated rulemaking process on a number of topics including plans to amend~~ the regulations on the requirements for institutions to return unearned Title IV funds to students who withdraw from their educational programs before completing them. ~~We cannot predict the ultimate timing, content or impact of any regulations that the DOE might publish on this topic.~~ See Part I, Item 1. " Business- Regulatory Environment – Return of Title IV Program Funds. " We are subject to sanctions if we fail to comply with the DOE' s regulations regarding prohibitions against substantial misrepresentations, which could increase our cost of regulatory compliance and decrease our profit margin. The DOE' s regulations prohibit an institution that participates in the Title IV Programs from engaging in substantial misrepresentation of the nature of its educational programs, financial charges, graduate employability or its relationship with the DOE. The DOE published final regulations on November 1, 2022 that, among other things, expanded the categories of conduct deemed to be a misrepresentation or substantial omission of fact and that also established new prohibitions on certain types of recruiting tactics and conduct that the DOE deems to be aggressive or deceptive. See Part I, Item 1. " Business- Regulatory Environment – Substantial Misrepresentation. " If the DOE determines that one of our institutions has engaged in substantial misrepresentation or other prohibited conduct, the DOE may impose sanctions or other conditions upon the institution including, but not limited to, initiating an action to fine the institution or limit, suspend, or terminate its eligibility to participate in Title IV Programs and may seek to discharge students' loans and impose liabilities upon the institution. The regulations also could result in further scrutiny of marketing and recruiting practices by institutions like our schools and could increase the chances of the DOE finding practices to be noncompliant and imposing sanctions based on the alleged noncompliance. All of our institutions are provisionally certified by the DOE, which may make them more vulnerable to unfavorable DOE action and place additional regulatory burdens on its operations. All of our institutions are provisionally certified by the DOE. See Part I, Item 1. " Business- Regulatory Environment – Regulation of Federal Student Financial Aid Programs. " The DOE typically places an institution **on-in** provisional certification **status** following a change in ownership resulting in a change of control, and may provisionally certify an institution for other reasons including, but not limited to, failure to comply with certain standards of administrative capability or financial responsibility. During the time when an institution is provisionally certified, it may be subject to adverse action with fewer due process rights than those afforded to other institutions. In addition, an institution that is provisionally certified must apply for and receive approval from the DOE for certain substantive changes including, but not limited to, the establishment of an additional location, an increase in the level of academic offerings or the addition of new programs. The DOE published final regulations with a general effective date of July 1, 2024 that, among other issues, establish rules to authorize additional conditions and restrictions on provisionally certified institutions and expand existing regulations regarding administrative capability and financial responsibility. See Part I, Item 1. " Business – Regulatory Environment – Regulation of Federal Student Financial Aid Programs. " Any adverse action by the DOE or increased regulatory burdens as a result of the provisional **certification** status of one of our institutions could have a material adverse effect on enrollments and our revenues, financial condition, cash flows and results of operations. ~~IndexRegulatory-----~~ **Regulatory** agencies or third parties may conduct compliance reviews, bring claims or initiate litigation against us. If the results of these reviews or claims are unfavorable to us, our results of operations and financial condition could be adversely affected. Because we operate in a highly regulated industry, we are subject to compliance reviews and claims of noncompliance and lawsuits by government agencies and third parties. We may be subject to further reviews related to, among other things, issues of noncompliance identified in recent audits and reviews related to our institutions' compliance with Title IV Program requirements or related to liabilities for the discharge of loans to certain students who attended campuses of our institutions that are now closed. See Part I, Item 1. " Business- Regulatory Environment – Compliance with Regulatory Standards and Effect of Regulatory Violations. " If the results of these reviews or proceedings are unfavorable to us, or if we are unable to defend successfully against third- party lawsuits or claims, we may be required to pay money damages or be subject to fines, limitations on the operations of our business, loss of federal and state funding, injunctions or other penalties. Even if we adequately address issues raised by an agency review or successfully defend a third- party lawsuit or claim, we may have to divert significant financial and

management resources from our ongoing business operations to address issues raised by those reviews or defend those lawsuits or claims. Certain of our institutions are subject to ongoing reviews and proceedings. See Part I, Item 1. “ Business – Regulatory Environment – Accreditation, ” “ Regulatory Environment – Other Financial Assistance Programs, ” “ Regulatory Environment – Borrower Defense to Repayment, ” “ Regulatory Environment- Compliance with Regulatory Standards and Effect of Regulatory Violations, ” and “ Regulatory Environment- Scrutiny of the For- Profit Postsecondary Education Sector. ” Our business could be adversely impacted by additional legislation, regulations, or investigations regarding private student lending because students attending our schools rely on private student loans to pay tuition and other institutional charges. Our private education loans are subject to regulation and oversight by federal and state regulatory agencies. The CFPB has exercised supervisory authority over private education loan providers. The CFPB has initiated investigations into the lending practices of institutions in the for- profit education sector. Any adverse legislation, regulations, or investigations regarding private student lending could limit the availability of private student loans to our students or lead to sanctions or liabilities, which could have a significant impact on our business and operations. **Index** Changes in the executive branch of our federal government as a result of the outcome of elections or other events could result in further legislation, appropriations, **executive orders**, regulations and enforcement actions that could materially or adversely affect our business. Our industry is subject to an intensive ongoing federal and state regulatory environment that affects our industry. The composition of federal and state executive offices, executive agencies and legislatures that are subject to change based on the results of elections, appointments and other events, may adversely impact our industry through constant changes in that regulatory environment resulting from the disparate views towards the for- profit education industry. See Part I, Item 1. “ Business – Regulatory Environment – Scrutiny of the For- Profit Postsecondary Education Sector. ” Any laws **or other actions** that are adopted that limit our or our students’ participation in Title IV Programs or in programs to provide funds for active duty service members and veterans or the amount of student financial aid for which our students are eligible, or any decreases in enrollment related to the congressional activity concerning this sector, could have a material adverse effect on our academic or operational initiatives, cash flows, results of operations, or financial condition. Adverse publicity arising from scrutiny of us or other for- profit postsecondary schools may negatively affect us or our schools. In recent years, Congress, the DOE, state legislatures, accrediting agencies, the CFPB, the FTC, state attorneys general and the media have scrutinized the for- profit postsecondary education sector. See Part I, Item 1. “ Business – Regulatory Environment – Scrutiny of the For- Profit Postsecondary Education Sector. ” Adverse publicity regarding any past, pending, or future investigations, claims, settlements, and / or actions against us or other for- profit postsecondary schools could negatively affect our reputation, student enrollment levels, revenue, profit, and / or the market price of our Common Stock. Unresolved investigations, claims, and actions, or adverse resolutions or settlements thereof, could also result in additional inquiries, administrative actions or lawsuits, increased scrutiny, the loss or withholding of accreditation, state licensure, or eligibility to participate in the Title IV Programs or other financial assistance programs, and / or the imposition of other sanctions by federal, state, or accrediting agencies which, individually or in the aggregate, could have a material adverse effect on our business, financial condition, results of operations, and cash flows and result in the imposition of significant restrictions on us and our ability to operate. If regulators deny, delay, or condition their approval of transactions involving a change of ownership or control of us or of institutions that we own or acquire, it could have a significant impact on our business and results of operations. When a company acquires a school that is eligible to participate in Title IV Programs, that school undergoes a change of ownership and control that generally requires approval of the DOE and applicable accrediting and state authorizing agencies to continue to operate and participate in Title IV Programs. See Part I, Item 1. “ Business- Regulatory Environment- School Acquisitions / Change of Control. ” Thus, any plans to expand our business through acquisition of additional schools and have them certified by the DOE to participate in Title IV Programs must take into account the approval requirements of the DOE and the relevant state education agencies and accrediting commissions. **Index-In** **In** addition, a change of control could occur as a result of future transactions in which the Company or our schools are involved and require our schools to obtain approval of the DOE, ACCSC, and the applicable state authorizing agencies to continue operating and participating in Title IV Programs. The DOE, most state education agencies and our accrediting commissions have standards pertaining to the change of control of schools, but these standards are not uniform. DOE regulations describe some transactions that constitute a change of control, including the transfer of a controlling interest in the voting stock of an institution or the institution’ s parent corporation. Examples of such transactions include but are not limited to a significant purchase or disposition of stock, some corporate reorganizations, and some changes in the Board of Directors of the Company. See Part I, Item 1. “ Business- Regulatory Environment- School Acquisitions / Change of Control. ” The potential adverse effects of a change of control could influence future decisions by us and our shareholders regarding the sale, purchase, transfer, issuance or redemption of our stock. In addition, the adverse regulatory effect of a change of control also could discourage bids for shares of our Common Stock and could have an adverse effect on the market price of our shares. The failure to obtain applicable approvals from the DOE and other applicable regulators without delay or material condition in connection with the acquisition of a school or with a change of ownership or control of us or our schools could have a significant impact on our business and results of operations. If regulators deny, delay, or condition their approval of new locations and educational programs at our schools, it could have a significant impact on our business and results of operations. Our strategic plans for future expansion are based, in part, on our ability to open new schools as additional locations of our existing institutions, to add new educational programs at our existing schools, and take into account the applicable approval requirements of the DOE and our other regulatory agencies for adding new locations and educational programs. See Part I, Item 1. “ Business- Regulatory Environment- Opening Additional Schools and Adding Educational Programs ”. Our institutions are provisionally certified and required to obtain prior DOE approval of new locations and of new educational programs. If an institution erroneously determines that an educational program is eligible for purposes of Title IV Programs, the institution would likely be liable for repayment of Title IV Program funds provided to students in that educational program. The failure to obtain applicable

approvals from the DOE and other applicable regulators without delay or material condition in connection with the addition of a new location or educational program could have a significant impact on our business and results of operations. **Index** Public health pandemics, epidemics or outbreaks, **including such as** the COVID- 19 pandemic, could have a material adverse effect on our business and operations. Public health pandemics, epidemics or outbreaks, **such as the COVID- 19 pandemic,** and the resulting containment measures to be taken in response to such events have caused and may in the future cause economic and financial disruptions globally. The extent to which any rapidly spreading contagious illness may impact our business and operations will depend on a variety of factors beyond our control, including the actions of governments, businesses and other enterprises in response thereto, the effectiveness of those actions, and vaccine availability, distribution and adoption, all of which cannot be predicted with any level of certainty. We believe that the spread of such illnesses could adversely impact our business and operations, including as a result of workforce limitations and travel restrictions and related government actions. If a significant percentage of our workforce is unable to work, including because of illness or travel or government restrictions in connection with pandemics or disease outbreaks, our operations and enrollment may be negatively impacted. Finally, state and federal regulators, including the DOE, are augmenting existing regulatory processes, waiving others, and overseeing various emergency relief and aid programs. It is highly uncertain how long such regulatory accommodations will continue, or how long and in what amount emergency relief and aid funds will continue to be available. We also cannot predict the types of conditions that may be attached to participation in emergency relief and aid programs, and whether and to what extent compliance with such conditions will be monitored and enforced. If further outbreaks occur and students elect to take a leave of absence, withdraw, or do not make up the required in person labs on a timely basis, our future revenues could be impacted.

RISKS RELATED TO OUR BUSINESS Our success depends in part on our ability to update and expand the content of existing programs and develop new programs in a cost- effective manner and on a timely basis. Prospective employers of our graduates increasingly demand that their entry- level employees possess appropriate technological skills. These skills are becoming more sophisticated in line with technological advancements in the automotive, diesel, information technology, and skilled trades. Accordingly, educational programs at our schools must keep pace with those technological advancements. The expansion of our existing programs and the development of new programs may not be accepted by our students, prospective employers or the technical education market. Even if we are able to develop acceptable new programs, we may not be able to introduce these new programs as quickly as our students require or as competitors or employers demand. If we are unable to adequately respond to changes in market requirements due to financial or regulatory constraints, unusually rapid technological changes or other factors, our ability to attract and retain students could be impaired, our placement rates could suffer and our revenues could be adversely affected. In addition, if we are unable to adequately anticipate the requirements of the employers we serve, we may offer programs that do not teach skills useful to prospective employers, which could affect our placement rates and our ability to attract and retain students, causing our revenues to be adversely affected. **Index** **Competition** ----- **Competition** could decrease our market share and cause us to lower our tuition rates. The **post- secondary postsecondary** education market is highly competitive. We compete for students and faculty with traditional public and private two- year and four- year colleges and universities and other proprietary schools, many of which have greater financial resources than we do. Some traditional public and private colleges and universities, as well as other private career- oriented schools, offer programs that may be perceived by students to be similar to ours. Most public institutions are able to charge lower tuition than our schools, due in part to government subsidies and other financial resources not available to for- profit schools. Some of our competitors also have substantially greater financial and other resources than we have which may, among other things, allow our competitors to secure strategic relationships with some or all of **our the companies with which we have** existing **relationships** **strategic partners** or develop other high profile strategic relationships, or devote more resources to expanding their programs and their school network, or provide greater financing alternatives to their students, all of which could affect the success of our marketing programs. In addition, some of our competitors have a larger network of schools and campuses than we do, enabling them to recruit students more effectively from a wider geographic area. This strong competition could adversely affect our business. We may be required to reduce tuition or increase spending in response to competition in order to retain or attract students or pursue new market opportunities. As a result, our market share, revenues and operating margin may be decreased. We cannot be sure that we will be able to compete successfully against current or future competitors or that the competitive pressures we face will not adversely affect our revenues and profitability. **Index** Our financial performance depends in part on our ability to continue to develop awareness and acceptance of our programs among high school graduates and working adults looking to return to school. The awareness of our programs among high school graduates and working adults looking to return to school is critical to the continued acceptance and growth of our programs. Our inability to continue to develop awareness of our programs could reduce our enrollments and impair our ability to increase our revenues or maintain profitability. The following are some of the factors that could prevent us from successfully marketing our programs: • student dissatisfaction with our programs and services; • diminished access to high school student populations; • our failure to maintain or expand our brand or other factors related to our marketing or advertising practices; and • our inability to maintain relationships with employers in the automotive, diesel, skilled trades and IT services industries. An increase in interest rates could adversely affect our ability to attract and retain students. Our students and their families have benefitted from historic lows on student loan interest rates in **recent prior** years. Much of the financing our students receive is tied to floating interest rates. Recently, **however,** student loan interest rates have been **edging** higher, making borrowing for education more expensive. Increases in interest rates result in a corresponding increase in the cost to our existing and prospective students of financing their education, which could result in a reduction in the number of students attending our schools and could adversely affect our results of operations and revenues. Higher interest rates could also contribute to higher default rates with respect to our students' repayment of their educational loans. Higher default rates may in turn adversely impact our eligibility for Title IV Program participation or the willingness of private lenders to make private loan programs available to students who attend our schools, which could result in a reduction in our student population. A substantial

decrease in student financing options, or a significant increase in financing costs for our students, could have a significant impact on our student population, revenues and financial results. The consumer credit markets in the United States have recently suffered from increases in default rates and foreclosures on mortgages. Adverse market conditions for consumer and federally guaranteed student loans could result in providers of alternative loans reducing the attractiveness and / or decreasing the availability of alternative loans to ~~post-secondary~~ **postsecondary** students, including students with low credit scores who would not otherwise be eligible for credit-based alternative loans. Prospective students may find that these increased financing costs make borrowing prohibitively expensive and abandon or delay enrollment in ~~post-secondary~~ **postsecondary** education programs. Private lenders could also require that we pay them new or increased fees in order to provide alternative loans to prospective students. If any of these scenarios were to occur, our students' ability to finance their education could be adversely affected and our student population could decrease, which could have a significant impact on our financial condition, results of operations and cash flows. In addition, any actions by the U. S. Congress or by states that significantly reduce funding for Title IV Programs or other student financial assistance programs, or the ability of our students to participate in these programs, or establish different or more stringent requirements for our schools to participate in those programs, could have a significant impact on our student population, results of operations and cash flows. ~~Index~~ **We** cannot predict our future capital needs, and if we are unable to secure additional financing when needed, our operations and revenues would be adversely affected. We may need to raise additional capital in the future to fund acquisitions, working capital requirements, expand our markets and program offerings or respond to competitive pressures or perceived opportunities. We cannot be sure that additional financing will be available to us on favorable terms, or at all. If adequate funds are unavailable when required or on acceptable terms, we may be forced to forego attractive acquisition opportunities, or cease operations. Even if we are able to continue our operations, our ability to increase student enrollment and revenues would be adversely affected. We may not be able to retain our key personnel or hire and retain the personnel we need to sustain and grow our business. Our success has depended, and will continue to depend, largely on the skills, efforts and motivation of our executive officers who generally have significant experience within the ~~post-secondary~~ **postsecondary** education industry. Our success also depends in large part upon our ability to attract and retain highly qualified faculty, school directors, administrators and corporate management. Due to the nature of our business, we face significant competition in the attraction and retention of personnel who possess the skill sets that we seek. In addition, key personnel may leave us and subsequently compete against us. Furthermore, we do not currently carry "key man" life insurance on any of our employees. The loss of the services of any of our key personnel, or our failure to attract and retain other qualified and experienced personnel on acceptable terms, could have an adverse effect on our ability to operate our business efficiently and to execute our growth strategy. ~~Index~~ Our total assets include ~~a substantial amount of~~ goodwill. In the event that our schools do not achieve satisfactory operating results, we may be required to write-off a significant portion of the goodwill which would negatively affect our results of operations. Our total assets reflect ~~substantial amount amounts of for~~ goodwill. At December 31, ~~2023~~ **2024**, goodwill associated with our acquisitions decreased to approximately ~~32.15~~ **32.15** % from ~~53.01~~ **53.01** % of total assets at December 31, ~~2022~~ **2023**. On at least an annual basis, we assess whether there has been an impairment in the value of goodwill. If the carrying value of the tested asset exceeds its estimated fair value, impairment is deemed to have occurred. In this event, the amount is written down to fair value. Under current accounting rules, this would result in a charge to operating earnings. Any determination requiring the write-off of ~~a significant portion of~~ goodwill would negatively affect our results of operations and total capitalization, which could be material. See Part II. Item 8. "Financial Statements and Supplemental Data- Notes to Consolidated Financial Statements – Note 7 Goodwill." Strikes by our employees may disrupt our ability to hold classes as well as our ability to attract and retain students, which could materially adversely affect our operations. In addition, we contribute to multiemployer benefit plans that could result in liabilities to us if these plans are terminated or we withdraw from them. As of December 31, ~~2023~~ **2024**, the teaching professionals at ~~six seven~~ **six seven** of our campuses are represented by unions and covered by collective bargaining agreements that expire between **2025 and 2027. The faculty of the Company's Union, New Jersey campus voted to be represented through collective bargaining in 2024 and 2026.** Although we believe that we have good relationships with these unions and with our employees, any strikes or work stoppages by our employees could adversely impact our relationships with our students, hinder our ability to conduct business and increase costs. We also contribute to multiemployer pension plans for some employees covered by collective bargaining agreements. These plans are not administered by us, and contributions are determined in accordance with provisions of negotiated labor contracts. The Employee Retirement Income Security Act of 1974, as amended by the Multiemployer Pension Plan Amendments Act of 1980, imposes certain liabilities upon employers who are contributors to a multiemployer plan in the event of the employer's withdrawal from, or upon termination of, such plan. We do not routinely review information on the net assets and actuarial present value of the multiemployer pension plans' unfunded vested benefits allocable to us, if any, and we are not presently aware of any material amounts for which we may be contingently liable if we were to withdraw from any of these plans. In addition, if any of these multiemployer plans enters "critical status" under the Pension Protection Act of 2006, we could be required to make significant additional contributions to those plans. System disruptions to our technology infrastructure could impact our ability to generate revenue and could damage the reputation of our institutions. The performance and reliability of our technology infrastructure is critical to our reputation and to our ability to attract and retain students. We license the software and related hosting and maintenance services for our online platform and our student information system from third-party software providers. Any system error or failure, or a sudden and significant increase in bandwidth usage, could result in the unavailability of systems to us or our students or result in delays and / or errors in processing student financial aid and related disbursements. Any such system disruptions could impact our ability to generate revenue and affect our ability to access information about our students and could also damage the reputation of our institutions. Any of the cyberattacks, breaches or other disruptions or damage described above could interrupt our operations, result in theft of our and our students' data or result in legal claims and proceedings, liability and penalties under privacy laws and increased cost for security and remediation, each of which could

adversely affect our business and financial results. We may be required to expend significant resources to protect against system errors, failures or disruptions or to repair problems caused by any actual errors, disruptions or failures. **Index** **We** **We** are subject to privacy and information security laws and regulations due to our collection and use of personal information, and any violations of those laws or regulations, or any breach, theft or loss of that information, could adversely affect our reputation and operations. Our efforts to attract and enroll students result in the Company collecting, using and storing substantial amounts of personal information regarding applicants, our students, their families and alumni, including social security numbers and financial data. We also maintain personal information about our employees in the ordinary course of our activities. Our services, the services of many of our health plan and benefit plan vendors, and other information can be accessed globally through the internet. We rely extensively on our network of interconnected applications and databases for day to day operations as well as financial reporting and the processing of financial transactions. Our computer networks and those of our vendors that manage confidential information for us or provide services to our students may be vulnerable to computer hackers, organized cyberattacks and physical or electronic breaches or unauthorized access, acts of vandalism, ransomware, software viruses and other similar types of malicious activities. Regular patching of our computer systems and frequent updates to our virus detection and prevention software with the latest virus and malware signatures may not catch newly introduced malware and viruses or “zero- day” viruses, prior to their infecting our systems and potentially disrupting our data integrity, taking sensitive information or affecting financial transactions. While we utilize security and business controls to limit access to and use of personal information, any breach of student or employee privacy or errors in storing, using or transmitting personal information could violate privacy laws and regulations resulting in fines or other penalties. A wide range of high- profile data breaches in recent years has led to renewed interest in federal data and cybersecurity legislation that could increase our costs and / or require changes in our operating procedures or systems. A breach, theft or loss of personal information held by us or our vendors, or a violation of the laws and regulations governing privacy could have a material adverse effect on our reputation or result in lawsuits, additional regulation, remediation and compliance costs or investments in additional security systems to protect our computer networks, the costs of which may be substantial. We cannot assure you that a breach, loss, or theft of personal information will not occur. **Index** Changes in U. S. tax laws or adverse outcomes from examination of our tax returns could have an adverse effect upon our financial results. We are subject to income tax requirements in various jurisdictions in the United States. Legislation or other changes in the tax laws of the jurisdictions where we do business could increase our liability and adversely affect our after- tax profitability. In addition, we are subject to examination of our income tax returns by the Internal Revenue Service and the taxing authorities of various states. We regularly assess the likelihood of adverse outcomes resulting from tax examinations to determine the adequacy of our provision for income taxes and we have accrued tax and related interest for potential adjustments to tax liabilities for prior years. However, there can be no assurance that the outcomes from these tax examinations will not have a material effect, either positive or negative, on our business, financial conditions and results of operations. The occurrence of natural or man- made catastrophes, including those caused by climate change and other climate- related causes, could materially and adversely affect our business, financial condition, results of operations and prospects. **All** **Substantially all** of our campuses are located at leased premises in various areas some of which can experience hurricanes, severe storms, floods, coastal storms, tornadoes, power outages and other severe weather events. If these events were to occur and cause damage to our campus facilities, or limit the ability of our students or faculty to participate in or contribute to our academic programs or our ability to comply with federal and state educational requirements, our business may be adversely affected. Disruptions of this kind may also result in increases in student attrition, voluntary or mandatory closure of some or all of our facilities, or our inability to procure essential supplies or travel during the pendency of mandated travel restrictions. We may not be able to effectively shift our operations due to disruptions arising from the occurrence of such events, and our business and results of operations could be affected adversely as a result. Moreover, damage to or total destruction of our campus facilities from various weather events may not be covered in whole or in part by any insurance we may have. Our success depends, in part, on the effectiveness of our marketing and advertising programs in recruiting new students. Maintaining our revenues and margins and further increasing them requires us to continue to develop our admissions programs and attract new students in a cost- effective manner. The scope and focus of our marketing and advertising efforts and the strategies used are determined by, among other factors, the specific geographic markets, regulatory compliance requirements and the nature of each institution and its students. If we are unable to advertise and market our institutions and programs successfully, our ability to attract and enroll new students could be materially adversely affected and, consequently, our financial performance could suffer. We use marketing tools such as the internet, radio, television and print media advertising to promote our institutions and programs. Our representatives also make presentations at high schools and career fairs. Additionally, we rely on the general reputation of our institutions and referrals from current students, alumni and employers as a source of new enrollment. As part of our marketing and advertising, we also subscribe to lead- generating databases in certain markets, the cost of which may increase. Among the factors that could prevent us from marketing and advertising our institutions and programs successfully are the failure of our marketing tools and strategies to appeal to prospective students, regulatory constraints on marketing, current student and / or employer dissatisfaction with our program offerings or results and diminished access to high school campuses and military bases. In order to maintain our growth, we will need to attract a larger percentage of students in existing markets and increase our addressable market by adding locations in new markets and rolling out new academic programs. Any failure to accomplish this may have a material adverse effect on our future growth. **Index** **Our** **Our** business could be negatively impacted by **cyber** **cybersecurity** and other security threats or disruptions. Like other companies in our industry, the performance and reliability of our computer networks is essential to our existing operations, our ability to attract and retain students and our reputation. And, like all companies that utilize technology, we face significant cybersecurity and other security threats that include, among other things, attempts to gain unauthorized access to sensitive student and employee information; attempts to compromise the integrity, confidentiality and / or availability of our systems, hardware and networks, and the information on

them; insider threats; malware; ransomware; threats to the safety of our directors, officers and employees; and threats to our facilities, infrastructure and services. We are also subject to increasing government, student information and cybersecurity and other security requirements, including disclosure obligations. We continue to invest in the cybersecurity and resiliency of our networks and products and enhance our internal controls and processes, which are designed to help protect our systems and infrastructure, and the information they contain. These include timely detection of incidents through monitoring, training, incident response capabilities, and mitigating cybersecurity and other risks to our data, systems and services. However, given the complex, continuing and evolving nature of cybersecurity threats and other security threats, including threats from targeting by more advanced and persistent adversaries, these efforts may not be fully effective, particularly against previously unknown vulnerabilities that could go undetected for extended periods of time. Successful attacks could lead to losses or misuse of sensitive information or capabilities; theft or corruption of data; harm to personnel, infrastructure or products; financial costs and liabilities; protracted disruptions in our operations and performance; as well as damage to our reputation as a provider of educational services. **Index** Our students and corporate business ~~partners~~ **entities** to whom we entrust confidential data, and on whom we rely to provide services, face similar threats and growing requirements, including ones for which others may seek to hold us responsible. We depend on our students, suppliers, and other business ~~partners~~ **entities** to implement and verify adequate controls and safeguards to protect against and report cybersecurity incidents. If they fail to deter, detect or report cybersecurity incidents in a timely manner, we may suffer financial and other harm, including to our information, operations, performance, employees and reputation. Additionally, while we maintain insurance against certain losses relating to cybersecurity threats and incidents that we believe to be at adequate levels of coverage, such coverage may not be sufficient to address an incident and we may not always be able to obtain adequate insurance to cover our losses. We also face threats to our physical security, including to our facilities and the safety and the well-being of our people. These threats could involve terrorism, insider threats, workplace violence, civil unrest, natural disasters, damaging weather, or fires, which could adversely affect our company. Such acts could detrimentally impact our ability to perform our operations. We could also incur unanticipated costs to remediate impacts and lost business. The occurrence and impact of these various risks are difficult to predict, but one or more of them could have a material adverse effect on our financial position, results of operations and / or cash flows.

RISKS RELATED TO OUR CAPITAL STRUCTURE Anti-takeover provisions in our Amended and Restated Certificate of Incorporation, our Bylaws and New Jersey law could discourage a change of control that our shareholders may favor, which could negatively affect our stock price. Provisions in our Amended and Restated Certificate of Incorporation and our Bylaws and applicable provisions of the New Jersey Business Corporation Act may make it more difficult and expensive for a third party to acquire control of the Company even if a change of control would be beneficial to the interests of our shareholders. These provisions could discourage potential takeover attempts and could adversely affect the market price of our Common Stock. For example, applicable provisions of the New Jersey Business Corporation Act may discourage, delay or prevent a change in control by prohibiting us from engaging in a business combination with an interested shareholder for a period of five years after the person becomes an interested shareholder. Furthermore, our Amended and Restated Certificate of Incorporation and Bylaws:

- authorize the issuance of blank check Preferred Stock that could be issued by our Board of Directors to thwart a takeover attempt;
- prohibit cumulative voting in the election of directors, which would otherwise allow holders of less than a majority of stock to elect some directors;
- require super-majority voting to effect amendments to certain provisions of our Amended and Restated Certificate of Incorporation;
- limit who may call special meetings of both the Board of Directors and shareholders;
- prohibit shareholder action by non-unanimous written consent and otherwise require all shareholder actions to be taken at a meeting of the shareholders; **Index**
- establish advance notice requirements for nominating candidates for election to the Board of Directors or for proposing matters that can be acted upon by shareholders at shareholders' meetings; and
- require that vacancies on the Board of Directors, including newly created directorships, be filled only by a majority vote of directors then in office. We can issue shares of Preferred Stock without general shareholder approval, which could adversely affect the rights of common shareholders. Our Amended and Restated Certificate of Incorporation permits us to establish the rights, privileges, preferences and restrictions, including voting rights, of future series of our Preferred Stock and to issue such stock without approval from our shareholders. The rights of holders of our Common Stock may suffer as a result of the rights granted to holders of Preferred Stock that may be issued in the future. In addition, we could issue Preferred Stock to prevent a change in control of our Company, depriving common shareholders of an opportunity to sell their stock at a price in excess of the prevailing market price. **Index**

The trading price of our Common Stock may continue to fluctuate substantially in the future. Our stock price may fluctuate significantly as a result of a number of factors, some of which are not in our control. These factors **may** include:

- general economic conditions;
- general conditions in the for-profit, ~~post-secondary~~ **postsecondary** education industry;
- negative media coverage of the for-profit, ~~post-secondary~~ **postsecondary** education industry;
- failure of certain of our schools or programs to maintain compliance under the gainful employment regulation, 90 / 10 Rule or with financial responsibility standards;
- the impact of DOE rulemaking and other changes in the highly regulated environment in which we operate;
- the initiation, pendency or outcome of litigation, accreditation reviews and regulatory reviews, inquiries and investigations;
- loss of key personnel;
- quarterly variations in our operating results;
- our ability to meet or exceed, or changes in, expectations of investors and analysts, or the extent of analyst coverage of us; and
- decisions by any significant investors to reduce their investment in our Common Stock. In addition, the trading volume of our Common Stock is relatively low. This may cause our stock price to react more to these factors and various other factors and may impact an investor's ability to sell our Common Stock at the desired time at a price considered satisfactory. Any of these factors may adversely affect the trading price of our Common Stock, regardless of our actual operating performance, and could prevent an investor from selling shares of our Common Stock at or above the price at which the investor purchased them.

ITEM 1B. UNRESOLVED STAFF COMMENTS