

Risk Factors Comparison 2025-02-19 to 2024-02-13 Form: 10-K

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

• the harm to our business, results of operations, and financial condition, and harm to our university partners resulting from epidemics, pandemics, or public health crises; **• the harm to our business and our ability to retract and retain students resulting from capacity constraints, system disruptions, or security breaches in our online computer networks and phone systems:** • the ability of our university partners' students to obtain federal Title IV funds, state financial aid, and private financing; • potential damage to our reputation or other adverse effects as a result of negative publicity in the media, in the industry or in connection with governmental reports or investigations or otherwise, affecting us or other companies in the education services sector; • risks associated with changes in applicable federal and state laws and regulations and accrediting commission standards, including pending rulemaking by the United States Department of Education ("ED") applicable to us directly or indirectly through our university partners; • competition from other education service companies in our geographic region and market sector, including competition for students, qualified executives and other personnel; • our expected tax payments and tax rate; • our ability to hire and train new, and develop and train existing employees; • the pace of growth of our university partners' enrollment and its effect on the pace of our own growth; • fluctuations in our revenues due to seasonality; • our ability to, on behalf of our university partners, convert prospective students to enrolled students and to retain active students to graduation; • our success in updating and expanding the content of existing programs and developing new programs in a cost-effective manner or on a timely basis for our university partners; • risks associated with the competitive environment for marketing the programs of our university partners; • failure on our part to keep up with advances in technology that could enhance the experience for our university partners' students; • our ability to manage future growth effectively; • the impact of any natural disasters or public health emergencies; • general adverse economic conditions or other developments that affect the job prospects of our university partners' students; and • other factors discussed under the headings "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business," and "Regulation." Forward- looking statements speak only as of the date the statements are made. You should not put undue reliance on any forward- looking statements. We assume no obligation to update forward- looking statements to reflect actual results, changes in assumptions, or changes in other factors affecting forward- looking information, except to the extent required by applicable securities laws. If we do update one or more forward- looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward- looking statements.

4Part IIItem 1. BusinessOverviewGrand Canyon Education, Inc., a Delaware corporation ("**GCE**" **or the "Company"**) is a publicly traded education services company dedicated to serving colleges and universities. GCE has developed significant technological solutions, infrastructure and operational processes to provide services to these institutions on a large scale. GCE's most significant university partner is Grand Canyon University ("**GCU**"), an Arizona non- profit corporation that operates a comprehensive regionally accredited university that offers graduate and undergraduate degree programs, emphases and certificates across ten colleges both online and on ground at its campus in Phoenix, Arizona and at ~~six-eight~~ off- campus classroom and laboratory sites. As of December 31, ~~2023~~ **2024**, GCE provided education services and support to approximately ~~121-127, 000~~ **127, 000-150** students with more than ~~117-123~~ **117-123**, ~~000-100~~ students enrolled in GCU's programs, emphases and certificates. **We also** ~~In January 2019, GCE began providing~~ **provide** education services to numerous university partners across the United States, ~~through our wholly owned subsidiary, Orbis Education Services LLC ("Orbis Education"), which we acquired in 2019 (the "Acquisition").~~ In the healthcare field, we work in partnership with universities and healthcare networks across the country, offering healthcare- related academic programs at off- campus classroom and laboratory sites located near healthcare providers and developing high- quality, career- ready graduates who enter the workforce ready to meet the demands of the healthcare industry. In addition, we have provided certain services to a university partner to assist them in expanding their online graduate programs. As of December 31, ~~2023~~ **2024**, GCE provides education services to ~~25-22~~ **25-22** university partners across the United States. We seek to add additional university partners and to ~~introduce roll-out~~ **introduce** additional programs with both our existing partners and with new partners. We may engage with both new and existing university partners to offer healthcare programs, online only or hybrid programs, or, as is the case for our most significant partner, GCU, both healthcare and other programs. ~~In addition, we have centralized a number of services that historically were provided separately to university partners of Orbis Education; therefore, we refer to all university partners as "GCE partners" or "our partners".~~ We do disclose significant information for GCU, such as enrollments, due to its size in comparison to our other university partners. Our Business GCE is an education services company with ~~25-22~~ **25-22** university partners as of December 31, ~~2023~~ **2024**. We have invested more than \$ ~~300-345~~ **300-345** million in the last ~~15-16~~ **15-16** years in technology which includes the cost to develop systems that automate key processes and enable us to scale these processes to hundreds of thousands of students. GCE is capable of supporting not just core academic functions, technology and marketing but many additional key processes that surround those functions, such as faculty recruiting and training, admissions, financial aid, accounting, and technical support. We provide these services to our university partners pursuant to master services agreements that define the scope of our engagement, the types of services provided and other key terms of the engagement. Our investments also include the cost to build our off- site classroom and laboratory sites (including the specialized equipment) that are used by our university partners to educate healthcare students. Suite of ServicesThe following describes the various services that we are capable of providing to university partners. Services actually provided to a given university partner depend upon the nature of programs supported by GCE, existing university infrastructure, and university partner preferences. ~~5Technology~~ **Technology** and Academic ServicesWe provide technology and academic services that can include the ongoing maintenance of our

university partners' educational infrastructure, including online course delivery and management, student records, assessment, customer relations management and other internal administrative systems. These services can also include curriculum conversion, support for content development, support for faculty and related training and development, technical support, rent and occupancy costs for university partners' simulation and skills labs, and assistance with state regulatory compliance. We have established secure, reliable and scalable technology systems that provide a high- quality educational environment and that give us the capability to grow our university partners' programs and enrollment. **Technology-5Technology** Services may include the following: • Learning Management System ("LMS")- GCE designed and offers to its university partners its own proprietary LMS, called Halo. All of GCU' s students, online and ground use this LMS. The basic functionality includes an interactive course syllabus, discussion questions and forums, instruction interaction, class quizzes, group assignments, written assignment submission and rubrics, grading, participation, attendance and integration with our student information system. The functions in Halo have been reimagined to work more intuitively with new user interface design and more seamless ways of accomplishing the same tasks. Halo was designed as a "**Cloud-cloud** native " application taking advantage of all the performance and reliability features of the **Cloud-cloud**. Halo supports small classes that are instructor led, highly interactive and collaborative. Rich content that originates from a myriad of sources, including direct advisement from industry, is coupled with a robust discussion environment. Students most often respond to the content and discussion through written work. The writing assignments are designed to promote critical thinking which is often connected to solving real world problems. This platform can easily and reliably scale as student populations increase. The platform provides in- depth analytics that allow us to closely monitor student success and the quality of instructional resources. GCE also designed its previous learning management system, LoudCloud which GCU used prior to HALO. • Internal administration- We utilize a commercial customer relations management development platform to distribute, manage, track, and report on all interactions with prospective student leads as well as all active and inactive students. This software is scalable to capacity levels well in excess of current requirements. We also utilize a commercial software package to track Title IV funds, student records, grades, accounts receivable, accounts payable and general ledger. We have done significant internal software development around these systems to increase the productivity of our employees and provide students an exceptional educational experience. • Infrastructure- We operate two data centers, one at GCU' s campus and one at another Phoenix- area location. Our infrastructure supports IT for GCE and we can provide it for our customers. All of our servers are networked, and we have redundant data backup. We manage our technology environment internally. Our wide area network is fully redundant to ensure maximum uptime, bandwidth capacity and network performance. Student access is load balanced for optimal performance. Real- time monitoring provides current system status across network, server, and storage components. We provide cybersecurity services, support and incident response for all infrastructure and software that we utilize. • Support- We provide 18 / 7 technical support for students and faculty. There are two systems utilized by GCE to provide these services. Academic Services may include the following: • Program and Curriculum – GCE has a curriculum content department that provides design and conversion services to our university partners. In collaboration with our university partners, we assist with the program and course design by providing curricular assistance and recommendations with respect to content and techniques that make use of the available technologies and methods embodied in the learning management system. GCE developed a proprietary system to support these services. **6** • Faculty and Related Training and Development – GCE provides faculty support including recruitment, training and oversight services to its university partners. Under the direction of our university partners and their academic leadership, we recruit and screen candidates, and schedule faculty based on university partner- created requirements. We evaluate all faculty according to university partner standards and provide evaluation results, if requested. Many of the health sciences specific faculty development resources are accredited by the International Association for Continuing Education and Training ("**IACET**") and the American Nurses Credentialing Center ("**ANCC**")-allowing faculty to earn continuing education credits. • Class Scheduling – GCE has a class scheduling department and has developed a proprietary system to provide these services to our university partners. Our scheduling software provides students the ability to set their class schedule and flexibility to make changes and create opportunities to complete **courses-6courses** in a myriad of online or onsite options. We optimize class size prior to course starts based on university partner standards, in order to maximize class resources and faculty utilization. • Skills and Simulation Lab Sites – GCE secures, develops and finances off- campus classroom and laboratory sites for use in various programs offered by our university partners, including the accelerated Bachelor of Science in Nursing (ABSN). Off- campus classroom and laboratory sites are branded for specific university partners and all classrooms, faculty, counselors, staff and specialized equipment are centralized and made accessible to every university partner student. The laboratories contain the latest in skills and simulation learning technology; including computer- based scenarios, hands- on work with physical simulators and internally developed Mixed Reality with state- of- the- art technology, which help students gain unique experiences in an alternative clinical setting. Counseling Services and Support We provide counseling services and support including one- on- one admissions, schedule and financial counseling and other support for prospective and current students of our university partners. We offer financial aid processing as well. Counseling Services and Support may include the following: • Admissions Services – GCE provides prospective students with transparent information on program requirements, finance options, degree time to completion and net price calculator results in alignment with university partners' standards. GCE has developed a robust proprietary system to efficiently evaluate transcripts and build schedules for prospective students. GCE processes applications in alignment with university partners' admission standards and provides reports on those students selected for admission. • Financial Aid – GCE provides financial aid services, including awarding, certifying, originating and disbursing Title IV program funds to students. We deliver Title IV program credit balance refunds to students, process return of Title IV program funds to the federal government when appropriate and provide financial aid counseling and entrance and exit loan counseling to students. Additionally, we prepare required reports, including but not limited to enrollment reporting to the National Student Loan Data system and the Integrated Postsecondary Education Data System. Additionally, GCE has built a proprietary system called the

Financial Transparent Degree Plan Calculator, which provides students the cost of their entire program. ● Counseling Services – GCE provides proactive services to our university partners’ students throughout their matriculation such as schedule building, and financial aid counseling. We provide students an assigned advisor who proactively works with students throughout their matriculation process. We assist students with program changes and communicate with those students throughout their program to help with retention. We provide students with the ability to access a variety of administrative services both telephonically and via the Internet. For example, students can apply for financial aid, pay their tuition, order their transcripts, and apply for graduation online. We believe this online accessibility provides the convenience and self- service capabilities that students value. GCE assesses levels of satisfaction using student surveys. 7● Field Experience Counseling – For university partner students pursuing programs that lead to external credentials (e. g., teaching, nursing, counseling, social work, theology, etc.), GCE leverages a growing nationwide network of approved healthcare facilities, schools, preceptors, and supervisors to ensure that all students are able to meet program- specific requirements. Each student is assigned a counselor before or during their first course, and several prescribed appointments with their counselor are scheduled throughout the student’ s program to ensure that all state- specific progression requirements are met well in advance of deadlines. GCE assists in gathering all required documentation, verifying it as official, and storing it as part of the student’ s record. Marketing and CommunicationWe provide marketing and communication services that include lead acquisition, digital communication strategies, brand identity advertising, media planning and strategy, video, data science and analysis to potential students and other promotional and communication services. GCE 7GCE’ s marketing leadership team approaches the marketplace with an outlook that applies the latest advancements in integrated marketing strategy and new and emerging technologies while leveraging GCE’ s buying power. This methodology embraces proven traditional and online solutions that are developed in conjunction with our university partners. Marketing and Communication services may include the following: ● Lead Acquisition – GCE’ s marketing team employs experts across a wide breadth of digital marketing channels. These include Search Engine Optimization, Search Engine Marketing, Social Media Optimization, organic content and strategic acquisition funnels across a variety of mobile markets. ● Digital Communications Strategy – GCE’ s subject matter experts utilize best- in- class technologies through marketing automation, integrated email, SMS text messaging and social media. GCE develops effective communication strategies that encompass the entire student lifecycle from prospect through alumni. ● Brand Identity – GCE’ s award- winning team of specialists have proven track records of developing strong brands and ensuring the right image is exposed to the consumer. GCE specializes in storytelling shaped by logo creation, positioning taglines, campaign and content development, custom music, and sonic branding. ● Media Planning and Strategy – GCE offers full- service media planning and strategies that are built to grow sophisticated brands through traditional and digital media platforms. GCE understands today’ s culture and how content is consumed in the everchanging world of media. GCE creates robust strategies that build long lasting connections with proven results. ● Video – GCE’ s team of in- house video experts specialize in high- quality content expanding across a wide variety of marketing channels. Capabilities include broadcast- quality commercials, explainer videos, mini- and full- length documentaries, original programming, animations, motion graphics, and short, stackable video content for a variety of social media channels. GCE enhances its internal team with preferred partners to help offset workload and provide scalability of production requirements. ● Business Intelligence and Data Science – GCE employs a team of in- house data analysis professionals who apply descriptive and prescriptive analytics to help understand the marketplace and facilitate important business decisions. GCE specializes in all aspects of data analytics and science, including predictive modeling, data mining and visualization to enrich today’ s technology and data- driven marketplace, while providing the information required for success. ● Market Research – GCE’ s market research professionals survey market, population and job data for various locations across the country in order to make data- driven recommendations for new sites, partnerships, and educational offerings that will maximize reach and impact and provide education and career training to the areas where it will be most impactful. 8Back– Back - Office ServicesIn addition, we currently provide certain requested back- office services to GCU that include finance, human resources, audit, and other corporate functions. ● Finance and accounting- Finance and accounting services include administration of payroll, accounts payable, general ledger, student accounting, financial reporting, budgeting and taxes at the direction of GCU. ● Human Resources- Human resources services include administration of performance management, personnel policies, recruitment and onboarding of new personnel, and benefit plan design and procurement, among others. ● Audit- Audit services include development and administration of a GCU approved annual internal audit plan and execution of the audit plan for the service period. ● Procurement- Procurement services include management of purchasing and vendor relationships, including travel services, review of vendor contracts, and maintenance of contracts in the procurement system. Social 8Social Responsibility and Human Capital DevelopmentSocial responsibility and human capital development are a significant focus of the Company. Our efforts are led by our Chief Executive Officer and a portion of his compensation is tied to our success in these areas. To this end, our business was created and continues to evolve to meet the needs of the local community in which we operate as well as those outside our community. We started by identifying what we believe to be the educational challenges that our country is facing and then worked to find solutions to these challenges. We believe these challenges include: ● University education is too expensive; ● Students are taking on too much debt; ● Bachelor’ s degrees are taking too long to complete; ● Programs are not targeted enough toward careers. Recent surveys show that a large percentage of college students would change majors if starting over, and a significant number of recent graduates are under employed or are in jobs that don’ t required degrees; ● As tuition increases, diversity decreases; ● Universities have inadequate counseling and support services, especially for distance learners; ● Most university professors have no formal training in teaching, learning or course design; ● Universities are under significant financial pressure, which has only been enhanced due to the pandemic and a declining number of high school graduates attending college. We provide the capital, technology and expertise to our university partners to lessen the challenges in each of the areas listed above (see Item 1. Business – Suite of Services). We work with these university partners to develop educational models that allow them the ability to decrease tuition or increase scholarships to their

students which will often lower the debt their students incur. We work with our university partners and thousands of high schools across the country on dual credit, online prerequisite courses and other programs that shorten the time to completion thereby lowering cost and debt levels. We focus with our university partners and their local communities to develop programs where there are skills shortages such as healthcare, teacher education, science, technology, engineering and math. GCE provides expanded academic counseling services and support to the students of our university partners which has proven to increase retention and completion. Our faculty services and curriculum development teams assist not only our university partners but other universities and K12 schools in improving their online education pedagogy. And our business model has helped our university partners as changes in the educational landscape and the pandemic has put pressure on their financial condition. ~~of these opportunities and share our commitment to and enthusiasm for community service projects, as well as charitable organizations throughout the Phoenix area. Through these activities, our employees have the opportunity to volunteer and provide servant leadership that benefits the surrounding neighborhoods and West Phoenix community.~~ Employee Learning and Development (ELD) Services — We provide learning and development support to our employees through numerous ELD initiatives. Onboarding Programs provide new employees a foundation from which one can progress in his or her career at GCE. Leadership Development, Team Development, Advanced Skills, and Self-Development Programs help employees improve their skills, assist management in identifying potential talent for leadership roles, and support those employees already in leadership roles. Finally, our Compliance Curriculum ensures that employee stays current with regulatory and other compliance requirements. These programs and curricula are offered virtually as both synchronous and self-paced. Employee Tuition Benefit – GCE promotes the concept of lifelong learning and supports this concept by offering its employees a generous Tuition Benefit program through its university partner, GCU. After 3 months of continuous service, fulltime employees admitted to GCU receive a 100 % tuition reduction on undergraduate and graduate programs. Additionally, the tuition benefit is available for an eligible employee's spouse or up to two children with no more than two participants receiving the benefits at any one time. An eligible employee's spouse or child ~~admitted~~ **admitted** to GCU receives a 100 % tuition reduction on undergraduate programs and a 50 % tuition reduction on graduate programs. Monitoring employee engagement and satisfaction – GCE ~~administers~~ **administered a** ~~an annual~~ **an annual** survey ~~of with~~ **of with** all of its employees to assess employee engagement and satisfaction. GCE received responses from 1, ~~330~~ **835** employees on the ~~2024~~ **2022** survey. The survey asked a number of questions regarding employee engagement and satisfaction including whether they are actively engaged with their work, whether they have a sense of pride in what they do and whether they enjoy the type of work assigned to them. The responses to each question were overwhelmingly positive. To the prompt, "I plan to continue my career at GCE for at least two more years"; "I would recommend employment at GCE to a friend"; "I am actively engaged with my work at GCE"; and "Overall I am satisfied with GCE as an employer," less than ~~12~~ **10** % of the responders disagreed with ~~that any of these statements~~ **statement. 92 % of those responses confirmed GCE enables a culture of diversity**. This survey also inquired about the importance of Environmental, Social and Governance topics that employees felt are important to GCE's business performance and financial success both internal and external impacts. The top five selected in the survey by employees ~~and the percentage of the responders that selected that topic~~ were Employee Health and Wellbeing (~~59~~ **56** %), ~~Professional Integrity~~ **Community Engagement** (~~47~~ **55** %), Human Capital Management (~~41~~ **51** %), ~~Workforce Diversity and Engagement~~ (**33** %) and ~~Professional Integrity~~ (**32** %). ~~Whistleblower hotline – GCE has a whistleblower hotline available to both internal and external parties. The whistleblower policy is disclosed on the GCE intranet for employees and disclosed on the GCE investor relations website for external parties. Hotline activity is managed by a third party and all claims are reviewed and monitored by the Chief Risk Officer and General Counsel. All claims are discussed at the quarterly Audit Committee meetings~~ ~~Community~~ (~~56~~ %), ~~Community Engagement~~ (~~55~~ **36** %) and ~~Human Capital Management~~ (~~51~~ %), ~~Workforce Diversity and Engagement~~ (~~33~~ **20** %) ~~and Professional Integrity~~ (~~32~~ %) ~~of those that responded to the survey confirmed GCE enables a culture of diversity~~. Whistleblower hotline – GCE has a whistleblower hotline available to both internal and external parties. The whistleblower policy is disclosed on the GCE intranet for employees and disclosed on the GCE investor relations website for external parties. Hotline activity is managed by a third party and all claims are reviewed and monitored by the Chief Risk Officer and General Counsel. All claims are discussed at the quarterly Audit Committee ~~meetings~~ **meetings**. ~~Community~~ Involvement by GCE and its Employees. Examples of activities in which we and our employees participate include: • Improving Our Neighborhood and Increased Home Values- Together with Habitat for Humanity and in concert with our largest university partner, we are participating in the largest home renovation project in the country in the West Phoenix area surrounding GCU's campus. As of December 31, ~~2023~~ **2024**, 1, ~~388~~ **446** projects have been completed in which ~~35~~ **37**, ~~250~~ **757** hours have been logged by volunteers. These efforts, combined with GCE and GCU's expanded presence in the community, have contributed to a significant increase in home values since 2011 in the 85017 zip code. • Furthering Job Creation- We, along with GCU have launched a number of new business enterprises that have reduced costs, provided management opportunities for recent graduates and employment opportunities for students and neighborhood residents, while spurring economic growth in the area. • Youth Opportunity Foundation- Our employees volunteer and donate time and funds to the Youth Opportunity Foundation which provides advocacy, clinical treatment, education and workforce development for at-risk young people in underprivileged areas. GCE also invests in the following activities that benefit the community. • Funding of Student Tuition Organizations- GCE contributes to private school tuition organizations, which are entities that allocate financial contributions toward tuition assistance and scholarships for disadvantaged students to attend Arizona private schools. In ~~2024 and~~ **2023 and 2022**, we contributed \$ ~~3.4~~ **5** million and \$ ~~3.5~~ **0** million, respectively, to these organizations. • Encouraging Employee Giving- We participate in Donate to Elevate, a program that encourages employees to participate in the Arizona individual tax credit program, which allows individual taxpayers to contribute money in lieu of state income tax payments to benefit private schools and other non-profit entities in Arizona, as well as local public schools and public charter schools. Employees are encouraged to designate tax dollars to the school or program of their choice. • Students Inspiring Students- GCE continues to support GCU's

free tutoring / mentoring program that serves Phoenix- area K- 12 schools. Students who seek academic assistance in the GCU Learning Lounge may become eligible to receive the Students Inspiring Students full- tuition scholarship. To serve our **clients university partners** and community, we seek donations to fund this neighborhood scholarship program. **10** • Sponsoring K- 12 Educational Development- GCE supports GCU' s K- 12 Educational Development Department through sponsorship of GCU' s Canyon Professional Development and K- 12 Targeted School Assistance programs. Canyon Professional Development offers professional development opportunities for educators and administrators, and their student / parent engagement programs aim to help students become college ready. K- 12 Targeted School Assistance programs also offer tutoring and mentorship and more to community schools to improve learning environments and outcomes. Both initiatives elevate public, private, charter and home schools in the form of scholarships, program discounts, professional development, events, and more. • Continuing Community Involvement- GCE and our employees partner in countless other community events and projects throughout the year. We offer our full- time employees a maximum of 16 hours of PTO annually for community service. This time is used to volunteer at an approved charitable organization. Over 40 organizations are approved for employee volunteerism, including Habitat for Humanity. In addition, GCE has historically partnered in countless community events and projects throughout the year, helping organizations such as the Phoenix Rescue Mission, Feed My Starving Children, Arizona Foster Care, Boy / Girl Scouts, Goodwill Arizona, St. Vincent de Paul, Young Life, Elevate Phoenix, Back to School Clothing Drive and St. ~~10~~**Mary** ' s Food Bank. Our employees also went out into our surrounding neighborhoods to participate in programs such as Serve the City, Canyon Kids, Salute Our Troops, Colter Commons senior home visits and the Run to Fight Children' s Cancer. **We believe that we must have..... the surrounding neighborhoods and West Phoenix community**. Our Commitment to Diversity. A growing body of evidence suggests that diverse teams improve financial outcomes and support innovation, resiliency, and productivity. GCE' s commitment to fostering diversity in its community is evident in the following: • Our Diversity Statement- Grand Canyon Education is a faith- friendly shared services provider that embraces a worldview which outlines a responsibility to both charity and stewardship which simply stated is, ' to love others as yourself' . We are a community of people who value the pursuit of truth and find great understanding in the convergence of differing viewpoints, backgrounds and ideas. We welcome employees from all walks of life which has contributed to a growing diversity within our population. Our diversity encompasses a multitude of dimensions, including age, disability, national origin, race, color, religion, gender, veteran status and more. Our Christian perspective compels us to treat every individual equally with respect and compassion. All community members deserve a comfortable space to express their feelings, so that every voice is heard. All members of the Company will be welcomed, valued, and provided safety in this community. Finally, diversity not only enriches the workplace and the educational endeavors of our partners –it is critical to it. Maintaining a diverse environment requires a measure of tolerance and understanding commensurate with the dignity and value of all human life. In sum, GCE values diversity because it values every employee and university partners' students entrusted to its care. • Our Diverse Leadership- Our ability to attract and retain diverse talent is reflected at both ~~the our~~ **Board of Directors (the “ Board ”)** and management levels. Three of our ~~five six~~ **two director directors** identifies ~~identify~~ with an underrepresented diverse ethnicity. In addition, for all of our employees at the level of manager and above totaling ~~618-644~~ **72-70** , 2 % are held by women and other diverse persons , ~~collectively, an increase of 4.9 % over 2022~~ . • Our Diverse Workforce- As of December 31, ~~2023-2024~~ , for all ~~80.3 %~~ **5, 830** employees ~~totaling 5, 800, 83.2 %~~ are women and other diverse persons , ~~collectively, an increase of 4.1 % over 2022~~ . As of December 31, ~~2023-2024~~ , GCE employed approximately 4, ~~068-092~~ professional and administrative personnel, including technical and academic advisors, counseling advisors, marketing and communication professionals, and personnel that handle financial aid processing, information technology, human resources, corporate accounting, finance, and other administrative functions. In addition, as of December 31, ~~2023-2024~~ , GCE employed approximately 1, ~~732-738~~ part- time employees most of whom are student workers. None of our employees are a party to any collective bargaining or similar agreement with us. We consider our relations with our employees to be strong. • Our Hiring Practices and Policies- ~~Our GCE is committed to hiring policies and practices include that promote diversity and – an to identifying the most qualified candidate for a given position. GCE ensures company diversity through hiring policies and practices that support diversity such as the –Equal Employment Opportunity Policy, Nondiscrimination and Anti- Harassment Policy and Complaint Procedure, and the –Disability –Disability Accommodation Policy. We post all open positions to a variety of diversity –related job boards to ensure we attract diverse candidates. We also collect and analyze employee demographic data to identify current trends and areas of opportunity in regard to our diversity efforts. –11~~ • **Diversity-Training-** We provide employees and management with regular ~~diversity~~ training. New hires all complete anti- discrimination and harassment training within 3 months of starting at GCE. Thereafter, all employees complete the training every other year, while management undertakes it annually. We have also provided Implicit Bias Training to all employees . **Employee Learning and Development (ELD..... discussed at the quarterly Audit Committee meetings** . Environmental AwarenessOnline education is inherently more environmentally friendly than traditional campus education with a reduction in greenhouse gas (“ GHG ”) production caused by traveling to and from a brick- and- mortar campus. It also increases student capacity while eliminating the need for construction of a physical campus. A majority of our university partners' students are enrolled in hybrid or online educational models. In addition, a significant number of our university partners' students utilize an ebook format versus paper textbooks, which is more environmentally friendly in that it saves paper and other materials and there is no shipment required. GCE owns a four- story 325, 000 square foot administrative building, which includes office space for approximately 2, 700 employees, and a parking garage at our headquarters in Phoenix, Arizona. We constructed these facilities in 2016 and, as with every one of our projects over the past ~~12~~ **16** years, we designed them to maximize energy ~~12efficiency – efficiency~~ and minimize electricity usage and environmental impact, which ultimately lowers our operating costs. Our headquarters building includes the following design features: • North / South Building Orientation- GCE' s office building is orientated with north / south exposure in order to minimize direct sun and thereby reduce power usage. Exterior courtyards were arranged to ensure summer shade thus creating outdoor areas that can be

used by our employees throughout the year. • Use of Window Glazing- Our building utilizes significant window glazing to allow for daylighting thus reducing the need for supplemental electrical lighting. As a result, the building is designed to use just 41 watts per square foot of electrical energy for lighting, which is half of what a typical environmentally efficient building uses.

- Reducing Water Consumption- Water usage is another environmental factor for office space that is magnified by the Arizona weather. GCE’s office building utilizes numerous water conservation methods including push- tap faucets, waterless urinals, and a rooftop rainwater collection system for irrigating the landscaping below, which significantly reduces our water consumption.
- Other Design Features- Additional environment- friendly design features include low VOC paints, use of recycled building materials, interior and exterior LED light bulbs, motion sensor lighting and implementation of an energy-efficient VRF mechanical system. In addition to our efficient facilities, we have undertaken other measures to minimize our environmental impact, including, among others:
 - implementing a Trip Reduction Program, which provides incentives to employees who participate in carpooling or take public transportation to work;
 - providing a telecommute option for a significant number of positions; and
 - participating in a recycling program aimed at minimizing the volume of waste products generated by GCE.

Due to our significant investment in infrastructure, since March 2020, when the World Health Organization declared the COVID- 19 a global pandemic, a significant portion of our diverse workforce is continuing to work remotely. This has not only increased employee satisfaction but has also resulted in savings in the areas of waste, janitorial costs, and travel costs related to business travel and commuting. Our off- campus classroom and laboratory sites are all designed with the same efficient footprint in the 40-45 sites opened as of December 31, 2023-2024.

Climate Disclosures We do not operate in a high-risk industry for climate risks. We believe that we have low climate risk with respect to our physical environment (e. g., fires, drought, hailstorms, increasing weather pattern changes). A significant percentage 12percentage of our workforce is continuing to work remotely. We have insurance policies in place to cover any damage for our property, plant and equipment. Our Audit Committee is tasked with oversight of climate- related risks for the Company. We are evaluating emissions reduction requirements with key suppliers for costs such as information security systems, communication and marketing costs, travel costs, and continued expansion of our off- campus classroom and laboratory sites. We currently do not have any regulatory emissions reporting obligations.

13We We do not have significant risk from a transition to a low- carbon economy, which could result in changing customer behavior. Our customers are university partners located in the United States.

Corporate Governance We believe that effective corporate governance is critical to our ability to create long term value for our stockholders. The following highlights certain key aspects of our corporate governance framework:

- We Have an Independent and Diverse Board- Five of Four our six of our five directors are independent. Three of our five six directors are diverse persons, and one two of our directors identifies identify with an under- represented diverse ethnicity.
- We Have Majority Voting for Directors- We have adopted majority voting for directors pursuant to which nominees who fail to achieve an affirmative majority of votes cast must submit their resignation.
- We Hold Annual Elections for Directors- We do not have a staggered board.
- We Assess Board Performance- We conduct regular evaluations of our Board of Directors and Committees.
- Our Independent Directors Meet Without Management- Our independent directors meet regularly in executive sessions without management present.
- We Have a Stock Ownership Policy- We require both our named executive officers and our directors to maintain a meaningful ownership stake at levels specified in our stock ownership policy.
- Our Key Committees are Independent- We have fully independent Audit, Compensation and Nominating and Corporate Governance Committees.
- We Do Not Have a “ Poison Pill ”- We do not maintain a stockholder rights plan.

Seasonality Our service revenue normally fluctuates due to changes in our university partners’ enrollment which tends to be higher in the Spring and Fall periods and lower in the Summer. Our expenses do not normally fluctuate significantly during the year which results in fluctuations in operating income between quarters. See “ Item 7, Management’ s Discussion and Analysis of Financial Condition and Results of Operations – Seasonality. ”

Competition There are dozens of companies that seek to partner with non- profit schools and state universities to assist in the development and operation of their educational programs. These companies provide various services that traditional institutions historically have not had the experience or organizational capability to fully support. These services include marketing and recruitment, enrollment management, curriculum development, online course design, student retention support, technology infrastructure, and student and faculty call center support. The largest companies in this sector have historically been Pearson Online Learning Services, Academic Partnerships Wiley Education Services, and 2U , Inc . The education services market, particularly with regard to those companies that help traditional universities develop new degree programs often delivered online, has historically been characterized by a full- service, revenue- sharing model, based on the premise that most traditional institutions are not only operationally unprepared to offer these programs at scale but also are not equipped to make the significant upfront investments necessary to develop these programs organically. In recent years, an alternative unbundled fee- for- service model has emerged, in which the companies offer the same services, or some subset of services, for the market price of those services. Finally, other 14industry -- industry providers affiliate with university partners to offer massive open online courses, which are aimed at unlimited participation and open access via the web at little or no cost to the student. The 13The education services market is changing and expanding. It is highly fragmented and subject to evolving technology, shifting needs of students and educators and introductions of new delivery modalities. We believe that the competitive factors in the education services market include:

- reputation and brand awareness;
- quality of university partner base and performance track record;
- the effectiveness of marketing and sales efforts;
- robustness and evolution of technology solutions;
- breadth and depth of services offerings;
- convenient, flexible and dependable access to programs and classes;
- level of student support services;
- quality of student and faculty experience;
- cost of programs; and
- the time necessary to earn a degree.

Proprietary Rights We have developed and own, or are licensed to use, intellectual property that is or will be the subject of copyright, trademark, service mark, patent, trade secret, or other protections. This intellectual property includes but is not limited to technology, courseware materials and business know- how and internal processes and procedures developed to respond to the requirements of operating a post- secondary educational institution with a significant online campus and to

comply with the rules and regulations of various education regulatory agencies. We rely on a combination of copyrights, trademarks, service marks, trade secrets, domain names, and agreements to protect our intellectual property. We protect our intellectual property by signing agreements with employees, independent contractors, consultants, companies, and any other third party that creates intellectual property for us that assign any intellectual property rights to us. In addition, we seek to maintain the confidentiality of our proprietary information through the use of confidentiality agreements with employees, independent contractors, consultants and companies with which we conduct business. While our intellectual property rights are important to us, we do not believe that the loss of any individual property right or group of related rights would have a material adverse effect on our overall business. Available Information We were incorporated as a Delaware corporation in 2008 and completed our initial public offering in November 2008. Our principal executive offices are located at 2600 West Camelback Road, Phoenix, Arizona 85017, our telephone number is (602) 247- 4400 and our Internet address is www. gce. com. We make available free of charge on our website our Annual Report on Form 10- K, Quarterly Reports on Form 10- Q, Current Reports on Form 8- K, Forms 3, 4, and 5 filed on behalf of directors and executive officers, and all amendments to those reports filed or furnished pursuant to Section 13 (a) or 15 (d) of the Exchange Act, as soon as reasonably practicable after such reports are electronically filed with, or furnished to, the Securities and Exchange Commission (~~hereafter,~~ the “SEC”). In addition, our earnings conference calls are web cast live via our website. In addition to visiting our website, you may obtain any document we file with the SEC at www. sec. gov. The contents of these websites are not incorporated into this filing and our references to the URLs for these websites are intended to be inactive textual references only. ~~15REGULATION 14REGULATION~~ OF OUR EDUCATION SERVICES BUSINESS Prior to July 1, 2018, GCE, owned and operated GCU. On July 1, 2018, GCE sold GCU to an independent, Arizona non- profit corporation (the “Transaction”). As a result of the Transaction, we no longer own and operate an institution of higher education, nor do we directly participate in Title IV programs regulated and overseen by ED under the Higher Education Act (“HEA”). Instead, we operate as an education service company to institutions of higher education that do participate in Title IV programs. Nevertheless, we are required to comply with certain regulations promulgated by ED for the following reasons: • Our operations are subject to regulation by ED due to our university partners’ participation in the federal student financial aid programs under Title IV of the HEA. Those Title IV programs include educational loans with below- market interest rates that are issued by the federal government under the Federal Direct Loan program (the “FDL Program”), as well as grant programs for students with demonstrated financial need. To participate in the Title IV programs, a school must receive and maintain authorization by the appropriate state agency or agencies, be accredited by an accrediting commission recognized by ED, and be certified as an eligible institution by ED. • As a third- party servicer under the HEA and the related regulations, we also have a direct relationship with ED. ED regulates our operations insofar as we are performing certain functions classified as third- party servicer functions under relevant regulations and sub- regulatory guidance. A “Third- party servicer” is any person or entity used by “any eligible institution of higher education to administer, through either manual or automated processing, any aspect of such institution’s student assistance programs.” Third- party servicers must comply with a number of regulatory requirements. For example, they must conduct and submit to ED compliance audits under 34 C. F. R. § 668. 23. In addition, they must comply with the requirements of 34 C. F. R. § 668. 25, which among other things, requires third- party servicers, in their contracts with institutions, to be contractually obligated to, among other things: oComply with all statutory provisions of or applicable to Title IV of the HEA, including the requirement to use any funds that the servicer administers under any Title IV ~~HEA~~ program and any interest or other earnings thereon solely for the purposes specified in and in accordance with that program; oRefer to the Office of Inspector General of ED for investigation any information indicating there is reasonable cause to believe that the institution might have engaged in fraud or other criminal misconduct in connection with the institution’s administration of any Title IV ~~HEA~~ program or an applicant for Title IV ~~HEA~~ program assistance might have engaged in fraud or other criminal misconduct in connection with his or her application; and oBe jointly and severally liable with the institution to the Secretary for any violation by the servicer of any statutory provision of or applicable to Title IV of the HEA, any regulatory provision prescribed under that statutory authority, and any applicable special arrangement, agreement, or limitation entered into under the authority of statutes applicable to Title IV of the HEA. We are also subject to a number of data security and privacy regulations given our role as a third- party service provider, the compliance with which can materially impact our business model. In addition, as more fully described below, we are subject to some of the regulations imposed on our university partners by virtue of the nature of the services we provide. The HEA and the regulations promulgated thereunder are frequently revised, repealed or expanded and the scope of services covered by regulations may evolve and change over time. Congress historically has reauthorized and amended the HEA in regular intervals, approximately every five to seven years. The re- authorization process is currently under way. The re- authorization of the HEA could alter the regulatory landscape of the higher education industry, and thereby impact the manner in which we conduct business and serve our university partners. In addition, ED is independently conducting an ongoing series of rulemakings intended to assure the integrity of the Title IV programs. ED ~~also~~ **also** frequently issues formal and informal guidance instructing institutions of higher education and other covered entities how to comply with various federal laws and regulations. For example, ~~on in~~ **on in** February ~~15,~~ **2023**, ED released DCL 23- 03, a guidance document expanding the definition of what activities are considered as third- party servicer activities. ~~After 15~~ **After** substantial community outreach to ED, ~~and a number of notices on April 11, 2023, ED notified the public that the guidance in this area would be delayed.~~ **On, on** November ~~28-14,~~ **2023-2024**, ~~ED the Department formally rescinded DCL 23- 03. Previously~~ **ED the Department formally rescinded DCL 23- 03. Previously** issued a press release seeking nominations for another negotiated rulemaking panel where it said, “the Department intends to issue updated guidance on ~~Third Party Servicers~~ **this topic (Dear Colleague Letters GEN 12- 08, GEN 15- 01, GEN 16- 15 (as modified by the March 8, 2017 electronic announcement), and GEN- 23- 08) remains in effect early 2024.**” Regarding data security matters, in Electronic Announcement GEN 23- 09, ED stated that “[t]he Department will issue guidance on NIST 800- 171 compliance in a future Electronic Announcement.” ~~At~~ **While it does not appear ED has addressed this issue in 2024 through rulemaking or otherwise, we believe data security is an area of**

importance and, like all ED guidance, is subject to frequent change and may impact our business model. We are also regulated (depending upon the applicable activity being regulated) by other federal agencies or departments including the **Securities and Exchange Commission (“SEC”)**, the Internal Revenue Service (“IRS”), and the Federal Trade Commission (“FTC”).

REGULATION OF OUR UNIVERSITY PARTNERS Institutions of higher education in America are subject to extensive regulation by state post- secondary, licensure and certification agencies, accrediting commissions, and the federal government through ED under the HEA, as well as (depending upon the applicable activity being regulated) other federal agencies and departments including the U. S. Department of Veterans Affairs (“VA”), the FTC, the IRS, and for institutions who issue bonds, the SEC. The regulations, standards, and policies of these agencies cover the vast majority of operations of colleges and universities, including educational programs, facilities, instructional and administrative staff, administrative procedures, marketing, recruiting, financing and financial operations, athletics and financial condition. Our current university partners and all likely future university partners are required to be authorized by appropriate state post- secondary, licensure, and certification authorities. In addition, in order to participate in the federal student financial aid programs, our university partners will need to be accredited by an accrediting commission recognized by ED. Accreditation is a private, non- governmental process for evaluating the quality of educational institutions and their programs in areas including student performance, governance, integrity, educational quality, faculty, physical resources, administrative capability and resources, and financial stability. The HEA requires accrediting commissions recognized by ED to review and monitor many aspects of an institution’s operations and to take appropriate action if the institution fails to meet the accrediting commission’s standards. **While Although** we no longer own and operate an institution of higher education, nor do we directly participate in Title IV programs, regulatory matters that materially affect GCU and our other university partners will, necessarily, have a material impact on us. The following section describes regulatory matters that affect our university partners and that may affect us as an education **service services company provider** to institutions of higher education generally. State Post- Secondary Education Regulation Our university partners are authorized to offer education by the relevant state authorizing agencies for the state in which **the client such university partner** is located. For example, GCU, our most significant university partner, is authorized to offer programs by the Arizona State Board for Private Postsecondary Education, the regulatory agency governing private post- secondary educational institutions in the State of Arizona, where it is located. **This State** authorization is very important to our university partners and, as a result, to our business. To maintain their state authorization, our university partners must continuously meet standards relating to, among other things, educational programs, facilities, instructional and administrative staff, marketing and recruitment, financial operations, addition of new locations and educational programs, and various operational and administrative procedures. Our university partners’ failure to comply with the requirements of a state regulatory agency could result in our university partners’ losing their ability to offer educational programs, which would cause our university partners to lose their eligibility to participate in the Title IV programs and could force them, and us, to cease operations. Alternatively, a state regulatory body could restrict our university partners’ ability to offer new or certain degree and non- degree programs, which may impair our ability to grow. **17State-- State** regulatory requirements for online education have historically varied among the states. To address this issue and to meet ED requirements many schools have applied and **been sought to become an approved to be** institutional **participant participants** in the State Authorization Reciprocity Agreement (“SARA”). SARA is an agreement among member states, districts and territories that establishes comparable national standards for interstate offering of post- secondary distance education courses and programs. It is intended to make it easier for students to take online courses offered by post- secondary institutions based in another state. SARA is overseen by a national council (NC- SARA) and administered by four regional education compacts. GCU, for example, is a member of SARA in Arizona (AZ- SARA), which is administered by the Western Interstate Commission for Higher Education (referred to as W- SARA). There is a yearly renewal for **participating 16participating** in NC- SARA and AZ- SARA and institutions must agree to meet certain requirements to participate. As of December 31, **2023-2024**, all states other than California are members of SARA. Any state that does not participate in SARA may impose regulatory requirements on out- of- state **higher education post- secondary** institutions operating within **their its** boundaries, such as those having a physical facility or conducting certain academic activities within the state. GCU, for example, **currently** enrolls students in all 50 states and the District of Columbia. Although it is currently licensed, authorized, in- process, or exempt in all non- SARA jurisdictions in which it operates, if **it GCU** fails to comply with state licensing or authorization requirements for a **state non- SARA jurisdiction**, or fails to obtain licenses or authorizations when required, it could lose its **state** license or authorization by that **state jurisdiction** or be subject to other sanctions, including restrictions on **our its** activities in, and fines and penalties imposed by, that **state jurisdiction**, as well as fines, penalties, and sanctions imposed by ED. The loss of licensure or authorization **by a university partner** in any non- SARA **state jurisdiction by a university partner institution** could prohibit us from recruiting prospective students or offering services to current students in that **state on behalf of jurisdiction, which could significantly reduce** such university partner’s **enrollments**, which could significantly affect our business. Individual state laws establish standards in areas such as instruction, qualifications of faculty, administrative procedures, marketing, recruiting, financial operations, and other operational matters. To the extent required with respect to an educational service category covered by our contractual relationship, we expect to assist our university partners in meeting these requirements. Some states limit schools’ ability to offer educational programs and award degrees to residents of those states. Some states also prescribe financial regulations that are different from those of ED and may require the posting of surety bonds. While we are not directly subject to those laws, those laws may inhibit our university partners from expanding or operating in those states, limiting our ability to serve our university partners, which could significantly affect our business. In addition, state laws can indirectly regulate how **GCE we provides provide** its services to its university partners. For example, some states have considered new requirements that would dictate what information **GCE we** must convey to students and prospective students and impose reporting requirements related to the nature of our services. To the extent such requirements were ultimately enacted into law, they could significantly affect our business. State Professional Licensure Many states have

specific requirements that an individual must satisfy in order to be licensed as a professional in specified fields, including fields such as healthcare, education, and counseling. These requirements vary by state and by field. A student's success in obtaining licensure following graduation typically depends on several factors, including the background and qualifications of the individual graduate, as well as the following factors, among others:

- whether the institution and the program were approved by the state in which the graduate seeks licensure, or by a professional association;
- whether the program from which the student graduated meets all requirements for professional licensure in that state;
- whether the institution and the program are accredited and, if so, by what accrediting commissions; and
- whether the institution's degrees are recognized by other states in which a student may seek to work.

Many states also require that graduates pass a state test or examination as a prerequisite to becoming certified in certain fields, such as nursing and teaching. Many states will certify individuals if they have already been certified in another state.

~~18Prior~~ **Prior** to opening a new off-campus classroom and laboratory site, university partners often require approval from the applicable state board to offer its programs at that location. This can delay the site opening and timing can vary based on the state and the university partner. Although not directly regulated by these entities, we must be mindful of the requirements placed by state professional licensure bodies on our university partner institutions to ensure those institutions maintain that licensure.

Accreditation is a private, non-governmental process for evaluating the quality of educational institutions and their programs in areas including student performance, governance, integrity, educational quality, faculty, physical resources, administrative capability and resources, and financial stability. To be recognized by ED, accrediting commissions must adopt specific standards for their review of educational institutions, conduct peer-review evaluations of institutions, and publicly designate those institutions that meet their criteria. An accredited school is subject to **17periodic** review by its accrediting commissions to determine whether it continues to meet the performance, integrity and quality required for accreditation. Our most significant university partner, GCU has been regionally accredited by the HLC and its predecessor since 1968, most recently obtaining reaccreditation in 2017 for the ten-year period through 2027. The HLC is an accrediting agency recognized by the Secretary of Education and accredits entire institutions of higher education. The HLC has historically been categorized as a regional accreditor. Institutional accreditation by a recognized accreditation agency is one of the prerequisites for an institution of higher education to be eligible to disburse Title IV aid to students. In addition, GCU holds a number of programmatic accreditations related to the conduct of specific programs of the **college-university**. Other colleges and universities depend, in part, on an institution's accreditation (institutional, and, in some cases, programmatic) in evaluating transfers of credit and applications to graduate schools. Employers rely on the accredited status of institutions when evaluating candidates' credentials, and students and corporate and government sponsors under tuition reimbursement programs look to accreditation for assurance that an institution maintains quality educational standards. University partners other than GCU may be accredited by different accrediting bodies that are likely to have standards that are different from those of the HLC. Moreover, our other university partners hold various programmatic accreditations that set additional requirements related to specific programs, including for their nursing programs. As we work with university partners in different regions we will need to work with those accrediting bodies and tailor our services to meet the requirements of those accreditors.

Regulation of Federal Student Financial Aid Programs To be eligible to participate in the Title IV programs, an institution must comply with specific requirements contained in the HEA and the regulations issued thereunder by ED. An institution must, among other things, be licensed or authorized to offer its educational programs by the state in which it is physically located and maintain institutional accreditation by an accrediting commission recognized by ED. The substantial amount of federal funds disbursed to schools through the Title IV programs and the large number of students and institutions participating in these programs have caused Congress to require ED to exercise considerable regulatory oversight over educational institutions. As a result, our university partners are subject to extensive oversight and review. Because ED periodically revises its regulations and changes its interpretations of existing laws and regulations, we cannot predict with certainty how the Title IV program requirements will be applied in all circumstances to our university partners or to us directly. Significant regulations and other factors relating to the Title IV programs that could adversely affect us include the following:

Congressional action. Congress must reauthorize the HEA on a periodic basis, usually every five to six years, and the most recent reauthorization through September 30, 2013, occurred in August 2008. The reauthorized HEA ~~19reauthorized~~ **reauthorized** all of the Title IV programs in which institutions participate but made numerous revisions to the requirements governing the Title IV programs, including provisions relating to student loan default rates and the formula for determining the maximum amount of revenue that institutions are permitted to derive from the Title IV programs. In addition, members of Congress periodically introduce legislation that would impact Title IV programs and the higher education industry generally. Because a significant percentage of our revenue is indirectly derived from the Title IV programs, any action by Congress that significantly reduces Title IV program funding or the ability of our university partners to participate in the Title IV programs could reduce the ability of some students to finance their education at our university partner institutions and materially decrease their student enrollment.

~~Consolidated Appropriations Act, 2021. On December 27, 2020, former President Trump signed into law the Consolidated Appropriations Act of 2021. Among other things, this package funded the federal government through September 2021, provided additional COVID-related relief, and made a number of U. S. higher education changes. The legislation includes a number of tax provisions, including replacing the tuition deduction with an expanded Lifetime Learning Credit, which now shares the higher income limitations of the American Opportunity Tax Credit. The legislation also extends until January 1, 2026 expanded employer-provided educational assistance permitting employers to pay up to \$ 5, 250 toward an employee's federal student loans as a tax-free benefit. The bill also provided \$ 22. 7 billion for higher education institutions and students impacted by COVID-19 in which all of our university partners were eligible. Veterans Health Care and Benefits Improvement Act of 2020. On January 5, 2021, former President Trump signed into law the Veterans Health Care and Benefits Improvement Act of 2020, which expanded student veterans' protections. Among other things, the legislation requires a risk-based review of schools if an institution is operating under Heightened Cash Monitoring 2 or provisional approval status by ED, is subject to any punitive action by a~~

federal or state entity, faces the loss or risk of loss of accreditation, or has converted from for-profit to non-profit status. The legislation also restores veterans benefits to students whose school closed, as long as the student transferred fewer than 12 credits from the closed school or program; protects students from debt collection by the VA for overpaid tuition benefits; and establishes a number of institutional requirements, including: providing clear disclosures about cost, loan debt, graduation and job placement rates, and acceptance of transfer credit; ensuring institutions are accommodating short absences due to service; prohibiting same-day recruitment and registration; and prohibiting more than three unsolicited recruiting contacts during any one-month period. Most provisions became effective August 1, 2021. Institutions were permitted to seek waivers for certain sections of the new law if they were not able to satisfy compliance requirements by August 1, 2021. THRIVE Act. On June 8, 2021, President Biden signed into law the Training in High-Demand Roles to Improve Veteran Employment Act (the “THRIVE Act”), which amended provisions of the Veterans Health Care and Benefits Improvement Act and the American Rescue Plan Act. The law requires the U. S. Department of Labor and VA to collaborate on a list of high-demand occupations for a rapid retraining assistance program. Additionally, the law requires the Government Accountability Office to report on the outcomes and effectiveness of retraining programs. The THRIVE Act amended the Veterans Health Care and Benefits Improvement Act by clarifying that programs pursued solely through distance education on a half-time basis or less are not eligible for the housing stipend that is generally available for retraining programs. As noted above, the Veterans Health Care and Benefits Improvement Act prohibits certain high-pressure recruiting tactics. The THRIVE Act requires the VA to take disciplinary action if a person with whom an institution has a recruiting or educational services agreement violates the VA’s incentive compensation bans. REMOTE Act. On December 21, 2021, President Biden signed into law the Responsible Education Mitigating Options and Technical Extensions Act, which amended provisions of the Veterans Health Care and Benefits Improvement Act, the American Rescue Plan Act, and the THRIVE Act. The law includes changes to help institutions satisfy the Veterans Health Care and Benefits Improvement Act’s requirements by using the College Financing Plan template, in addition to extending some COVID-related flexibilities previously granted amid the pandemic. The law also extended remote learning waivers through June 1, 2022, simplified the VA verification process for tuition reimbursement, and fixed a technical error to ensure U. S. institutions of higher education can continue to use incentive compensation to recruit foreign students without losing GI Bill funding for their students. 20Consolidated Appropriations Act, 2022. On March 15, 2022, President Biden signed into law the Consolidated Appropriations Act of 2022. The bill allocated \$ 76. 4 billion to the Department of Education and its programs, including an increase to the maximum Pell Grant award, bringing the total to \$ 6, 895 for the 2022-23 award year. In addition, campus-based aid programs were increased, with \$ 895 million allocated for the FSEOG program, an increase of \$ 15 million above the FY 2021 enacted level, and \$ 1. 21 billion allocated for FWS, an increase of \$ 20 million above the FY 2021 enacted level. In addition to the increases in federal student aid funding, the bill provided \$ 2. 1 billion for career, technical, and adult education, \$ 61 million above the FY 2021 enacted level, and an additional \$ 3 billion for higher education programs, \$ 452 million more than the FY 2021 enacted level. The bill also dictated ED requirements related to federal loan servicing, including appropriations for just over \$ 2 billion for expenses related to the administration of the federal loan program, and made a number of changes to the FAFSA Simplification Act. Ensuring the Best Schools for Veterans Act of 2022. On August 26, 2022, President Biden signed into law the Ensuring the Best Schools for Veterans Act of 2022, which amended prior statutory language and made modifications to how the VA operationalizes the 85 / 15 requirement (that is, the rule that generally forbids use of Department of Veterans Affairs benefits for students enrolling in a program in which more than 85 % of students enrolled in the program have any portion of their tuition, fees, or other charges paid to or for them by the institution or by the VA). Among other things, the law clarifies that reporting associated with the 85 / 15 requirement does not apply to institutions at which 35 % or fewer students receive GI bill benefits. The law also exempts programs for which fewer than 10 students have any portion of their tuition, fees, or other charges paid to or for them by the institution or by the VA. Eligibility and certification procedures. Each institution must apply periodically to ED for continued certification to participate in the Title IV programs. Such recertification generally is required every six years, but may be required earlier, including when an institution undergoes a change in control. To the extent ED suspends, limits, modifies, conditions, or terminates any **client university partner** institution’s eligibility to participate in the Title IV programs, **including by** that action is likely to have a negative impact on our business. Indeed, this could range from disallowing the institution from adding new programs or terminating the institution from Title IV eligibility **programs**. The Transaction resulted in a change in control of our most significant university partner, **that action is likely to have** GCU, following which it began operating as a **negative impact** non-profit university and necessitating the application by GCU to ED **may also** for approval of the change in control and for a new program participation agreement. In November 2019, GCU received a new Provisional Program Participation Agreement (“PPA”), which granted **grant GCU an institution** the ability to participate in the Title IV programs on a provisional basis through September 30, 2022. As required, GCU filed a renewal application three months in advance of the scheduled expiration date and continued to participate on a month-to-month extension of the PPA while **if** the Department completed **completes** its review of the **institution’s** application (institutions are routinely given a month-to-month extension on their PPA until ED has completed its review of the application). The Department approved and the parties executed a new Provisional Program Participation Agreement on September 29, 2023, which expires June 30, 2026. For a school **an institution** that is certified on a provisional basis, as GCU is, ED may revoke the institution’s certification without advance notice or advance opportunity for the institution to challenge that **action 18action**. For a school **an institution** that is provisionally certified on a month-to-month basis, ED may allow the institution’s certification to expire at the end of any month without advance notice, and without any formal procedure for review of such action. To our knowledge, either such action is very rare and has only occurred upon a determination that an institution is in substantial violation of material Title IV requirements. **Our primary university partner** In connection with the issuance of the November 2019 PPA, ED also informed GCU that GCU does not satisfy ED’s definition of a non-profit institution and, as **currently operates under** a **provisional program** result,

that ED will continue to treat GCU as a proprietary institution for purposes of its continued participation **agreement** in Title IV programs. GCU has challenged that determination **expires on June 30, 2026**. See “Coordinated actions by federal agencies.”

Administrative capability. ED regulations specify extensive criteria by which an institution must establish that it has the requisite “administrative capability” to participate in the Title IV programs. To meet the administrative capability standards, an institution must, among other things:

- comply with all applicable Title IV program requirements;
- have an adequate number of qualified personnel to administer the Title IV programs;
- have acceptable standards for measuring the satisfactory academic progress of its students;
- not have student loan cohort default rates above specified levels;
- have various procedures in place for awarding, disbursing and safeguarding Title IV funds and for maintaining required records;
- administer the Title IV programs with adequate checks and balances in its system of internal controls;
- not be, and not have any principal or affiliate who is, debarred or suspended from federal contracting or engaging in activity that is cause for debarment or suspension;
- provide financial aid counseling to its students;
- refer to ED’s Office of Inspector General any credible information indicating that any student, parent, employee, third-party servicer or other agent of the institution has engaged in any fraud or other illegal conduct involving the Title IV programs;
- submit all required reports and consolidated financial statements in a timely manner; and
- not otherwise appear to lack administrative capability.

As an education services company, we assist our university partners with some facets of these criteria. As such, we must be mindful of, and compliant with, the administrative capability requirements. If an institution fails to satisfy any of these criteria, ED may:

- require the institution to repay Title IV funds its students previously received;
- transfer the institution from the advance method of payment of Title IV funds to heightened cash monitoring status or the reimbursement system of payment;
- place the institution on provisional certification status; or
- commence a proceeding to impose a fine or to limit, suspend or terminate the institution’s participation in the Title IV programs.

Imposition of these sanctions **on any of our university partners** could have a negative impact on our ability to conduct our business. Financial responsibility. The HEA and ED regulations establish extensive standards of financial responsibility that institutions must satisfy in order to participate in the Title IV programs. ED evaluates institutions for compliance with these standards on an annual basis based on the institution’s annual audited consolidated financial statements, as well as when the institution applies to ED to have its eligibility to participate in the Title IV programs recertified. The most significant financial responsibility standard is the institution’s composite score, which is derived from a formula established by ED based on three financial ratios:

- equity ratio, which measures the institution’s capital resources, financial viability and ability to borrow;
- primary reserve ratio, which measures the institution’s ability to support current operations from expendable resources; and
- net income ratio, which measures the institution’s ability to operate at a profit or within its means.

ED assigns a strength factor to the results of each of these ratios on a scale from negative 1.0 to positive 3.0, with negative 1.0 reflecting financial weakness and positive 3.0 reflecting financial strength. ED then assigns a weighting percentage to each ratio and adds the weighted scores for the three ratios together to produce a composite score for the institution. The composite score for an institution’s most recent fiscal year must be at least 1.5 for the institution to be deemed financially responsible without the need for further ED oversight. In addition to having an ~~acceptable~~ **19 acceptable** composite score, an institution must, among other things, provide the administrative resources necessary to comply with Title IV program requirements, meet all of its financial obligations, including required refunds to students and any Title IV liabilities and debts, be current in its debt payments, and not receive an adverse, qualified, or disclaimed opinion by its accountants in its audited consolidated financial statements. As an education service company, we are not directly subject to this regulation. However, if ED were to determine that a university partner institution did not meet the financial responsibility standards due to a failure to meet the composite score or other financial responsibility factors, ED could impose a range of sanctions on the institution, such as requiring the institution to post a letter of credit, accept provisional certification (which would hamper the ability of the institution to add new programs), comply with additional ED monitoring requirements, agree to receive Title IV ~~22 program~~ **program** funds under an arrangement other than ED’s standard advance funding arrangement, such as the reimbursement system of payment or heightened cash monitoring, and comply with or accept other limitations on the ability to increase the number of programs it offers or the number of students it enrolls, any of which sanctions on our university partners could also adversely affect our business. In addition, because other regulators may use the composite score for their purposes, a poor composite score could have additional effects. For example, NC-SARA utilizes ~~the an institution’s~~ **an institution’s** composite score in determining whether ~~an such~~ **an such** institution is eligible to participate in SARA. Based on the data derived from the audited financial statements of GCU as of each of June 30, **2024 and 2023 and 2022**, GCU’s composite score was **1.9 and 1.8, respectively**, using the proprietary school calculation methodology. If GCU’s future composite scores do not exceed 1.5, ED could impose sanctions. If any such sanctions were imposed, it could have a negative impact on our ability to conduct our business. Return of Title IV funds for students who withdraw. When a student who has received Title IV program funds withdraws from school, the institution must determine the amount of Title IV program funds the student has “earned” and then must return the unearned Title IV program funds (a “return to Title IV”) to the appropriate lender or ED in a timely manner, which is generally no later than 45 days after the date the institution determined that the student withdrew. If such payments are not timely made, the institution will be required to submit a letter of credit to ED equal to 25% of the Title IV funds that the institution should have returned for withdrawn students in its most recently completed fiscal year. Under ED regulations, the letter of credit requirement is triggered by late returns of Title IV program funds for 5% or more of the withdrawn students (and involving more than two student refunds) in the audit sample in the institution’s annual Title IV compliance audit for either of the institution’s two most recent fiscal years or in a ED program review. Additionally, ~~on in~~ **on in** January ~~4, 2023~~ **4, 2025**, ED ~~published~~ **published** ~~announced their intention to~~ **announced their intention to** ~~issue new regulations in eight different~~ **issue new regulations in eight different**, ~~that become effective on July 1, 2026, related to a number of~~ **that become effective on July 1, 2026, related to a number of** areas of higher education regulations via negotiated rulemaking, including ~~on those concerning Return return~~ **on those concerning Return return** to Title IV funds. No specific proposals ~~We are in the process of reviewing the regulations and~~ **We are in the process of reviewing the regulations and** have ~~not formed~~ **not formed** been put forth at this time. To the extent our services for a ~~view~~ **view** university partner include conducting returns to Title IV, as to ~~they~~ **they** ~~the impact on our business~~ **the impact on our business** do with

GCU, we would likely be jointly and severally liable to ED, along with the relevant university partner, for return of those funds. The “90 / 10 Rule.” A requirement of the HEA, commonly referred to as the “90 / 10 Rule,” that is applicable only to proprietary, post- secondary educational institutions, provides that an institution loses its eligibility to participate in the Title IV programs if the institution derives more than 90 % of its revenue for each of two consecutive fiscal years from Title IV program funds. For purposes of the 90 / 10 Rule, revenue is calculated under a complex regulatory formula that requires cash basis accounting and other adjustments to the calculation of an institution’s revenue under generally accepted accounting principles that appears in its consolidated financial statements. Under the 90 / 10 Rule, an institution becomes ineligible to participate in the Title IV programs as of the first day of the fiscal year following the second consecutive fiscal year in which it exceeds the 90 % threshold, and its period of ineligibility extends for at least two consecutive fiscal years. If an institution exceeds the 90 % threshold for two consecutive fiscal years and it and its students have received Title IV funds during the subsequent period of ineligibility, the institution will be required to return those Title IV funds to the applicable lender or ED. If an institution’s rate exceeds 90 % for any single fiscal year, it will be placed on provisional certification for at least two fiscal years. ~~10 rule. The ARPA amended~~ **Based on new regulations that went into effect on January 1, 2023, the 90 / 10 rule Rule was modified to include tuition assistance programs offered by treating other -- the “Federal funds that are disbursed or delivered U.S. Department of Defense and the U.S. Veterans Administration as part of the 90 % threshold, in addition to or on behalf of a student to be used to attend such institution” in the same way as Title IV programs already covered by funds are currently treated in the 90 / 10 rule Rule calculation.** This means that institutions subject to the 90 / 10 Rule will be required to limit the combined amount of Title IV funds and applicable “Federal funds” revenue in a fiscal year to no more than 90 % in a fiscal year as calculated under the rule. ~~Consequently, and the ARPA change to the 90 / 10 rule Rule is thus expected to increase the 90 / 10 rule Rule calculations for institutions subject at GCU. 23~~ **The ARPA stated that the amendments to the 90 / 10 rule Rule apply to** Using ED’s cash- basis, regulatory formula under the 90 / 10 Rule as currently in effect, GCU, ~~our most significant client,~~ derived approximately **67.2 % and 65.5 % and 66.2 %** of its 90 / 10 Rule revenue from Title IV program funds for the fiscal years ended June 30, **2024 and 2023 and 2022**, respectively, per **GCU 20GCU**’s audited financial statements. Accordingly, even if ED continues to treat GCU as a proprietary institution for Title IV purposes, we do not expect this rule to have any material impact on GCU. ~~In March 2021, the \$ 1.....~~ **January 1, 2023. Other legislation Legislation** has been introduced in both chambers of Congress that seeks to further modify the 90 / 10 Rule, including proposals to change the ratio requirement to 85 / 15 (federal to nonfederal revenue), or to eliminate the 90 / 10 Rule. We cannot predict whether or how legislative or regulatory changes will affect the 90 / 10 Rule. Student loan defaults. Under the HEA, an educational institution may lose its eligibility to participate in some or all of the Title IV programs if defaults by its students on the repayment of their federal student loans exceed certain levels. For each federal fiscal year, ED calculates a rate of student defaults for each institution (known as a “cohort default rate”). The rate is calculated by determining the rate at which borrowers who became subject to their repayment obligation in one federal fiscal year default in that same year or by the end of the second year following the first federal fiscal year (known as the “three- year method”). ED applies legal thresholds to measure an institution’s compliance. If ED notifies an institution that its cohort default rates exceeded 30 %, for each of its three most recent federal fiscal years, the institution’s participation in the FDL Program and the Pell grant program would end 30 days after that notification, unless the institution appeals that determination in a timely manner on specified grounds and according to specified procedures. In addition, an institution’s participation in the FDL Program would end 30 days after notification by ED that its most recent cohort default rate, is greater than 40 %, unless the institution timely appeals that determination on specified grounds and according to specified procedures. An institution whose participation ends under either of these provisions may not participate in the relevant programs for the remainder of the fiscal year in which the institution receives the notification or for the next two fiscal years. If an institution’s cohort default rate for any single federal fiscal year equals or exceeds 30 %, ED may place the institution on provisional certification status. While we cannot directly influence a university partner’s cohort default rates, and do not provide default rate management services, in the course of performing services for a university partner we would work to assist such university partner in ensuring that its cohort default rates do not present a compliance risk under this regulation. Nonetheless, if a university partner institution exceeded the threshold under the three- year method, the sanction imposed could have a negative impact on our ability to conduct our business. While GCU’s cohort default rates have historically been significantly below these levels, we cannot assure you that this will continue to be the case. Incentive compensation rule. An institution that participates in the Title IV programs may not provide any commission, bonus, or other incentive payment based directly or indirectly on success in securing enrollments or financial aid to any person or entity engaged in any student recruitment, admissions, or financial aid awarding activity. **Since we are involved in its program participation agreement with ED, each higher education institution agrees that it will not “provide any commission, bonus, or other incentive payment based in any part, directly or indirectly, upon success in securing enrollments or the award of financial aid, to any person or entity who is engaged in any student recruitment recruiting or and admission activity activities, on behalf of or our university partners in making decisions regarding the award of Title IV, under current regulations HEA program funds.”** Pursuant to this rule, we are prohibited from offering our covered employees, who are those employees involved with or responsible for recruiting or admissions activities, any bonus or incentive- based compensation based on the successful recruitment, admission or enrollment of students into a postsecondary institution. We are also precluded from offering our covered employees who work on financial aid matters (if any), any bonus or incentive- based compensation based on the award of financial aid to students enrolled in a postsecondary institution. In addition, the incentive compensation rule raises ~~a the~~ question as to whether companies like ours, as an entity, are prohibited from entering into tuition revenue- sharing arrangements with university partners. On March 17, 2011, ED ~~24 issued -- issued~~ official agency guidance, known as a “Dear Colleague Letter,” or a DCL, providing guidance on this point. The DCL states that “[t]he Department generally views payment based on the amount of tuition generated as an indirect payment of incentive compensation based on success in recruitment and

therefore a prohibited basis upon which to measure the value of the services provided” and that “[t]his is true regardless of the manner in which the entity compensates its employees.” But the DCL also provides an important exception to the ban on tuition revenue-sharing arrangements between institutions and third parties. According to the DCL, ED does not consider payment based on the amount of tuition generated by an institution to violate the incentive compensation ban if the payment compensates an “unaffiliated third party” that provides a set of “bundled services” that includes recruitment services, such as those we provide. Example 2-B in the DCL is described as a “possible business model” developed “with the statutory mandate in mind.” Example 2-B describes the following as a possible business model: “A third-party that is not affiliated with the institution it serves and is not affiliated with any other institution that provides educational services, provides bundled services to the institution including marketing, enrollment application assistance, recruitment services, course support for online delivery of courses, the provision of **technology**, placement services for internships, and student career counseling. The institution may pay the entity an amount based on tuition generated for the institution by the entity’s activities for all the bundled services that are offered and provided collectively, as long as the entity does not make prohibited compensation payments to its employees, and the institution does not pay the entity separately for student recruitment services provided by the entity.” The DCL guidance indicates that an arrangement that complies with Example 2-B will be deemed to be in compliance with the incentive compensation provisions of the HEA and ED’s regulations. Our business model and contractual arrangements with our university partners closely follow Example 2-B in the DCL. In addition, we assure that none of our “covered employees” is paid any bonus or other incentive compensation in violation of the rule. Because the bundled services rule was promulgated in the form of agency guidance issued by ED in the form of a DCL and is not codified by statute or regulation, the rule could be altered or removed without prior notice, public comment period or other administrative procedural requirements that accompany formal agency rulemaking. Similarly, a court could invalidate the rule in an action involving our company or our university partners, or in action that does not involve us at all. The revision, removal or invalidation of the bundled services rule by Congress, ED or a court could require us to change our business model **in ways that could be detrimental to our business**.

Borrower Defense to Repayment regulations. **Under the HEA and its implementing regulations, students may file a claim with ED to discharge** has long had a regulation that establishes standards for borrowers that govern their ability to raise defenses to **FDL Loans if, generally, they believe their obligation-institution misled them or engaged in other misconduct related to repay certain Title IV-the making of their federal loans**, which defenses were based on certain acts or omissions of the institution that relate to the making of the loan for enrollment at the school or the provision of their educational services. **This is referred to as a “borrower defense to repayment” for- or “BDR” claim. The regulations governing the standards and processes pursuant to which BDR claims are adjudicated** the loan was provided and that gave **have rise to a been revised multiple times since their introduction in 1994, with the result that the current regulatory framework is extraordinarily complex. It is generally the cause- case of action under state law that an individual BDR claim would be adjudicated by an ED staff member and any subsequent recoupment process** against the **applicable** school. This regulation currently applies to all loans first disbursed prior to July 1, 2017. In 2016, ED published a regulatory package related to “Borrower Defense to Repayment.” This was a highly consequential rule that, among other things, would make it easier for borrowers—individually or in groups—to extinguish, in whole or in part, their student loans based on whether: • The borrower or a governmental agency, has obtained against the school a nondefault, favorable-contested judgment based on state or federal law in a court of administrative tribunal; • The institution **initiated** failed to perform its obligations under the terms of a contract with the student; or • The school or any of its representatives (including contractors) or any institution, organization, or person with whom the school has an agreement to provide educational programs, or to provide marketing, advertising, recruiting or admissions services, made a substantial misrepresentation (as defined by ED **would be overseen by** regulations) that the borrower reasonably relied on to the borrower’s detriment when the borrower decided to attend, or to continue attending, the school or decided to take out a Direct Loan. ²⁵These regulations also established separate procedures for claims initiated for individual borrowers and claims initiated for groups of borrowers as well as separate procedures in the event that the institution is open or closed. The rules established varying, borrower-favorable statutes of limitations for the initiation of claims and, in some cases, imposed an unlimited statute of limitations. If ED official or hearing official approves. **But the specific standards and borrower’s defense to repayment through the applicable administrative process processes** established in the proposed regulations, ED may discharge the borrower’s obligation to repay some or all of the borrower’s student loans, may return to the borrower amounts already paid by the borrower toward the discharged portion of the loan, and may initiate a separate proceeding to collect the discharged and returned amounts from the institution. Although ED attempted to prevent the effectiveness of these regulations, an October 2018 court decision mandated that the Borrower Defense to Repayment regulations that were originally published by ED in 2016 are now in effect and apply **vary depending to** loans first disbursed after July 1, 2017, and (because of recent regulatory developments) prior to July 1, 2020. On September 23, 2019, ED published new regulations related to the “Borrower Defense to Repayment” regulations. These regulations, which went into effect July 1, 2020 modify the existing regulations to now permit borrowers to raise as a defense to repayment **when** a student loan any statement, act, or omission to a borrower that is false, misleading, or deceptive; made with knowledge of its false, misleading, or deceptive nature or with a reckless disregard for the **underlying** truth; and directly and clearly related to the making of a Direct Loan for enrollment at the school or the provision of educational services for which the loan was made. Among other things, the new regulations modify the procedures and standards for borrowers to assert through an **and ED-administered-certain versions of the law permit the formation of a group claims** process a defense to the borrowers’ obligation to repay certain Title IV loans first disbursed on or after July 1, 2020, based on certain acts or omissions by the institution or a covered party. The procedures establish a process for students to obtain a loan discharge by establishing by a preponderance of the evidence that the institution made a misrepresentation of material fact, upon which the borrower reasonably relied in deciding to obtain a covered loan, where such misrepresentation directly and clearly relates to enrollment or

continuing enrollment at the institution or to the provision of educational services for which the loan was made, and where the borrower was financially harmed by the misrepresentation. The regulations establish revised definitions for misrepresentation and financial harm, identify a nonexclusive list of items that may be evidence that a misrepresentation occurred, identify a list of items that do not constitute a basis for a defense to repayment. The regulations also set forth rules on a limitations period for submitting claims and circumstances for extending this period, on the requirements for submitting an application for a discharge, on the consideration of the application by ED, on the opportunities for the institution to respond and submit evidence, and on the process for discharging the borrower's loan and for ED to seek recovery of the discharged amounts from the institution. In **November 2022** addition to revising the claims for defenses to repayment, the 2019 Borrower Defense to Repayment regulations that became **Biden administration promulgated a revised version of the BDR rule, which took effect** on July 1, 2020-**2023**. In **August 2023**, revises the financial responsibility regulations that were a part of the 2016 version of those **the regulations-U. S** The 2019 regulation shortens and reduces the scope of the list of events that could result in ED determining that an institution has failed ED's financial responsibility standards and requiring a letter of credit or other form of acceptable financial protection and the acceptance of other conditions or requirements. **Court** Specifically, the regulations establish revised lists of **Appeals** mandatory triggering events and discretionary triggering events. The regulation also establishes discretionary triggering events for which ED may determine that an institution is not able to meet its financial or administrative obligations if the events are likely to have a material adverse effect on the financial condition of the institution. The regulations require the institution to notify ED of the occurrence of a mandatory or discretionary event in accordance with procedures established by ED, typically within 10 days of the occurrence of the event with certain exceptions. ED may make a determination that an institution fails to meet the financial responsibility standards based on the occurrence of one or more mandatory or discretionary triggers and impose a letter of credit and/or other **the Fifth Circuit issued** conditions upon the institution. As with the 2016 version of this rule, the 2019 version of the regulations could require institutions we service like GCU to submit a letter of credit or **nationwide preliminary injunction, enjoining** other **the form implementation** of acceptable financial protection and accept other **the** conditions or requirements. This could put financial strain on our university partners and negatively affect our business. On August 10, 2021, ED announced its intention to establish a negotiated rulemaking committee to develop proposed regulations for borrower defenses to repayment and other topics related to programs authorized under Title IV of the HEA. Negotiated rulemaking for the Affordability and Student Loans Committee began in October 2021 and concluded in December 2021, with the committee failing to reach consensus on Borrower Defense to Repayment ("BDTR"). On October 31, 2022, ED released final BDTR regulations. Among other things, the final rule sets a single standard and streamlined process for relief that will apply to all future and pending BDTR claims as of July 1, 2023, instead of various standards based on the date of the borrower's first loan disbursement; defines what kinds of misconduct could lead to borrower defense discharges, including substantial misrepresentations, substantial omissions of fact, breaches of contract, aggressive and **closed school provisions of** deceptive recruitment, and state or federal judgments or final ED actions that could give rise to a BDTR claim; establishes a reconsideration process for **rule. While this case is decided, the previous versions of the** borrowers **borrower** whose claims **defense and closed school provisions** are **in effect** not approved for a full discharge; and creates a process for forming groups of borrowers and adjudicating claims based on the common facts of those group claims. The final rule also sets the expectation that ED will hold colleges accountable for the cost of discharges, including establishing a recoupment process separate from the approval of BDTR claims. In addition, the final rule prohibits institutions from requiring borrowers to sign mandatory pre-dispute arbitration agreements or class action waivers for claims related to the making of a Federal Direct Loan or the provision of educational services for which the loan was obtained. Litigation related to the various iterations of the **BDTR- BDR** regulations, and the enforcement of these regulations has made this area complicated for all parties to understand and assess. Further, the lack of adjudications in this area has also made things less clear. Nonetheless, if our university partners are determined to have violated this regulation there could be significant sanctions imposed, whether related to the recoupment of any loans extinguished by **ED the Department**, the imposition of letters of credit, or other sanctions under the financial responsibility or administrative capability regulations (among others). This could put a financial strain on our university partners and negatively affect our business. Also, if we were determined to have been the cause of the meritorious BDTR claim, our partners may have claims against us. Note, the borrower defense to repayment regulations discussed herein were and are extensive and this does not attempt to discuss all the facets of any of the versions of these regulations. We cannot determine what effect, if any, these regulations may have on our university partners or on **GCE us**.

Compliance reviews. Our **client-university partners** institutions are subject to announced and unannounced compliance reviews and audits by various external agencies, including ED, its Office of Inspector General, state licensing agencies, the applicable state approving agencies for financial assistance to veterans, and accrediting commissions. As part of ED's ongoing monitoring of institutions' administration of the Title IV programs, the HEA also requires institutions to annually submit to ED a Title IV compliance audit conducted by an independent certified public accountant in accordance with applicable federal and ED audit standards. In addition, to enable ED to make a determination of an institution's financial responsibility, each institution must annually submit audited financial statements prepared in accordance with ED regulations. **Additionally, on October 8, 2021, ED announced establishment of an Office of Enforcement within ED's Office of Federal Student Aid, designed to strengthen oversight over and enforcement against postsecondary schools that participate in federal student loan, grant, and work-study programs. The Office of Enforcement restores an office first established by ED in 2016. ED announced the Office of Enforcement would comprise four existing divisions: Administrative Actions and Appeals Services Group, Borrower Defense Group, Investigations Group, and Resolution and Referral Management Group. ED intends the Office of Enforcement to coordinate with other state and federal partners, including the Department of Justice, Consumer Financial Protection Bureau, Federal Trade Commission, and state attorneys general. As a third-party servicer, not only are our university partners subject to reviews and audits that may require our involvement, but we are also subject to program reviews from ED and the Office of the**

Inspector General. Further, we ~~also~~ **22also** have an obligation to annually submit to ED a Title IV compliance audit conducted by an independent certified public accountant in accordance with applicable federal and ED audit standards. Gainful employment rules. Under the HEA, proprietary schools are eligible to participate in Title IV programs in respect of educational programs that lead to “ gainful employment in a recognized occupation, ” with the limited exception of qualified programs leading to a bachelor’s degree in liberal arts. ED attempted to define this in a series of regulations from 2010 to 2016. On July 1, 2019, ED rescinded the previously enacted gainful employment regulations. ~~27While~~ **While** this change was effective July 1, 2020, ED also permitted institutions to enact this change as early as July 1, 2019, so long as any such institution made manifest its intention to be subject to the rescinded regulations. It is our understanding that GCU had made manifest that intention and, as of July 1, 2019, was no longer subject to the gainful employment rules. Given that GCU is currently our only university partner that is considered a proprietary school by ED, the gainful employment rules apply to it but not to our other university partners. While GCU largely complied with the previously published gainful employment rules, those rules did indicate that four current degree programs were in the “ Zone ” – that is, potentially faced sanctions in the future if GCU could not reform the programs to comply with the regulations – including three undergraduate education programs and the Masters in Theology. ~~On December 8, 2021, ED announced its intention to establish negotiated rulemaking committees to develop proposed regulations for gainful employment and other topics related to programs authorized under Title IV of the HEA. Negotiated rulemaking committee sessions occurred January– March 2022, and the Institutional and Programmatic Eligibility committee failed to reach consensus on the gainful employment topic. At the time, ED indicated its intention to publish draft gainful employment rules in April 2023, which would be effective no earlier than July 2024. On October 10, 2023, ED published new the final gainful employment regulations in 2023, which became have a general effective date of July 1, 2024. The These final regulations replace prior gainful employment regulations, rescinded by ED in 2019, that required GCU’s educational programs to achieve threshold rates in at least one of two debt measure categories. The new regulations establish rules for annually evaluating GCU’s 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 median earnings measure. ED will calculate these rates and measures under complex regulatory formulas outlined in the regulations and using data such as student debt (including not only Title IV loans but also certain private loans and extensions of credit), student earnings data, and comparative median earnings data for young working adults with only a high school diploma or GED. If GCU’s programs were to yield debt- to- earnings rates or a median earnings measure that do not comply with regulatory benchmarks for two of three consecutive years, they would lose Title IV eligibility for each of the impacted educational programs. The regulations will also require institutions to provide warnings to current and prospective students for programs in danger of losing 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 ED and providing required student disclosures related to gainful employment. The regulations include gainful employment rates and measures that will be based in part on data that is not readily accessible to us or GCU, which makes it difficult for us to predict with certainty how GCU’s educational programs will perform under the new gainful employment benchmarks and the extent to which certain programs could become ineligible for Title IV participation. ED released performance data at the time it published the proposed regulations that calculates rates for each school’s programs 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 neither we nor GCU nor ED have access to all of the data that will ultimately be used to evaluate GCU’s programs, we cannot predict whether, or the extent to which, GCU’s 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 GCU’s programs which will limit our ability to eliminate or mitigate the impact of the regulations on us and GCU’s educational programs. Although we cannot predict how GCU’s programs will perform under the new gainful employment metrics, the performance data released suggests that in general the programs that were in the “ Zone ” under the previous gainful employment rules- certain undergraduate teacher education and theology programs as well as certain Masters- ~~Masters’ s~~ **Master’ s** in Counseling programs- ~~were are~~ **are** in jeopardy of failing under the new rules. Given that the primary issue for the undergraduate programs that are in jeopardy of failing the new rules is not high average debt levels but rather relatively low earnings rates for first year teachers, it will be difficult for GCU to make material changes to ensure these programs do not fail. The ~~Masters- Master’ s~~ **Master’ s** of Counseling programs that are in jeopardy of failing are long duration programs as required by the programmatic accreditation standards and the Title IV regulations allow graduate students to borrow substantially more than is required to pay tuition. Accordingly, the debt levels for these programs are higher than the university’s average. Thus, the implementation of the new gainful employment regulations could require GCU to eliminate or modify these educational programs, could result in the loss **of Title IV Program-program** funds for the affected programs, and could have a significant impact on the rate at which students enroll in these programs. In addition, given ED **’ s continues continued refusal to 28refuse** to recognize GCU’s non- profit status, students in GCU programs that fail the new metrics may lose Title IV eligibility. Substantial misrepresentation. The HEA prohibits an institution that participates in Title IV programs from engaging in “ substantial misrepresentation ” of the nature of its educational program, its financial charges, or the ~~employability~~ **23employability** of its graduates. ED has defined a misrepresentation as any statement made by the institution or a third party that provides educational programs, marketing, advertising, recruiting, or admissions services to the institution that is false, erroneous or has the likelihood or tendency to deceive. A substantial misrepresentation is any misrepresentation on which the person to whom it was made could reasonably be expected to rely, or has reasonably relied, to that person’s detriment. The regulation also covers statements made by any representative of an institution, including agents, employees and subcontractors, and statements made directly or indirectly to any third party, including state agencies, government officials or the public, and not just to students or prospective students. Therefore, we are subject to this regulation. Considering the breadth of the definition of “ substantial misrepresentation, ” it is possible that despite our efforts to prevent such misrepresentations, our employees or~~

contractors may make statements that could be construed as substantial misrepresentations for which our university partners would be held responsible by ED. We and our employees and subcontractors, as agents of our university partners, must use a high degree of care to comply with such rules and are prohibited by contract from making any false, erroneous or misleading statements about our university partners. To avoid an issue under the misrepresentation rule and similar rules, we assure that all marketing materials are approved in advance by our university partners before they are used by our employees and ~~we carefully monitor our subcontractors~~ **in their conversations with students and prospective students**. Additionally, matters regarding substantial misrepresentation, and defining what constitutes “ aggressive recruiting, ” are currently the subject of negotiated rulemaking. While we are watching this process closely, we cannot determine what the outcome will be or the effect of these regulations on ~~our~~ university partners or on GCE. Despite our best efforts, we ~~or our university partners~~ may face complaints from ~~our university partners’~~ students and prospective students ~~of our university partners~~ over statements made by us and our agents throughout the conduct of our services ~~which that~~ would expose our university partners, and derivatively us, to increased risk of enforcement action and applicable sanctions or other penalties and increased risk of private qui tam actions under the Federal False Claims Act. Also, if ED determines that an institution (including its contractors) has engaged in substantial misrepresentation, ED may revoke an institution’s program participation agreement, impose limitations on the institution’s participation in Title IV programs, deny applications from the institution for approval of new programs or locations or other matters, or initiate proceedings to fine the institution or limit, suspend, or terminate its eligibility to participate in Title IV programs. Similar rules apply under state laws or are incorporated in institutional accreditation standards, and the FTC applies similar rules prohibiting any unfair or deceptive marketing practices to the education sector. ~~On In~~ October 6, 2021, the FTC announced that it ~~is was~~ resurrecting its Penalty Offense Authority under Section 5 (m) of the FTC Act. Under the FTC Act, the FTC may secure penalties against entities not a party to an original proceeding if the FTC can show that the entity had actual knowledge that the conduct in question was found to be unfair or deceptive. Entities that have actual knowledge of acts or practices the FTC has found to be unlawful and that subsequently engage in such unlawful acts or practices may be held liable for civil penalties up to \$ 50, 120 per violation. Also ~~on in~~ October 6, 2021, in an effort to establish actual knowledge and create a pathway for penalties in the event of post- notice acts or practices, the FTC issued notice to the 70 largest for- profit schools based on enrollment and revenues. The notice included a list of acts and practices that the FTC has determined are unfair or deceptive, including but not limited to acts relating to misrepresentation of employment opportunities and other benefits, together with citation to various prior determinations from cases previously litigated by the FTC. Because of ED’s decision to continue to treat GCU as a for- profit institution for Title IV purposes, GCU received ~~this the FTC’s~~ notice ~~on October 7, 2021~~. The FTC made clear at that time that receipt of the notice itself did not reflect any assessment as to whether GCU has engaged in deceptive or unfair conduct. ~~29If~~ **If** ED or another regulator determines that statements made by us or on our behalf are in violation of the regulations, we could be subject to sanctions and other liability, which could have a material adverse effect on our business. Coordinated actions by certain federal agencies. The Transaction was approved by GCU’s ~~Board~~ **board** of ~~Trustees~~ **trustees** based on its conclusion that it would be in the best interest of GCU’s students, faculty and staff for GCU to operate under the non- profit status that it previously held prior to 2004. Prior to the closing of the Transaction, the IRS, HLC and the State of Arizona approved GCU’s non- profit designation. However, ~~on in~~ November 6, 2019, in connection with its approval of the Transaction without conditions, ED informed GCU that GCU does not satisfy ED’s definition of a non- profit entity and, as a result, that ED will continue to treat GCU as a proprietary institution for purposes of its continued participation in Title IV programs. Upon receipt of this determination, GCU and GCE entered into ongoing discussions ~~and~~ **24and** negotiations that were then provided by GCU to ED regarding proposed changes to the services agreement between GCU and GCE and providing ED, upon request, with an updated transfer pricing study demonstrating that the revenue sharing arrangement reflected in the services agreement reflected fair market value for the services we provide. Despite the ongoing discussions and negotiations, ED again denied GCU’s non- profit status in January 2021. Thereafter, in order to pursue all available avenues for recourse on this matter, GCU opted to file a lawsuit against the ED, alleging that its 2019 and 2021 decisions overstepped its authority. ~~That litigation currently remains ongoing. While the Company does not believe that ED’s determination, if ultimately~~ **decision to continue to treat GCU as a for- profit institution was** upheld by the federal ~~district courts~~ **court in Arizona**, ~~will impact in November 2024, the United States Court of Appeals for the Ninth Circuit~~ **unanimously held that ED had failed to apply the correct legal standards in reviewing GCU’s application and it reversed** ability to meet all regulatory requirements applicable to proprietary institutions, the ~~district court~~ determination not to accept GCU’s non- profit status by ~~decision and remanded with instructions to set aside~~ ED or any other federal agency, if upheld, would continue the limits currently in effect on GCU’s ability ~~decision and~~ **to remand to ED** identify itself as a non- profit university in its advertising or ~~for further proceedings~~ other materials and could adversely impact the manner in which GCU is viewed by students, prospective students, alumni, donors and other stakeholders. **In** Thereafter, ~~in~~ October 2021, at the same time that the FTC issued the notice to the 70 for- profit schools as mentioned above, the FTC issued a public statement indicating that it would coordinate efforts with ED and the VA to investigate for- profit universities in furtherance of the notice. Since the FTC’s statement, ED, the VA and the FTC have initiated multiple actions against GCU, including audits, compliance reviews, civil investigative demands, fines and lawsuits, and the FTC has initiated civil investigative demands and a lawsuit against us, that allege, among other things, misrepresentations made in connection with marketing activities, including statements made related to GCU’s non- profit status. These actions, ~~which are in addition to the class action and shareholder derivative action against us and certain of our directors and officers that we are currently defending and which largely also relate back to ED’s original decision to deny recognition of GCU’s non- profit status,~~ appear to ~~be~~ **have been** coordinated in the manner described in the 2021 FTC statement. These actions, or any future actions by ED, FTC or any other federal or state government agencies or accrediting bodies with oversight over us or GCU, if ultimately resolved adversely to us or GCU, could result in monetary penalties and liabilities, further impact GCU’s non- profit status, and / or cause reputational harm. See Part I,

Item 3. Legal Proceedings for a discussion of certain litigation matters to which we are a party. ~~In addition, given the importance of the non-profit designation to GCU, it is also possible that GCU might request changes to our contract with them to resolve any disputes it has with government agencies over its non-profit status. At this time, we cannot predict what changes those could be or what effect any of those outcomes could have on our business.~~ Negotiated rulemaking. ED periodically issues new regulations and guidance that can have an adverse effect on our partner institutions. ED 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 providing the services that we provide our **university** partners affect their ability to remain eligible to participate in the Title IV programs, impose restrictions on their participation in the Title IV programs, affect the rate at which students enroll in our partners' programs, or otherwise have a significant impact on our business and results of operations. We cannot predict ~~the timing and content of any new regulations or guidance that ED may seek to impose or whether and to what extent ED under the new administration may issue new regulations and guidance that could adversely impact our partner institutions.~~ On January 4, 2023, ED announced their intention to issue new regulations in eight different areas of higher education regulations via negotiated rulemaking. The topics include: • Distance Education³⁰ • Accreditation and Related Issues • State Authorization • Third-Party Servicers and Related Agencies • Cash Management • Return to Title IV • Federal TRIO Programs • Improving Use of Deferrals and Forbearances. ED commenced its first negotiated rulemaking on January 8, 2024 to address five of these topics: State Authorization, Cash Management, Distance Education, Returns to Title IV, and Accreditation. In addition to the session held on January 8—11, 2024, ED will hold negotiation sessions on February 5—8, 2024 and March 4—7, 2024. While we will be watching this closely, we cannot predict what, if any, impact this rulemaking will have on our university partners or on our business. We cannot predict with certainty the ultimate combined impact of the regulatory changes which have occurred in recent years ~~and that may occur as a result of the upcoming negotiated rulemaking~~, nor can we predict the effect of future legislative or regulatory action by federal, state or other agencies regulating our ~~education programs or other aspects of our operations~~ **or those of our university partners**, how any resulting regulations will be interpreted or whether we and our **university** partner institutions will be able to comply with these requirements in the future. Any such actions by legislative or regulatory bodies that affect our ~~programs and operations~~ **or those of our university partners** could have a material adverse effect on our ~~business student population and our that of university~~ partner institutions, ~~including the need to cease offering a number of programs~~. Regulatory Standards that May Restrict Institutional Expansion or Other Changes Many actions that our university partners may wish to take in connection with expanding their operations or other changes are subject to review or approval by the applicable regulatory agencies. For example, requirements and standards of state post-secondary agencies, accrediting commissions, and ED limit an institution's ability in certain instances to establish additional teaching locations, implement new educational programs, or increase enrollment in certain programs. Many states require review and approval before institutions can add new locations or programs, and many states limit the number of pre- licensure professional students (such as nursing) colleges may enroll. Similarly, accrediting agencies (institutional and programmatic) generally require institutions to notify them in advance of adding new locations or implementing new programs, and upon notification may undertake a review of the quality of the facility or the program and the financial, academic, and other qualifications of the institution. With respect to ED, if an institution participating in the Title IV programs plans to add a new location or educational program, the institution must generally apply to ED to have the additional location or educational program designated as within the scope of the institution's Title IV eligibility. Institutions that are fully certified to participate in the Title IV programs are not required to obtain ED's approval of additional programs that lead to a bachelor's, professional, or graduate degree at the same degree level as programs previously approved by ED, ~~and, similarly, is not required to obtain advance approval for new programs that prepare students for gainful employment in the same or a related recognized occupation as an educational program that has previously been designated by ED as an eligible program at that institution if it meets certain minimum length requirements.~~ GCU, because it is currently certified to participate in the Title IV programs on a provisional basis, is required to obtain ED approval for new programs, which requirement could impede GCU's ability to introduce new programs and slow its growth. ~~31~~**Item 25****Item 1A.** Risk Factors There are many factors that affect our business, financial condition, operating results, and cash flows as well as the market price for our securities. The following is a description of important factors that may cause our actual results of operations in future periods to differ materially from those currently expected or discussed in forward-looking statements set forth in this Annual Report. Additional risks and uncertainties not presently known to us or that we may currently deem immaterial also may impair our business operations. Forward-looking statements and such risks, uncertainties and other factors speak only as of the date of this Annual Report, and we expressly disclaim any obligation or undertaking to update or revise any forward-looking statement contained herein, to reflect any change in our expectations with regard thereto, or any other change in events, conditions or circumstances on which any such statement is based, except to the extent otherwise required by law. See "Forward-Looking Statements." These risk factors should be read in conjunction with other information set forth in this Annual Report, including Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, and Item 8, Consolidated Financial Statements and Supplementary Data, including the related Notes to Consolidated Financial Statements. We **Although we** currently provide services to **25-22** university partners across the United States, GCU is, and will for the foreseeable future remain, our most significant university partner. Accordingly, the risk factors set forth below also include risks attributable to GCU's operations, which could materially affect us. Risk Factor Summary The following is a summary of the material risk factors that could adversely affect our business, financial condition, and operating results: • **A We** **earn a** large percentage of our revenue **through** is attributable to our contractual relationship as a service provider to GCU, and ~~the loss of, or a decline in GCU's enrollment in, GCU programs~~ could significantly reduce our revenue and impact our overall financial performance. • GCU's board of trustees and management have fiduciary and other duties that require them to focus on the best interests of GCU and, over time, those interests could diverge from those of GCE. • Our Chief Executive Officer's role as President of GCU may adversely affect his ability to run GCE. • If we are determined to have paid improper incentive

compensation to our covered employees, or tuition sharing arrangements are deemed to violate the incentive compensation regulations, our business will be impaired. • Our success depends, in part, on ~~the effectiveness of our~~ **ability to marketing and advertising programs in recruiting** ~~recruit~~ new students to enroll with our university partners. • A decline in the overall growth of enrollment in post- secondary institutions, or in the number of students seeking degrees online, could cause our university partner institutions to experience lower enrollment, which could negatively impact our future growth. • We face competition from established and other emerging companies, which could divert university partners to our competitors, result in pricing pressure and significantly reduce our revenue. • We are subject to laws and regulations as a result of our collection and use of personal information, and any violations of such laws or regulations, or any breach, theft, or loss of such information, could adversely affect our reputation and operations. • We are required to comply with The Family Educational Rights and Privacy Act, or FERPA, and failure to do so could harm our reputation and negatively affect our business. 32 • Capacity constraints, system disruptions, or security breaches in our online computer networks and phone systems could have a material adverse effect on our ability to attract and retain students. • We may have difficulty integrating future acquisitions, which would reduce the anticipated benefits of those transactions. 26 • Our failure, or our university partners' failure, to comply with the extensive regulatory requirements governing institutions of higher education could result in financial penalties, restrictions on our operations or growth, or loss of external financial aid funding for our university partners' students. • Rulemaking by ED could materially and adversely affect our business. • Recently published regulations could materially and adversely affect our business. • If ED does not recertify a university partner institution to continue participating in the Title IV programs, the students we assist would lose their access to Title IV program funds, or a university partner institution could be recertified but be required to accept significant limitations as a condition of its continued participation in the Title IV programs. • A university partner institution could lose the ability to participate in the Title IV programs if it fails to maintain its institutional accreditation, and our university partners' student enrollments could decline if a ~~client~~ **university partner** institution fails to maintain any of its accreditations or approvals. • A university partner institution may lose eligibility to participate in the Title IV programs if its student loan default rates are too high. • A finding by ED or other regulators that we or our university partner institutions misrepresented the nature of our partner institutions' educational programs could materially and adversely affect our business. • A reduction in funding or new restrictions on eligibility for the Federal Pell Grant Program, or the elimination of subsidized Stafford loans, could make college less affordable for certain students at our university partner institutions, which could negatively impact our university partner institutions' enrollments, and thus our revenue and results of operations. • If our university partner institutions do not maintain state authorization, they may not operate or participate in the Title IV programs. • Government agencies, regulatory agencies, and third parties may conduct compliance reviews, bring claims, or initiate litigation against us or our university partners based on alleged violations of the extensive regulatory requirements applicable to us and our university partners. • The regulatory guidance governing third- party servicers imposes a number of requirements on our business and may expose us to liability for certain regulatory violations that are coextensive with our university partner institutions. Risks Related to Our Relationship with GCUA ~~GCU~~ **We earn a** large percentage of our revenue **through is** ~~attributable to~~ our contractual relationship as a service provider to GCU, and ~~the loss of, or a decline in~~ **GCU' s** enrollment in ~~GCU programs~~ could significantly reduce our revenue and impact our overall financial performance. We expect the revenue derived from our Master Services Agreement with GCU to account for a large percentage of our revenue for the foreseeable future. Any decline in reputation or changes in **GCU** policies of GCU that ~~adversely~~ **adversely** affect its student enrollment and its overall financial and operating results, including as a result of adverse government actions taken against GCU, could materially impact us. Furthermore, GCU has the right to terminate the Master Services Agreement ~~early~~ **after seven July 1, 2025 upon at least eighteen (7-18) years months prior written notice**, and, upon the termination or expiration of the Master Services Agreement, GCU is not required to continue using us as the provider of the services thereunder. If GCU were to terminate or not renew its relationship with us, or if its ~~programs enrollment~~ were to materially ~~underperform~~ **decline** for any reason, it could negatively affect our reputation and materially adversely impact our revenue and operating results. GCU' s board of trustees and management have fiduciary and other duties that require them to focus on the best interests of GCU and, over time, those interests could diverge from those of GCE. ~~GCE~~ **We believes- believe** that ~~its our~~ relationship with GCU is and will remain strong. However, GCU has an independent board of trustees that, along with its management, have fiduciary and other duties that require them to focus on the best interests of GCU. Over time, and for various reasons, those interests could diverge from the interests of GCE. Should those interests diverge in a meaningful way, it could lead to changes in the relationship that would be adverse to ~~GCE us~~. ~~Our~~ **27Our** Chief Executive Officer' s role as President of GCU may adversely affect his ability to run GCE. Mr. Brian E. Mueller has served as the Chief Executive Officer of GCE since 2008, the Chairman of the Board of ~~GCE Directors~~ since 2017 and the President of GCU since 2012. In connection with the Transaction, the Board of Directors of GCE and the board of trustees of GCU each independently determined that Mr. Mueller should retain those roles. Accordingly, Mr. Mueller serves as the Chairman of the Board ~~of Directors~~ and Chief Executive Officer of GCE and as the President of GCU, although he is prohibited from serving on the board of trustees of GCU. In continuing to retain Mr. Mueller' s services, our Board ~~of Directors~~ and the board of trustees of GCU each recognize that Mr. Mueller' s dual role could raise conflict of interest issues. In this regard, at the time of the Transaction, GCU adopted governance provisions that prohibit Mr. Mueller from serving on the board of trustees of GCU. In addition, we and GCU also jointly imposed a structure, through GCU' s governance documents and through express provisions of the Master Services Agreement, ~~that which~~ prevent Mr. Mueller from participating in day- to- day management of, or negotiations between GCE and GCU relating to, the Master Services Agreement. While we believe that these safeguards have worked well to date, and that Mr. Mueller' s role with GCE continues to be in the best interests of GCE and is stockholders, we remain alert to conflict issues on an ongoing basis. Any such conflicts, as well as any adverse impact that Mr. Mueller' s dual capacity could have on his ability to devote time, attention, and effort to GCE, could be detrimental to our business. Other Risks Related to Our Business If we are determined to have paid improper

incentive compensation to our covered employees, or tuition sharing arrangements are deemed to violate the incentive compensation regulations, our business will be impaired. An institution that participates in the Title IV programs may not provide any commission, bonus, or other incentive payment based directly or indirectly on success in securing enrollments or financial aid to any person or entity engaged in any student recruitment, admissions, or financial aid awarding activity. **Since we are involved in recruiting and admissions activities, on behalf of our university partners, under current current regulations** ~~provide that higher education institutions agree that it will not “ provide any commission, bonus, or other incentive payment based in any part, directly or indirectly, upon success in securing enrollments or the award of financial aid, to any person or entity who is engaged in any student recruitment or admission activity, or in making decisions regarding the award of title IV, HEA program funds.” Pursuant to this regulation,~~ we are prohibited from offering our “ covered employees, ” who are generally those GCE employees involved with or responsible for recruiting or admissions activities on behalf of our university partners, any bonus or incentive- based compensation based on the successful recruitment, admission or enrollment of students into a postsecondary institution. We are also precluded from offering our covered employees that work on financial aid matters (if any), any bonus or incentive- based compensation based on the award of financial aid to students enrolled in a postsecondary institution. If it were determined that any of our compensation practices violated the incentive compensation law, we could experience an adverse outcome in pending litigation and be subject to substantial monetary liabilities, fines, and other sanctions, any of which could have a material adverse effect on our business, ~~34prospects--~~ **prospects**, financial condition and results of operations and could adversely affect our stock price. See Part 1, Item 3 – Litigation for a discussion of certain litigation matters to which we are a party. In addition, the ~~regulation~~ **incentive compensation rule** raises a question as to whether companies like ours, as an entity, are prohibited from entering into tuition revenue- sharing arrangements with university partners. On March 17, 2011, ED issued official agency guidance, known as a “ Dear Colleague Letter, ” or the DCL, providing guidance on this point. The DCL states that “ [t] he Department generally views payment based on the amount of tuition generated as an indirect payment of incentive compensation based on success in recruitment and therefore a prohibited basis upon which to measure the value of the services provided ” and that “ [t] his is true regardless of the manner in which the entity compensates its employees. ” But the DCL also provides an important exception to the ban on tuition revenue- sharing arrangements between institutions and third parties. According to the DCL, ED does not consider payment to a third- party service provider based on the amount of tuition generated by an institution to violate the incentive compensation ban if the payment compensates an “ unaffiliated third party ” that provides a set of “ bundled services ” that includes recruitment services, such as those we provide. Example 2- B in the DCL is described as a “ possible business model ” developed “ with the statutory mandate in mind. ” Example 2- B describes the following as a possible business model: “ A third party that is not affiliated with the institution it serves and is not affiliated with any other institution that provides educational services, provides bundled services to the institution including marketing, enrollment application assistance, recruitment services, course support for online delivery of courses, the provision of technology, placement services for internships, and student career counseling. The institution may pay the entity an amount based on tuition generated for the institution by the entity’ s activities for all the bundled services that are offered and provided collectively, as long as the entity does not make prohibited compensation ~~payments~~ **28payments** to its employees, and the institution does not pay the entity separately for student recruitment services provided by the entity. ” The DCL guidance indicates that an arrangement that complies with Example 2- B will be deemed to be in compliance with the incentive compensation provisions of the HEA and ED’ s regulations. Our business model and contractual arrangements with our university partners closely follow Example 2- B in the DCL. In addition, we assure that none of our “ covered employees ” is paid any bonus or other incentive compensation in violation of the rule. Because the bundled services rule was promulgated in the form of agency guidance issued by ED in the form of a DCL and is not codified by statute or regulation, the rule could be altered or removed without prior notice, public comment period or other administrative procedural requirements that accompany formal agency rulemaking. ~~In fact, on February 15, 2023, ED launched a review of the prohibition on incentive compensation for college recruiters, including the use of the bundled service provider rule for OPMs like us. The Department offered the public an opportunity to comment on this issue (the comment period concluded March 16, 2023) and held a “ listening session ” on this topic on March 8 and 9, 2023. It is unclear at this point if or when the Department will revise guidance related to this issue.~~ Similarly, a court could invalidate the rule in an action involving our company or our university partners, or in action that does not involve us at all. The revision, removal or invalidation of the bundled services rule by Congress, ED or a court could require us to change our business model in ways that could be detrimental to our business. Our success depends, in part, on ~~the effectiveness of our~~ **ability to** marketing and advertising programs in recruiting ~~---~~ **recruit** new students to enroll with our university partners. Building awareness of our university partner institutions, and the programs they offer, is critical to our ability to attract prospective students to those institutions. It is also critical to our success that we convert prospective students to enrolled students in a cost- effective manner and that these enrolled students remain active in the programs of our **client university partner** institutions. The tightness of the job market has historically had an impact on our ability to successfully recruit new students especially for students considering re- careering into a different field. Historically the percentage of students we recruited ~~that who~~ were re- careering was low but with the increase in university partners and off- campus classroom and laboratory sites and the growth in new online licensure programs by GCU, the number of students we recruit ~~that who~~ are re- ~~35careering--~~ **careering** is growing. Therefore, changes in the job market will impact our ability to recruit students. Some of the other factors that could prevent us from successfully recruiting, enrolling, and retaining students in those programs include: ● the reduced availability of, or higher interest rates and other costs associated with, Title IV loan funds or other sources of financial aid; ● the emergence of more successful competitors; ● factors related to our marketing, including the costs and effectiveness of Internet advertising and broad- based branding campaigns and recruiting efforts; ● performance problems with our online systems; ● failure of our **client university partner** institutions to maintain institutional and specialized accreditations; ● the requirements of the education agencies that regulate our **client university partner** institutions which could

restrict their initiation of new programs and modification of existing programs; • the requirements of the education agencies that regulate our university partner institutions which restrict the ways schools can compensate **persons involved in their recruitment recruiting personnel activities**; • increased regulation of online education, including in states in which our university partner institutions do not have a physical presence; • restrictions that may be imposed on graduates of online programs that seek certification or licensure in certain states; • student dissatisfaction with our services and programs; • **lack of employment opportunities for graduates of our university partners in fields related to their educational programs**; • damage to our reputation, or to the reputations of our university partners or other adverse effects as a result of negative publicity in the media, in industry or governmental reports, or otherwise, affecting us or other companies in the post- secondary education sector; • price reductions by competitors that we are unwilling or unable to match; • a decline in the acceptance of online education; • ~~an~~ **adverse economic or other development that affects job prospects in our core disciplines**; and • a decrease in the perceived or actual economic benefits that students derive from the programs offered by any university partner institution. ~~If~~ **29** **If** we are unable to continue to develop awareness of the programs of our university partners, and to provide services to successfully recruit, enroll, and retain students on their behalf, enrollments at our university partners would suffer and our ability to increase revenues and maintain profitability would be significantly impaired. **Macroeconomic conditions and aversion to debt could adversely affect the ability of our university partner institutions to recruit new students and adversely affect our business. Enrollment in our university partner institutions is affected by changes in economic conditions. Affordability concerns associated with increased living expenses, relocation expenses and the availability of jobs for students attending classes have made it more challenging for our university partner institutions to attract and retain students. Additionally, adverse market conditions could negatively impact the ability of borrowers to borrow the necessary student loans at an acceptable interest rate, which could lead to a decrease in student enrollment in certain cases. If our university partner institutions are unable to attract and maintain students due to unfavorable macroeconomic conditions it could adversely affect our financial condition and results of operations.** Our failure to keep pace with changing market needs and technology could harm our ability to meet the needs of our ~~client~~ **university partner** institutions. We have invested significant resources to develop and implement features that enhance the online classroom experience, such as delivering course content through streaming video, simulations, and other interactive enhancements as well as technology to meet the back- office support needs of our ~~client~~ **university partners** institutions' students. Our information technology systems and tools could become impaired or obsolete due to our action or failure to act. For instance, we could install new information technology without accurately assessing its costs or benefits, or we could experience delayed or ineffective implementation of new information technology. We **also** could fail to respond in a timely manner ~~for to~~ future technological developments in our industry. Should our actions or failure to act impair or render our information technology less effective, this could have a material adverse effect on our business, financial condition, results of operations and cash flows. A decline in the overall growth of enrollment in post- secondary institutions, or in the number of students seeking degrees online, could cause our university partner institutions to experience lower enrollment, which could negatively impact our future growth. Based on industry analyses, enrollment growth in degree- granting, post- secondary institutions is slowing and the number of high school graduates that are eligible to enroll in degree- granting, post- secondary institutions is expected to continue to decrease over the next few years. In order to maintain current growth rates, we will need to attract a larger percentage of students in existing markets to our ~~client institutions and work with~~ **university partner institutions and work with our university partner institutions** to ~~create~~ **create** new academic programs to attract those students. In addition, if job growth in the fields related to our university partners' core disciplines is weaker than expected, as a result of any regional or national economic downturn or otherwise, fewer students may seek the types of degrees that our ~~clients~~ **university partners** offer. Our failure to attract new students for our university partners, or the decisions by prospective students to seek degrees in disciplines not offered by our university partners, would have an adverse impact on our future growth. We face competition from established and other emerging companies, which could divert university partners to our competitors, result in pricing pressure and significantly reduce our revenue. We expect existing competitors and new entrants to the educational services market to revise and improve their business models constantly in response to challenges from competing businesses, including ours. Our primary competitors have historically included EmbanetCompass (formerly owned by Pearson) ~~and~~ Wiley Education Services ~~and~~ ~~2U~~. There are also several new and existing vendors providing some or all of the services we provide to other segments of the education market, and these vendors may pursue the institutions we target. In addition, colleges and universities may choose to continue using or to develop their own solutions in- house, rather than pay for our solutions. Increased competition may result in changes in the revenue share percentage we are able to negotiate to receive from a university partner. The competitive landscape may also result in longer and more complex sales cycles with ~~a~~ **prospective university partner partners**, which would negatively affect our ability to add additional university partners and thus our ability to grow our business. ~~A~~ **30** **A** number of competitive factors could cause us to lose potential university partner opportunities or force us to offer our solutions on less favorable economic terms, including: • competitors may develop service offerings that our potential university partners find to be more compelling than ours; • competitors may adopt more aggressive pricing policies and offer more attractive sales terms, adapt more quickly to new technologies and changes in university partner and student requirements, and devote greater resources to the acquisition of qualified students than we can; and • current and potential competitors may establish cooperative relationships among themselves or with third parties to enhance their products and expand their markets, and our industry is likely to see an increasing number of new entrants and increased consolidation. Accordingly, new competitors or alliances among competitors may emerge and rapidly acquire significant market share. We may not be able to compete successfully against current and future competitors. In addition, competition may intensify as our competitors raise additional capital and as established companies in other market segments or geographic markets expand into our market segments or geographic markets. If we cannot compete successfully against our competitors, our ability to grow our business could be impaired. **Artificial intelligence is an emerging**

area of technology that has and may further impact various aspects of our business operations and that of our university partners, and we may not be successful in our artificial intelligence initiatives, which could adversely affect our business, financial condition and / or operating results. We have made, and expect to continue making, investments in the integration of artificial intelligence (“ AI ”) into our platforms, products, and services. However, AI presents various risks, challenges, and potential unintended consequences that could disrupt our ability to effectively integrate and leverage these technologies. The process of refining and expanding AI- driven offerings may involve significant costs, and there can be no assurance that our efforts will ultimately succeed. Additionally, competitors may develop more effective or efficient AI solutions, potentially undermining our competitive position. The regulatory environment surrounding AI is still in development, and new laws or regulations could emerge that require substantial adjustments to our business practices. These changes could impose unexpected costs or operational disruptions, and the full scope and impact of such regulatory developments remain uncertain. AI technologies also carry the risk of generating content that is factually incorrect or infringing on third- party intellectual property rights. If we suffer adverse consequences due to any of these factors, it could in turn have a material adverse effect on our reputation, financial performance, and operations.

We are subject to laws and regulations as a result of our collection and use of personal information, and any violations of such laws or regulations, or any breach, theft, or loss of such information, could adversely affect our reputation and operations. Possession and use of personal information in our operations subjects us to risks and costs that could harm our business. We collect, use, and retain large amounts of personal information regarding our primary university partner’ s applicants and students, including social security numbers, tax return information, personal and family financial data, and credit card numbers. We also collect and maintain personal information of our employees in the ordinary course of our business. Our services can be accessed globally through the Internet. Therefore, we may be subject to the application of national privacy laws in countries outside the U. S. from which applicants and students access our services. Such privacy laws could impose conditions that limit the way we market and provide our services. ~~37Our~~ **Our** computer networks and the networks of certain of our vendors that hold and manage confidential information on our behalf may be vulnerable to unauthorized access, employee theft or misuse, computer hackers, computer viruses, and other security threats. Confidential information may also inadvertently become available to third parties when we integrate systems or migrate data to our servers in connection with periodic hardware or software upgrades. Due to the sensitive nature of the personal information stored on our servers, our networks may be targeted by hackers seeking to access this data. A user who circumvents security measures could misappropriate sensitive information or cause interruptions or malfunctions in our operations. Although we use security and business controls to limit access and use of personal information, a third party may be able to circumvent those security and business ~~controls~~ **controls**, which could result in a breach of student or employee data and privacy. In addition, errors in the storage, use, or transmission of personal information could result in a breach of privacy for current or prospective students or employees. Possession and use of personal information in our operations also subjects us to legislative and regulatory burdens that could require us to implement certain policies and procedures, such as the procedures we adopted to comply with the Red Flags Rule that was promulgated by the FTC under the federal Fair Credit Reporting Act and that requires the establishment of guidelines and policies regarding identity theft related to student credit accounts, and could require us to make certain notifications of data breaches and restrict our use of personal information. Similarly, California passed the California Consumer Privacy Act (CCPA) in 2018 (which went into effect in 2020), and there are similar bills that have been passed or are pending in a number of other states, as well. These state laws represent a trend toward stronger privacy protections and greater data transparency in the **United States** ~~U. S.~~. Currently, federal law legislates privacy on an industry- by- industry basis. Without an overarching federal law driving privacy compliance, the risk is high of a patchwork of privacy legislation formed by individual state laws, similar to the states’ approach to breach notification obligations. This could not only increase costs for compliance but also raise the risk of enforcement by individual state Attorneys General. A violation of any laws or regulations relating to the collection or use of personal information, including the Gramm- Leach- Bliley Act’ s Safeguards Rule, could result in the imposition of fines against us. Moreover, ED has published extensive requirements for the protection of student data and has indicated such requirements may be strengthened in the future. Additionally, university personnel or students, or our employees or independent contractors, could use our online learning platform to store or process regulated personal information without our knowledge. In the event that our systems experience a data security incident, or an individual or entity accesses information without, or in excess of, proper authorization, we could be subject to data security incident notification laws, which may require prompt remediation and notification to individuals. If we are unaware of the data and information stored on our systems, we may be unable to appropriately comply with all legal obligations, and we may be exposed to governmental enforcement or prosecution actions, private litigation, fines and penalties or adverse publicity that could harm our reputation and business. As a result, we may be required to expend significant resources to protect against the threat of these security breaches or to alleviate problems caused by these breaches. A major breach, theft, or loss of personal information regarding our university partner’ s students and their families or our employees that is held by us or our vendors, or a violation of laws or regulations relating to the same, could have a material adverse effect on our reputation and result in further regulation and oversight by federal and state authorities and increased costs of compliance. We are required to comply with The Family Educational Rights and Privacy Act, or FERPA, and failure to do so could harm our reputation and negatively affect our business. FERPA generally prohibits an institution of higher education participating in Title IV programs from disclosing personally identifiable information from a student’ s education records without the student’ s consent. Our university partners and their students disclose to us certain information that originates from or comprises a student education record under FERPA. As an entity that provides services to institutions participating in Title IV programs, we are indirectly subject to FERPA, and we may not transfer or otherwise disclose any personally identifiable information from a student record to another party other than in a manner permitted under the statute. If we violate FERPA, it could result in a material breach of **our** contract with one or more of our university partners and could harm our reputation. Further, in the event that we disclose

student information in violation of FERPA, ED could require a university partner to suspend our access to their student information for at least five years, which would significantly and adversely impact our ability to provide our contracted services.

~~38Capacity~~ -- **Capacity** constraints, system disruptions, or security breaches in our online computer networks and phone systems could have a material adverse effect on our ability to attract and retain students. The performance and reliability of the infrastructure of our computer networks and phone systems, including the online programs of our university partners, is critical to our operations, **our** reputation and ~~to~~ our ability to attract and retain students on our university partners' behalf. Any computer system disruption or failure, or a sudden and significant increase in traffic on the servers that host our online operations, may result in the online courses and programs being unavailable for a period of time. In addition, any significant failure of our computer networks or servers, whether as a result of third- party actions or in connection with planned upgrades and conversions, could disrupt our operations. Individual, sustained, or repeated occurrences could significantly damage the reputation of our technology ~~and~~ services and result in a loss of potential or existing students of our university partner institutions. Additionally, our operations are vulnerable to interruption or malfunction due to events beyond our control, including natural disasters and network and ~~telecommunications~~ **32telecommunications** failures. Our computer networks may also be vulnerable to unauthorized access, computer hackers, computer viruses, malicious code, organized cyber- attacks and other security problems. A user who circumvents security measures could misappropriate proprietary information or cause interruptions to or malfunctions in operations. As a result, we may be required to expend significant resources to protect against the threat of these security breaches or to alleviate problems caused by these incidents. Any interruption to our operations could have a material adverse effect on our ability to attract students to our university partner' s programs and to retain those students. We may have difficulty integrating future acquisitions, which would reduce the anticipated benefits of those transactions. We intend to continually evaluate potential acquisitions of complementary businesses, products, services and technologies, including those that are significant in size and scope. The risks we may encounter in acquisitions include: • if we incur significant debt to finance a future acquisition and our business does not perform as expected, we may have difficulty complying with debt covenants ; • ~~we may be unable to make a future acquisition which is in our best interest due to our existing indebtedness~~; • if we use our stock to make a future acquisition, it will dilute existing stockholders; • we may have difficulty integrating the operations and personnel of any acquired company; • **we may face** the ~~challenge~~ **challenges** and additional ~~investment~~ **investments** involved with integrating new products, services and technologies into our sales and marketing process **associated with any acquired business** ; • our ongoing business may be disrupted by transition and integration issues **with any acquired business** ; • the costs and complexity of integrating the internal information technology infrastructure of each acquired business with ours may be greater than expected and may require additional capital investments; • we may be unable to achieve the financial and strategic goals for any acquired businesses; • we may have difficulty in maintaining controls, procedures and policies during the transition and integration period following a future acquisition; • our relationships with existing ~~clients~~ **university partners** could be adversely affected **following an acquisition** ; and • as successor we may be subject to certain liabilities of our acquisition targets. Our failure to effectively integrate any future acquisition would ~~adversely affect~~ **materially limit** the benefit of such transaction, including potential synergies or sales growth opportunities, in the time frame anticipated - ~~Our cash and cash equivalents are held at three financial institutions. Approximately 80 % of our cash and cash equivalents are held at a single financial institution and are in excess of amounts insured by the Federal Deposit Insurance Corporation ("FDIC"). This financial institution is among the largest in the United States, and we therefore believe that such funds are stable and at very low risk. The remaining approximately 20 % of our cash and cash equivalents are held at two regional banks. We believe that both of these regional banks have strong balance sheets with high liquidity and low debt, and that their percentage of total uninsured deposits are similar or better than the nation' s largest banks. We believe that we have mitigated as much risk as possible~~ ~~39~~by dispersing the operating funds between three banks. However, we may be subject to losses in excess of the FDIC insured limit in the event of a failure of any of these financial institutions and the subsequent lack of intervention by the federal government. In the first quarter of 2023, we moved the majority of our operational banking services to one of the aforementioned regional banks; therefore, a larger portion of our cash and cash equivalents may be transferred to the same regional bank' s institutional sweep and depository accounts in the future. We will continually review all three institutions' financial conditions to ensure that our assets are as safeguarded as possible .

Risks Related to the Extensive Regulation of the Higher Education Industry Our failure, or our university partners' failure, to comply with the extensive regulatory requirements governing institutions of higher education could result in financial penalties, restrictions on our operations or growth, or loss of external financial aid funding for our university partners' students. To participate in the Title IV programs, a school must be authorized by the appropriate state post- secondary agency or agencies, be accredited by an accrediting commission recognized by ED, and be certified as an eligible institution by ED. In addition, the operations and programs of our university partners, and any future university partners, are regulated by other state education agencies and additional **specialized** accrediting commissions. As a result of these requirements, we are subject to extensive regulation from state entities, institutional accrediting commissions, specialized accrediting commissions, and ED. These regulatory requirements cover many of our operations, as well as the operations of our university partners. These include regulations related to educational programs, instructional and administrative staff, administrative procedures, marketing, recruiting, financial operations, and financial condition of any university partner. These regulatory requirements also affect our ability to assist university partner institutions with adding new educational programs and changing existing educational programs. The agencies that regulate higher education periodically revise their requirements and modify their interpretations of existing requirements. Regulatory requirements are not always precise and clear, and regulatory agencies may sometimes disagree with the way we have (or any university partner has) interpreted or applied these requirements. Any misinterpretation of regulatory requirements could materially adversely affect us. If we fail, or any university partner institution fails, to comply with any of these regulatory requirements, we or any university partner could suffer financial penalties, limitations on ~~our~~ operations, or other sanctions, each of which could materially

adversely affect us. In addition, if we or any university partner are charged with regulatory violations, our reputation could be damaged, which could have a negative impact on our stock price and enrollments at university partner institutions. ED and other regulators have increased the frequency and severity of their enforcement actions against post-secondary schools, including our primary university ~~partners~~ **partner**. In some cases, these enforcement actions have resulted in material sanctions, loss of Title IV eligibility, or closure in ~~schools~~ **33schools**. We cannot predict with certainty how all of these regulatory requirements will be applied, or whether we will be able to comply with all of the applicable requirements in the future. Rulemaking by ED could materially and adversely affect our business. Over the past few years, ED has regularly promulgated new regulations and guidance that impact our university partners and our business directly. These and other regulations and guidance documents, including those discussed above under “**Regulation of our Education Services**” ~~Business Regulation~~, can increase our operating costs and, in some cases, change the manner in which we operate our business. In addition, because certain of these regulations have been vacated or blocked as a result of litigation challenging the regulations, there remains substantial uncertainty regarding their present or future effectiveness or enforcement. New or amended regulations in the future, particularly regulations focused on third-party service providers, could further negatively impact our business. Recently published regulations could materially and adversely affect our business. In addition to other regulations discussed elsewhere (such as the new Gainful Employment regulations), on ~~October 31, 2023~~ **July 1, 2024** ~~new~~, ED published final regulations ~~regarding~~ **became effective covering the areas of** financial responsibility, administrative capability, certification standards and procedures, and ability to benefit. ~~The regulations have a general effective date of July 1, 2024.~~ **Financial** ~~Financial~~ **Responsibility**: The final regulations include an expanded list of mandatory and discretionary triggering events that could result in ED determining that an institution lacks financial responsibility and must submit to ED a letter of credit or other form of acceptable financial protection and accept other conditions on the institution’s Title IV Program eligibility. The final regulations ~~would~~, among other things, modify and substantially expand the number of triggers and, as a result, increase the likelihood that ED could impose a financial protection requirement and other conditions on our university partners. The final rules require the institution to notify ED of a triggering event and provide information demonstrating why the event does not warrant the submission of a letter of credit or imposition of other requirements. The final rules state that, if ED requires financial protection as a result of more than one mandatory or discretionary trigger, ED will require separate financial protection for each individual trigger, which could substantially increase the amount of financial protection we and other institutions could be required to provide to ED. Examples of mandatory triggering events under the final rules include a lawsuit by a federal or state authority or a qui tam lawsuit in which the Federal government has intervened, where the suit has been pending for 120 days as measured under the regulation; an action where ED seeks to recover the cost of adjudicated claims in favor of borrowers under the ~~Borrower~~ **borrower** ~~Defense~~ **defense** ~~Repayment~~ **repayment** regulations and the claims would lower the institution’s composite score below 1.0; certain judgments, awards, or settlements in certain lawsuits, mediations, or administrative or arbitration proceedings; certain withdrawals of owner’s equity including by dividend; gainful employment issues; accreditor requirements to submit a teach-out plan for reasons related to financial concerns; certain actions taken against a publicly-traded company or failure to timely file certain annual or quarterly reports; 90 / 10 Rule issues; cohort default rate issues; contributions and distributions occurring near the fiscal year end that materially impact the composite score; certain defaults or other adverse events under a financing arrangement; or certain financial exigencies or receiverships. Examples of discretionary triggering events under the final regulations include certain accrediting agency actions, certain accretor events, fluctuations in Title IV volume, high annual dropout rates, indicators of significant change in the financial condition of the institution, the formation by ED of a group process to consider borrower defense claims against the institution, the institution’s discontinuation of education programs affecting at least 25 percent of enrolled students receiving Title IV funds, the institution’s closure of locations that enroll more than 25 percent of its students who receive Title IV funds, certain state licensing agency actions, the loss of institutional or program eligibility in another federal educational assistance program, a requirement to disclose in a public filing that the company is under investigation for possible violations of law, or if the institution is cited and faces loss of education assistance funds from another federal agency if it does not comply with agency requirements. The final regulations also ~~establish~~ **established** new rules for evaluating financial responsibility during a change in ownership. Administrative Capability: ED assesses the administrative capability of each institution that participates in Title IV ~~Programs~~ **programs** under a series of separate standards. Failure to satisfy any of the standards may lead ED to find the institution ineligible to participate in Title IV ~~Programs~~ **programs** or to place the institution on provisional certification as a condition of its participation. The final rules add more standards related to topics such as the provision of adequate financial aid counseling and career services, ensuring the availability of clinical and externship opportunities, the ~~disbursement~~ **34disbursement** of Title IV funds in a timely manner, compliance with high school diploma requirements, preventing substantial misrepresentations, complying with gainful employment requirements, and avoiding significant negative actions with a federal, state, or accrediting agency. Certification Regulations: The final regulations ~~expand~~ **expanded** the grounds for placing institutions on provisional certification, ~~expand~~ **expanded** the types of conditions ED may impose on provisionally certified institutions, and ~~expand~~ **expanded** the number of requirements contained in the institution’s program participation agreement with ED (including, among other requirements, an obligation to comply with all state laws related to closure). The final regulations, allow ED to place institutions on provisional certification if, among other reasons, the institution does not meet financial responsibility factors or administrative capability standards, if the institution is required by ED to submit a letter of credit as a result of a mandatory or discretionary triggering event, or if ED deems the institution to be at risk of closure. An institution that is provisionally certified receives fewer due process rights than those received by other institutions in the event ED takes certain adverse actions against the institution, is required to obtain prior ED approvals ~~41of~~ **of** new campuses and educational programs and may be subject to heightened scrutiny by ED. Provisional certification makes it easier for ED to revoke or decline to renew ~~an institution~~ **our university** ~~partners’~~ **s** Title IV eligibility if ED under the current administration chooses to take such an action against us and other

provisionally certified for-profit schools without undergoing a formal administrative appeal process. The regulations also expand the conditions to which institutions must agree as part of their participation in the Title IV programs. ~~The~~ **These** final regulations also allow ED to determine whether to certify or impose conditions on an institution based on consideration of factors including, for example, the institution's withdrawal rate, the amounts the institution spent on recruiting activities, advertising, and other pre-enrollment activities, and the passage rate for licensure exams for programs that are designed to meet the educational requirements for a professional license required for employment in an occupation. ~~The~~ **These** final regulations expand the types of conditions ED can impose on provisionally certified institutions including, for example, restrictions on the addition of new programs or locations ; restrictions on the rate of growth or new enrollment of students or of Title IV volume ; restrictions on the institution providing a teach-out on behalf of another institution ; restrictions on the acquisition of another participating institution (including financial protection requirements) ; additional reporting requirements ; limitations on entering into certain written arrangements with institutions or entities for providing part of an educational program, requirements to submit marketing and recruiting materials to ED for approval (if the institution is alleged or found to have engaged in substantial misrepresentations to students, engaged in aggressive recruiting practices, or violated incentive compensation rules) ; reporting requirements for institutions that received a government formal inquiry such as a subpoena related to its marketing or recruitment or its federal financial aid, and other potential conditions imposed by ED. **Additionally, in January 2025, ED published another set of regulations. The regulations include:**

- **A new definition of "distance education course" which provides that a course is considered a distance education course if all instruction occurs exclusively through distance education methods, as defined in existing regulations. This designation applies even if the course includes in-person, non-instructional activities such as orientation, testing or academic support services;**
- **Technical changes to the TRIO programs that focus on providing services to individuals from disadvantaged backgrounds;**
- **Revisions to the return to Title IV process;**
- **A requirement that an institution is required to document a student's withdrawal date within 14 days of the last date of attendance;**
- **Clarification regarding the academic progressions of students returning from a leave of absence from a clock-hour / non-term credit hour, subscription-based, and eligible prison education programs;**
- **Clarification related to programs offered in modules; and**
- **A requirement that institutions report student enrollment in distance education or correspondence courses. These changes are effective July 1, 2026, except for the reporting requirements related to distance education and correspondence courses, which take effect on July 1, 2027.**

We are still reviewing the final regulations and cannot predict the ultimate impact of the final regulations on gainful employment and the other topics discussed above, but the final regulations **do** impose a broad range of additional requirements on institutions, which ~~increase~~ **increases** the possibility that our university partners could be subject to additional reporting requirements, potential ~~liabilities~~ **35liabilities** and sanctions, and potential loss of Title IV eligibility if our efforts, or the efforts of our university partners, to modify operations to comply with the new regulations are unsuccessful, which could have a significant impact on our business and results of operations. ~~ED commenced negotiated rulemaking meetings in October 2023 aimed at developing new regulations related to providing student debt relief. The meetings concluded in December 2023 and are expected to lead to the publication of proposed regulations next year and, after a period of public notice and comment, final regulations. The rulemaking process is in its earliest stages. We cannot predict the timing, content, or potential impact of any final regulations that might emerge from this process.~~ If ED does not recertify a university partner institution to continue participating in the Title IV programs, the students we assist would lose their access to Title IV program funds, or a university partner institution could be recertified but be required to accept significant limitations as a condition of its continued participation in the Title IV programs. ED certification to participate in the Title IV programs lasts a maximum of six years, and institutions are thus required to seek recertification from ED on a regular basis in order to continue their participation in the Title IV programs. An institution must also apply for recertification by ED if it undergoes a change in control, as defined by ED regulations, and may be subject to similar review if it expands its operations or educational programs in certain ways. **As Certification an can example, be granted** on November 6, 2019, ED informed GCU that it had approved the Transaction and granted to GCU a **full or** provisional PPA, permitting GCU to participate in Title IV, HEA programs on a provisional basis **and, in instances where ED is reviewing an application for renewal but does not complete the review by** period through September 30, 2022. This PPA, which was granted on a provisional basis due to the fact that the Transaction constituted a change of control of GCU, was granted without any requirement to post a letter of credit or any growth restrictions. Accordingly, GCU is authorized to participate in Title IV, HEA programs for the stated **date** period. As required, GCU filed a renewal application three months in advance of the scheduled expiration date and, **may be** continued to participate on a month-to-month extension of **basis until** the PPA while the Department completed its review **is complete** of the application. As of June 30, 2023, the University continued to participate in Title IV programs under the terms of the PPA pursuant to the month-to-42month extension. The Department approved and the parties executed a new Provisional Program Participation Agreement on September 29, 2023, which expires June 30, 2026. For a school that is certified on a provisional basis, ED may revoke the institution's certification without advance notice or advance opportunity for the institution to challenge that action. **For a school that is certified on a month-to-month basis, ED may allow the institution's certification to expire at the end of any month without advance notice, and without any formal procedures for review of such action.** To our knowledge, such action is very rare and has only occurred upon a determination that an institution is in substantial violation of material Title IV requirements. **Our primary university partner, GCU, currently operates under a provisional program participation agreement that expires on June 30, 2026.** There can be no assurance that ED will recertify any university partner institution or that it will not impose conditions or other restrictions on any university partner institution as a condition of approving any future recertification. If ED does not renew or withdraws certification to participate in the Title IV programs from any university partners, students at that institution would no longer be able to receive Title IV program funds. Alternatively, ED could renew a university partner institution's certification, but restrict or delay students' receipt of Title IV funds, limit the number of students

to whom it can disburse such funds, or place other restrictions on the institution, or it could delay recertification after any university partners' program participation agreement expires, in which case our university partner's certification would continue on a month- to- month basis. Any of these outcomes could have a material adverse effect on our university partners' enrollments and us. A university partner institution could lose the ability to participate in the Title IV programs if it fails to maintain its institutional accreditation, and our university partners' student enrollments could decline if a **client-university partner** institution fails to maintain any of its **specialized** accreditations or approvals. An institution must be accredited by an accrediting commission recognized by ED in order to participate in the Title IV programs. Our primary university partner, GCU, has been regionally accredited by the HLC and its predecessor since 1968, most recently obtaining reaccreditation in 2017 for the ten- year period through 2027, ~~and the HLC approved the Transaction in February 2018~~. Some of our other university partners are accredited by HLC while the others are accredited by different accrediting bodies that are likely to have standards that are different from those of the HLC. Accrediting bodies review the accredited status of institutions periodically (for example, the HLC reviews institutions every ten years, along with a mid- term report in year four). If any **client-university partner** institution fails to satisfy the relevant accrediting standards, it could lose accreditation, which would cause a revocation of its eligibility to participate in the Title IV programs. This could cause a significant decline in student enrollments and could have a material adverse effect on us. In addition, many university partner institutions will have educational programs that are also accredited by specialized accrediting commissions or approved by specialized state agencies. If our university partner institutions fail to satisfy the standards of any of those specialized accrediting commissions or state agencies, the institution could lose the specialized accreditation or approval for the affected programs, which could result in materially reduced student enrollments in those programs and have a material adverse effect on us. **A-36A** university partner institution may lose eligibility to participate in the Title IV programs if its student loan default rates are too high. An institution may lose its eligibility to participate in some or all of the Title IV programs if, for three consecutive years, 30 % or more of its students who were required to begin repayment on their student loans in one year default on their payment by the end of the second **full year after such repayment start date**. In addition, an institution may lose its eligibility to participate in some or all of the Title IV programs if the default rate of its students exceeds 40 % for any single year. While GCU's cohort default rates, for example, have historically been significantly below these levels, we cannot assure you that this will continue to be the case. Increases in interest rates or declines in income or job losses for students could contribute to higher default rates on student loans. In addition, while we will conduct appropriate diligence on new university partner institutions, we cannot guarantee that all university partner institutions will have a cohort default rate as low as GCU. Having a university partner exceed the student loan default rate thresholds and losing eligibility to participate in the Title IV programs would have a material adverse effect on our business, prospects, financial condition, and results of operations. Any future changes in the formula for calculating student loan default rates, economic conditions, or other factors that cause default rates to increase, could materially adversely affect us. ~~43~~ **If** our university partner institutions do not meet specific financial responsibility standards established by ED, they may be required to post a letter of credit or accept other limitations in order to continue participating in the Title IV programs, or could lose eligibility to participate in the Title IV programs. To participate in the Title IV programs, an institution must either satisfy specific quantitative standards of financial responsibility prescribed by ED or post a letter of credit in favor of ED and possibly accept operating restrictions as well. These financial responsibility tests are applied to each institution on an annual basis based on the institution's audited consolidated financial statements, and may be applied at other times, such as if the institution undergoes a change in control. These tests may also be applied to an institution's parent company or other related entity. ~~The operating restrictions that may be placed on an institution that does not meet the quantitative standards of financial responsibility include being transferred from the advance payment method of receiving Title IV program funds to either the reimbursement or the heightened cash monitoring system, which could result in a significant delay in the institution's receipt of those funds.~~ As a service provider, we are not directly subject to this regulation. However, if ED were to determine that a university partner institution did not meet the financial responsibility standards due to a failure to meet the composite score or other financial responsibility factors, ED could impose a range of sanctions on the institution, such as requiring the institution to post a letter of credit, accept provisional certification (which would hamper the ability of the institution to add new programs), comply with additional ED monitoring requirements, agree to receive Title IV program funds under an arrangement other than ED's standard advance funding arrangement, such as the reimbursement system of payment or heightened cash monitoring, and to comply with or accept other limitations on the ability to increase the number of programs offered by our **client-university partner** institutions or the number of students they enroll, any of which sanctions could have an adverse impact on our business. For example, GCU, calculated its composite score with respect to its fiscal years ending June 30, **2024 and 2023 and 2022**. As of June 30, **2024 and 2023 and 2022**, GCU's composite score per GCU's audited financial statements was 1. **8-9** and 1. 8, respectively, using the proprietary school calculation. If GCU's future composite scores do not exceed 1. 5, ED could impose sanctions. If any such sanctions were imposed on GCU or one of our other **university** partners, it could have a negative impact on our ability to conduct our business. In addition, if its composite score dropped low enough, it could cause GCU to be ineligible for participation in NC- SARA, which would require GCU to become authorized in numerous states in which it operates or has students. In addition, there are a number of other financial responsibility standards ~~that~~ **with which** institutions must comply ~~with~~, **including those some of which were revised on October 31, 2023 and are discussed above**. See **" Recently published regulations could materially and adversely affect our business "**. The failure to comply with these standards could also result in the imposition of various sanctions, such as the imposition of letters of credit ~~on GCU or one of our other partners~~. If any such sanctions were imposed on GCU or one of our other **university** partners, it could have a negative impact on our ability to conduct our business. If our university partner institutions do not comply with ED's administrative capability standards, we could suffer harm. To continue participating in the Title IV programs, an institution must demonstrate to ED that the institution is capable of adequately administering the Title IV programs under specific standards prescribed by ED. These administrative

capability criteria require, among other things, that the institution have an adequate number of qualified personnel to administer the Title IV programs, have adequate procedures for disbursing and safeguarding Title IV funds and for maintaining records, submit all required reports and consolidated financial statements in a timely manner, and not have significant problems that affect the institution's ability to administer the Title IV programs. As a service provider, we assist our university partners with some facets of these areas. As such, we must be mindful of, and ~~compliant~~ **37compliant** with, the administrative capability requirements. If our university partner institutions fail to satisfy any of these criteria, ED may assess financial penalties against such institutions, restrict the manner in which those institutions receive Title IV funds, require them to post a letter of credit, place them on provisional certification status, or limit or terminate participation in the Title IV programs, any of which could materially adversely affect us. These regulations were also recently revised, as discussed **above**, and there may be additional restrictions or requirements that may create additional hurdles to compliance or otherwise materially adversely affect us. As a third-party servicer, if we are the cause of the administrative deficiency, we may also face monetary sanctions and actions to limit, suspend, or terminate our ability to offer those and other services to institutions of higher education. **44A-A** finding by ED or other regulators that we or our university partner institutions misrepresented the nature of our partner institutions' educational programs could materially and adversely affect our business. The HEA prohibits an institution that participates in Title IV programs from engaging in "substantial misrepresentation" of the nature of its educational program, its financial charges, or the employability of its graduates. Under these rules, a misrepresentation is any statement made by the institution or a third party that provides educational programs, marketing, advertising, recruiting, or admissions services to the institution that is false, erroneous or has the likelihood or tendency to deceive or confuse. A substantial misrepresentation is any misrepresentation on which the person to whom it was made could reasonably be expected to rely, or has reasonably relied, to that person's detriment. The regulation also covers statements made by any representative of an institution, including agents, employees and subcontractors, and statements made directly or indirectly to any third party, including state agencies, government officials or the public, and not just to students or prospective students. Considering the breadth of the definition of "substantial misrepresentation," it is possible that despite our efforts to prevent such misrepresentations, our employees or contractors may make statements on behalf of our university partner institutions that could be construed as substantial misrepresentations for which our current and any future university partners would be held responsible by ED. We and our employees and subcontractors, as agents of our university partners, must use a high degree of care to comply with such rules and are prohibited by contract from making any false, erroneous or misleading statements about our university partners. To avoid an issue under the misrepresentation rule and similar rules, we assure that all marketing materials are approved in advance by our university partners before they are used by our employees and we carefully monitor our employees and subcontractors **in their** conversations with students and prospective students. Despite our best efforts, we or our university partners may face complaints from our university partners' students and prospective students over statements made by us and our agents throughout the conduct of ~~all~~ our services ~~which that~~ would expose our university partners, and derivatively us, to increased risk of enforcement action and applicable sanctions or other penalties and increased risk of private qui tam actions under the Federal False Claims Act. Also, if ED determines that an institution (including its contractors) has engaged in substantial misrepresentation, ED may revoke an institution's program participation agreement, impose limitations on the institution's participation in Title IV programs, deny applications from the institution for approval of new programs or locations or other matters, or initiate proceedings to fine the institution or limit, suspend, or terminate its eligibility to participate in Title IV programs. For example, in October 2023, ED imposed a fine of \$ 37 million on GCU (which GCU is appealing) related to alleged misrepresentation by GCU regarding the costs of certain doctorate programs. Similar rules apply under state laws or are incorporated in institutional accreditation standards. The FTC applies similar rules prohibiting any unfair or deceptive marketing practices to the education sector and **has pursued litigation** ~~recently filed a complaint~~ against us and GCU related in part to these matters. See Part I, Item 3 – Legal Proceedings – FTC Complaint. If ED or another regulator determines that statements made by us or on our university ~~partner~~ **partners'** behalf are in violation of the regulations, we could be subject to sanctions, legal actions, and other liability, which could have a material adverse effect on our business. To the extent we are performing return to Title IV calculations for our university partner institutions, 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 program. A school participating in the Title IV programs must calculate the amount of unearned Title IV program funds that it has disbursed to students who withdraw from their educational programs before completing such programs and must return those unearned funds to the appropriate lender or ED in a timely manner, generally within 45 days of the date the school determines that the student has withdrawn. To the extent our services for a university partner include conducting returns to Title IV, as they do with our primary university partner, GCU, we would likely be jointly and severally liable to ED, along with the relevant ~~client~~ **university partner**, for return of those funds. Further, we could be fined or otherwise sanctioned by ED, which could increase our cost of regulatory compliance and materially adversely affect us. ~~Further~~ **38Further**, a failure to comply with these regulatory requirements could result in termination of our ability to continue providing these services to other university partner institutions, which would materially **adversely** affect us. **45A-A** reduction in funding or new restrictions on eligibility for the Federal Pell Grant Program, or the elimination of subsidized Stafford loans, could make college less affordable for certain students at our university partner institutions, which could negatively impact our university partner institutions' enrollments, and thus our revenue and results of operations. The U. S. Congress must periodically reauthorize the HEA and annually determine the funding level for each Title IV program. In 2008, the HEA was reauthorized through September 30, 2013 by the Higher Education Opportunity Act. Changes to the HEA, including changes in eligibility and funding for Title IV programs, are likely to occur in subsequent reauthorizations, but we cannot predict the scope or substance of any such changes. Any action by Congress that significantly reduces Title IV program funding, whether through across-the-board funding reductions, sequestration or otherwise, or materially impacts the eligibility of our ~~client~~ **university partner** institutions or students to

participate in Title IV programs would have a material adverse effect on our ~~client~~ **university partner** institutions' enrollment, financial condition, results of operations and cash flows. Congressional action could also require us to modify our practices in ways that could increase our administrative costs and reduce our operating income, which could have a material adverse effect on our financial condition, results of operations and cash flows. We cannot offer new programs for our university partners or expand university partner operations into certain states if such actions are not timely approved by the applicable regulatory agencies, and our university partners may have to repay Title IV funds disbursed to students enrolled in any such programs, schools, or states if they do not obtain prior approval. Our expansion efforts include developing new educational programs for our university partners. If our university partner institutions are unable to obtain the necessary approvals for such new programs or operations, or if our university partner institutions are unable to obtain such approvals in a timely manner, our ability to consummate the planned actions and the ability of our university partner institutions to provide Title IV funds to any affected students would be impaired, which could have a material adverse effect on our expansion plans. If our university partner institutions do not maintain state authorization, they may not operate or participate in the Title IV programs. A school that grants degrees or certificates must be authorized by the relevant education agency of the state in which it is located. State authorization is also required for their students to be eligible to receive funding under the Title IV programs. To maintain their state authorization, our university partner institutions must continuously meet standards relating to, among other things, educational programs, facilities, instructional and administrative staff, marketing and recruitment, financial operations, addition of new locations and educational programs, and various operational and administrative procedures. If our ~~client~~ **university partner** institutions fail to satisfy any of these standards, they could lose state authorization to offer educational programs, which would also cause them to lose eligibility to participate in the Title IV programs and have a material adverse effect on us. In addition, almost every state imposes regulatory requirements on educational institutions that have physical facilities located within the state's boundaries. Individual state laws establish standards in areas such as educational programs, facilities, instructional and administrative staff, marketing and recruitment, financial operations, addition of new locations and educational programs, and various operational and administrative procedures, some of which are different than the standards prescribed by other regulators. Several states have sought to assert jurisdiction over educational institutions offering online degree programs that have no physical location in the state but that have some activity in the state, such as enrolling or offering educational services to students who reside in the state, employing faculty who reside in the state, or advertising to or recruiting prospective students in the state. State regulatory requirements for online education have historically varied among the states. To address this issue and to meet new ED requirements many schools have applied and have been approved to be ~~an approved institutional participant~~ **participants** in the State Authorization Reciprocity Agreement ("SARA"). SARA is an agreement among member states, districts and territories that establishes comparable national standards for interstate offering of post-secondary distance education courses and programs. It is intended to make it easier for students to take online courses ~~46 offered --~~ **offered** by post-secondary institutions based in another state. SARA is overseen by a national council (NC-SARA) and administered by four regional education compacts. GCU, for example, is a member of SARA in Arizona (AZ-SARA), which is ~~administered~~ **administered** by the Western Interstate Commission for Higher Education (referred to as W-SARA). There is a yearly renewal for participating in NC-SARA and AZ-SARA and institutions must agree to meet certain requirements to participate. All states other than California are members of SARA. Any state that does not participate in SARA may impose regulatory requirements on out-of-state post-secondary institutions operating within ~~their-its~~ boundaries, such as those having a physical facility or conducting certain academic activities within the state. GCU, for example, enrolls students in all 50 states and the District of Columbia. Although it is currently licensed, authorized, in-process, or exempt in all non-SARA jurisdictions in which it operates, if GCU fails to comply with state licensing or authorization requirements for a ~~state~~ **non-SARA jurisdiction**, or fails to obtain licenses or authorizations when required, it could lose its ~~state~~ license or authorization by that ~~state~~ **jurisdiction** or be subject to other sanctions, including restrictions on its activities in, and fines and penalties imposed by, that ~~state~~ **jurisdiction**, as well as fines, penalties, and sanctions imposed by ED. The loss of licensure or authorization in any non-SARA ~~state~~ **jurisdiction** by a ~~client~~ **university partner** institution could prohibit us from recruiting prospective students or offering services to current students in that ~~state~~ **jurisdiction**, which could significantly reduce our university partner's enrollments. Laws, regulations, or interpretations related to doing business over the Internet could also increase our cost of doing business and affect our ability to recruit students in particular states, which could, in turn, negatively affect enrollments and revenues and have a material adverse effect on our business. As discussed, ED has started a new negotiated rulemaking addressing state authorization which implicates SARA. While no regulations have been published, any regulation could have a material adverse effect on our business. Additionally, regulatory agencies may sometimes disagree with the way we have interpreted or applied these requirements. Any misinterpretation by us of these regulatory requirements or adverse changes in regulations or interpretations thereof by regulators could materially adversely affect us. If a university partner institution fails to comply with state licensing or authorization requirements for a state in which it operates, or fails to obtain licenses or authorizations when required, it could lose its state licensure or authorization by that state or be subject to other sanctions, including restrictions on its activities in, and fines and penalties imposed by, that state, as well as fines, penalties, and sanctions imposed by ED. The loss of licensure or authorization in a state other than a state in which a university partner institution is physically located could prohibit us from recruiting prospective students or assisting with offering educational services to current students in that state, which could significantly reduce enrollments. Furthermore, our university partners must typically maintain a composite score of at least 1.5 to maintain their membership in ~~a State Authorization Reciprocity Agreement, or~~ SARA. Failure to maintain that score, and loss of eligibility for SARA, could result in the loss of the ability to offer online programs in various states unless the university partner is otherwise eligible to do so. This could greatly affect our ability to market our university partners' online programs. Government agencies, regulatory agencies, and third parties may conduct compliance reviews, bring claims, or initiate litigation against us or our university partners based on alleged violations of the

extensive regulatory requirements applicable to us and our university partners. Because our university partner institutions operate in a highly regulated industry, they are subject to program reviews, audits, investigations, claims of non-compliance, and lawsuits by government agencies, regulatory agencies, students, employees, stockholders, and other third parties alleging non-compliance with applicable legal requirements, many of which are imprecise and subject to interpretation. Similarly, we could be subject to those same reviews. If the result of any such proceeding is unfavorable to our university partners, they may lose or have limitations imposed on their state licensing, accreditation, or Title IV program participation; be required to pay monetary damages (including triple damages in certain whistleblower suits); or be subject to fines, injunctions, or other penalties, any of which could have a material adverse effect on their business, prospects, financial condition, and results of operations. In addition, our largest university partner, GCU, has been subject to additional scrutiny. In October 2021, the FTC issued a public statement indicating that it would coordinate efforts with ED and the VA to investigate for-profit universities, a category that ~~at that time includes~~ **included** GCU due to ED's 2019 decision that GCU ~~does~~ **did** not satisfy ED's definition of a non-profit entity and, as a ~~47 result~~ **result**, that ED ~~will~~ **would** continue to treat GCU as a proprietary institution for purposes of its continued participation in Title IV programs. ~~Since~~ **In the period following** the FTC's statement, ED, the VA and the FTC ~~have~~ **have** initiated multiple actions against GCU, including audits, compliance reviews, civil investigative demands, fines and lawsuits, and the FTC has initiated civil investigative demands and a lawsuit against us, that allege, among other things, misrepresentations made in connection with marketing activities, including statements made related to GCU's non-profit status. See " – Regulation of Our University Partners- Coordinated action by federal agencies. " These actions, taken as **a 40a** whole, appear to be coordinated in the manner described in the 2021 FTC statement. These actions, or any future actions by ED, FTC or any other federal or state government agencies or accrediting bodies with oversight over us or GCU, if ultimately resolved adversely to us or GCU, could result in monetary penalties and liabilities, further impact GCU's non-profit status, and / or cause reputational harm. ~~In addition, given the importance of the non-profit designation to GCU, it is also possible that GCU might request changes to our contract with them to resolve any disputes it has with government agencies over its non-profit status.~~ At this time, we cannot predict what changes those could be or what effect any of those outcomes could have on our business. Claims and lawsuits, and other regulatory actions, brought or taken against us or our university partners, even if they are without merit, may also result in adverse publicity, negatively affect the market price of our stock, adversely affect student enrollments, and reduce the willingness of third parties to do business with us. Even if we or our university partners adequately address the issues raised by any such proceeding and successfully defend against it, we may have to devote significant financial and management resources to address these issues, which could harm our business. See Part 1, Item 3 – Litigation for a discussion of certain litigation matters to which we are a party. The regulatory guidance governing third-party servicers imposes a number of requirements on our business and may expose us to liability for certain regulatory violations that are coextensive with our university partner institutions. A "~~Third~~ **third** - party servicer " is any person or entity used by " any eligible institution of higher education to administer, through either manual or automated processing, any aspect of such institution's student assistance programs. " Third party servicers must comply with a number of requirements. For example, they must conduct and submit to ED compliance audits under 34 C. F. R. § 668. 23. In addition, they must comply with the requirements of 34 C. F. R. § 668. 25, which requires third- party servicers, in their contracts with institutions, to be contractually obligated to, among other things: • Comply with all statutory provisions of or applicable to Title IV of the HEA, including the requirement to use any funds that the servicer administers under any Title IV ~~HEA~~ program and any interest or other earnings thereon solely for the purposes specified in and in accordance with that program; • Refer to the Office of Inspector General of ED for investigation any information indicating there is reasonable cause to believe that the institution might have engaged in fraud or other criminal misconduct in connection with the institution's administration of any Title IV ~~HEA~~ program or an applicant for Title IV ~~HEA~~ program assistance might have engaged in fraud or other criminal misconduct in connection with his or her application; and • Be jointly and severally liable with the institution to the Secretary for any violation by the servicer of any statutory provision of or applicable to Title IV of the HEA, any regulatory provision prescribed under that statutory authority, and any applicable special arrangement, agreement, or limitation entered into under the authority of statutes applicable to Title IV of the HEA. We are also subject to a number of data security and privacy regulations given our role as a third- party servicer and these standards are evolving. To the extent we continue to provide third party servicer functions, we will be subject to these requirements, the compliance with which can materially impact our business model. ~~Additionally, on January 4, 2023, ED announced their intention to issue new regulations in eight different areas of higher education regulations via negotiated rulemaking including those regulations related to third-party services. ED has not put forth any specific proposals at this time, although it has indicated an intent to publish sub-regulatory guidance on this topic some time in 2024. We will monitor this rulemaking as it develops.~~ ~~48 Proposed~~ **Proposed** legislation, additional rulemaking or additional examinations from U. S. Congress may impact general public perception of the industry in a negative manner resulting in a material and adverse impact on our business. The process of re- authorization of the HEA began in 2014 and is ongoing. Congressional hearings began in 2013 and will continue to be scheduled by the U. S. Senate Committee on Health, Education, Labor and Pensions, the U. S. House of Representatives Committee on Education and the Workforce and other Congressional committees regarding various aspects of the education industry, including accreditation matters, student debt, student recruiting, cost of tuition, distance learning, competency- based learning, student success and outcomes and other matters. Criticisms of the overall student lending and post- secondary education sectors may impact general public perceptions of educational institutions, including our university partner institutions and us, in a negative manner. Adverse media coverage regarding educational institutions – whether or not a university partner – or regarding third party ~~services~~ **servicers** such as us ~~directly~~ could damage our reputation. The environment surrounding access to and the costs of student loans remains in a state of flux. The uncertainty surrounding these issues, and any resolution of these issues that increases loan costs or reduces students' access to Title IV loans or to student extended payment plans, could reduce student demand for educational programs which

would adversely impact our revenues and operating profit or result in increased regulatory scrutiny. ~~The 41~~**The** increased scrutiny and results- based accountability initiatives in the education sector, as well as ongoing policy differences in Congress regarding spending levels, could lead to significant changes in connection with the reauthorization of the HEA or otherwise. These changes may place additional regulatory burdens on postsecondary schools generally, and specific initiatives may be targeted at or have an impact upon companies like us that provide services to institutions of higher education. The adoption of any laws or regulations that limit our ability to provide our bundled services to our university partners could compromise our ability to drive revenue through their programs or make our platform less attractive to them. Congress could also enact laws or regulations that require us to modify our practices in ways that could increase our costs. Changing requirements related to data privacy may create increased costs and operational difficulties for university partner institutions and, potentially, for GCE. ~~On~~**In** December 18, 2020, ED announced that it was finalizing a new Campus Cybersecurity Program framework. This proposed multi- year phased implementation would begin with a self- assessment of the National Institute of Standards and Technology Special Publication 800 – 171 Rev. 2, Controlled Unclassified Information in Nonfederal Systems (NIST 800 – 171 Rev. 2) readiness and outreach activities. ED specifically said it was “ committed to fully advancing and encouraging all postsecondary institutions’ implementation of NIST 800- 171 controls. ” This announcement was addressed both to institutions of higher education and their third- party servicers. ~~On~~**In** February 9, 2023, ED issued Electronic Announcement GEN 23- 09 stating, among other items “ The Department will issue guidance on NIST 800- 171 compliance in a future Electronic Announcement, but again encourages institutions to begin incorporating the information security controls required under NIST 800- 171 into the written information security program required under GLBA as soon as possible. ” While details related to this announcement are few, it does suggest that ED will be taking a greater role in ensuring universities and their service providers meet NIST standards and are protecting the students and ED data received. ~~Although management is reviewing this letter and the issues it raises,~~**Compliance** with NIST will likely increase operational cost if required to come into compliance. Other General RisksOur success depends upon our ability to recruit and retain key personnel. Our success to date has largely depended on, and will continue to depend on, the skills, efforts, and motivation of our executive officers, who generally have significant experience with our business and the education industry, and we may have difficulties in locating and hiring qualified personnel and in retaining such personnel once hired. In addition, other than non- compete agreements of limited duration that we have with certain executive officers, we have ~~49~~**not** historically sought non- compete agreements with key personnel and they may leave and subsequently compete against us. The loss of the services of any of our key personnel, many of whom are not party to employment agreements with us, or our failure to attract and retain other qualified and experienced personnel on acceptable terms, could cause our business to suffer. A failure of our information systems to properly store, process and report relevant data may reduce our management’ s effectiveness, interfere with our regulatory compliance and increase our operating expenses. We are dependent on the integrity of our data management systems. If these systems do not effectively collect, store and process relevant data for the operation of our business, whether due to equipment malfunctions or constraints, software deficiencies, or human error, our ability to effectively report, plan, forecast and execute our business plan and comply with applicable laws and regulations, including the HEA ~~, as reauthorized,~~ and the regulations thereunder, will be impaired, perhaps materially. Any such impairment could materially and adversely affect our financial condition, results of operations, and cash flows. If we fail to maintain proper and effective internal controls, our ability to produce accurate financial statements on a timely basis could be impaired. We are subject to the reporting requirements of the Securities Exchange Act of 1934, the Sarbanes- Oxley Act and the rules and regulations of The Nasdaq Global Select Market. The Sarbanes- Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. We are required to perform system and process evaluation and testing of our internal control over financial reporting to allow management to report on the effectiveness of our internal control over financial reporting in our Form 10- K filing for that year, as required by Section 404 of the Sarbanes- Oxley Act. This may require us to incur substantial additional ~~professional~~**42professional** fees and internal costs to further expand our accounting and finance functions and expend significant management efforts. If we are not able to comply with the requirements of Section 404 of the Sarbanes- Oxley Act in a timely manner, or if we are unable to maintain proper and effective internal controls, we may not be able to produce timely and accurate financial statements. If that were to happen, the market price of our stock could decline and we could be subject to sanctions or investigations by the stock exchange on which our common stock is listed, the SEC, or other regulatory authorities. Occurrence of natural or man- made catastrophes could materially and adversely affect our business, financial condition, results of operations and prospects. Natural events, health epidemics (such as the COVID- 19 pandemic), acts of God, terrorist attacks and other acts of violence, ~~computer~~ cyber- terrorism or other catastrophes could result in significant worker absenteeism, increased student attrition rates for our university partners, lower asset utilization rates, voluntary or mandatory closure of facilities, our inability to meet dynamic employee health and safety requirements, our inability to meet contractual service levels, our inability to procure essential supplies, travel restrictions on our employees and other disruptions to our business. In addition, these events could adversely affect the economy, financial markets and activity levels of our university partners. Any of these events, their consequences or the costs related to mitigation or remediation could have a material adverse effect on our business, financial condition, results of operations and prospects. Risks Related to Owning our Common StockProvisions in our charter documents and the Delaware General Corporation Law could make it more difficult for a third party to acquire us and could discourage a takeover and adversely affect existing stockholders. Anti- takeover provisions of our certificate of incorporation, bylaws, the Delaware General Corporation Law, or DGCL, and regulations of state and federal education agencies could diminish the opportunity for stockholders to participate in acquisition proposals at a price above the then- current market price of our common stock. For example, while we have no present plans to issue any preferred stock, our Board of Directors, without further stockholder approval, may issue shares of undesignated preferred stock and fix the powers, preferences, rights, and limitations of such class or series, which could adversely affect the voting power of your shares. In addition, our bylaws provide

for an ~~50~~ advance notice procedure for nomination of candidates to our Board of Directors that could have the effect of delaying, deterring, or preventing a change in control. Further, as a Delaware corporation, we are subject to provisions of the DGCL regarding “business combinations,” which can deter attempted takeovers in certain situations. The approval requirements of ED, our regional accrediting commission, and state post-secondary, licensure, and certification agencies for a change in control transaction could also delay, deter, or prevent a transaction that would result in a change in control. We may, in the future, consider adopting additional anti-takeover measures. The authority of our Board of Directors to issue undesignated preferred or other capital stock and the anti-takeover provisions of the DGCL, as well as other current and any future anti-takeover measures adopted by us, may, in certain circumstances, delay, deter, or prevent takeover attempts and other changes in control of the company not approved by our Board of Directors. If securities analysts do not publish research or reports about our business or industry or if they downgrade their evaluations of our stock, the price of our stock could decline. The activity within the trading market for our common stock depends in part on the research and reports that industry or financial analysts publish about us, our business and the education services sector in which we operate. If analysts cease coverage of us or our sector, we could lose visibility in the market for our stock, which in turn could cause our stock price to decline. In addition, if one or more of the analysts covering us were to downgrade their estimates or evaluations of our stock, the price of our stock could decline. Because we do not anticipate paying any cash dividends on our common stock in the foreseeable future, capital appreciation, if any, will be your sole source of gains and you may never receive a return on your investment. You should not rely on an investment in our common stock to provide dividend income. We have not declared or paid cash dividends on our common stock to date. We currently intend to retain our future earnings, if any, to fund the development and growth of our business or to repurchase shares of our common stock. In addition, the terms of our prior credit facility limited, and the terms of any future debt agreements are likely to similarly limit, our ability to pay dividends. As a result, capital appreciation, if any, of our common stock will be your sole source of gain for the foreseeable future. Investors seeking cash dividends should not purchase our common stock. ~~Item 43~~ **Item 1B. Unresolved Staff Comments** None. **Item 1C. Cybersecurity** Like all companies that utilize technology, we are subject to threats of breaches of our technology systems. To mitigate the threat to our business, we take a comprehensive approach to cybersecurity risk management. Our Board **of Directors** and our management actively oversee our risk management program, including the management of cybersecurity risks. We have established policies, standards, processes and practices for assessing, identifying, and managing material risks from cybersecurity threats, including those discussed in ~~our~~ **Item 1A, Risk Factors**. We have devoted significant financial and personnel resources to implement and maintain security measures to meet regulatory requirements and stakeholder expectations, and we intend to continue to make significant investments to maintain the security of our data and cybersecurity infrastructure. While there can be no guarantee that our policies and procedures will be properly followed in every instance or that those policies and procedures will be effective, we believe that the Company’s sustained investment in people and technologies have contributed to a culture of continuous improvement that has put the Company in a position to protect against potential compromises and we do not believe that risks from prior cybersecurity threats, including as a result of any previous cybersecurity incident, have materially affected our business to date. We can provide no assurance that there will not be incidents in the future or that past or future attacks will not materially affect us, including our business strategy, results of operations, or financial condition. **-Risk Management and Strategy**
-At a high level, the key objectives for the Company’s cybersecurity program are to implement and sustain effective security controls to stop intrusion attempts and to maintain and continuously improve its ability to respond to ~~51~~ attacks and incidents. Success in achieving these objectives relies upon using quality technology solutions, cultivating and maintaining a team of skilled professionals, and improving processes continuously. Our cybersecurity program in particular focuses on the following key areas: **Risk Assessment:** At least annually, we conduct a cybersecurity risk assessment that takes into account information from internal stakeholders, known information security vulnerabilities, and information from external sources, including reported security incidents that have impacted other companies, industry trends, and evaluations by third parties and consultants. The results of the assessment are used to develop initiatives to enhance our security controls, make recommendations to improve processes, and inform a broader Company-wide risk assessment that are then reported to our Board, Audit Committee and members of management. **Technical Safeguards:** We regularly assess and deploy technical safeguards designed to protect our information systems from cybersecurity threats. Such safeguards are regularly evaluated and improved based on vulnerability assessments, cybersecurity threat intelligence and incident response experience. **Incident Response and Recovery Planning:** We have established comprehensive incident response and recovery plans that guide our response in the event of a cybersecurity incident. We continuously test and evaluate the effectiveness of those plans. **Vendor Risk Management:** We have implemented a robust vendor risk management program, which is designed to identify and mitigate cybersecurity threats associated with our use of third-party service providers. Such providers are subject to security risk assessments at the time of onboarding, contract renewal, and upon detection of an increase in risk profile. We use a variety of inputs in such risk assessments, including information supplied by providers in response to detailed questionnaires and meetings as well as information from third parties. In addition, we require our providers to meet appropriate security requirements, controls and responsibilities and investigate security incidents that have impacted our third-party providers, as appropriate. Contract language, purchasing decisions, and / or technology implementation strategies are frequently adjusted as a result of this process. **Education and Awareness:** Our policies require each of our employees to contribute to our data security efforts. We regularly remind employees of the importance of handling and protecting data, including through annual privacy and security training to enhance employee awareness of how to detect and respond to cybersecurity threats. In this regard, the Company has implemented policies and procedures for all employees including: (i) information security / cybersecurity policies, which are internally available for all employees, (ii) information security / cybersecurity 44

