Risk Factors Comparison 2024-03-06 to 2023-02-21 Form: 10-K

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In addition to the other information set forth in this Annual Report on Form 10- K, you should carefully consider the factors discussed in the " Special Note Regarding Forward- Looking Statements " in this Annual Report on Form 10- K. Risk Factors Summary Our business is subject to numerous risks and uncertainties, including those highlighted in this section of our Annual Report on Form 10- K and summarized below. This risk factor summary does not contain all of the information that may be important to you, and you should read the risk factor summary together with the more detailed discussion of risks and uncertainties set forth following this section as well as elsewhere in this Annual Report on Form 10- K. Risks Related to Our Business Model • We have incurred significant net losses since inception and may not achieve or maintain profitability in the future. • Our financial performance depends heavily on our ability to recruit potential students for our offerings, and our ability to do so may be affected by circumstances beyond our control. • Our business depends heavily on the adoption by colleges and universities of online delivery of their educational offerings. • To launch a new degree program, we **generally** ~~typically must~~ incur significant expense in technology and content development, as well as in marketing and sales to identify and attract prospective students, and it may be several years, if ever, before we generate revenue from a new program sufficient to recover our costs. • If new offerings do not **launch and** scale efficiently and in the time frames we expect, our reputation and our revenue will suffer. • Our financial performance depends heavily on student retention within our offerings, and factors influencing student retention may be out of our control. Risks Related to Our Operations and Our Growth Strategy • Our student acquisition efforts depend in large part upon a limited number of third- party advertising platforms. • If our security measures or those of our third- party service providers are breached or fail and result in unauthorized disclosure of data, we could lose clients, fail to attract new clients and be exposed to protracted and costly litigation. • Disruption to or failures of our **online learning** ~~platform~~ **platforms** could reduce client and student satisfaction with our offerings and could harm our reputation. • We face competition from established and emerging companies, which could divert clients or students to our competitors, result in pricing pressure and significantly reduce our revenue. • If we ~~do not~~ **are unable to maintain and enhance our brand, our** ~~retain~~ **reputation and business may suffer. • We have undergone recent changes to** our senior management team and ~~key employees~~ **organizational structure** , **and if** ~~we may not be able to sustain our growth or achieve our business objectives. • If~~ we are unable to ~~maintain and enhance~~ **successfully implement our new organizational structure,** ~~our~~ **or** ~~brand,~~ **if we lose the services of any of** our ~~reputation and~~ **senior management, our** business ~~may suffer~~ **, operating results, and financial condition could be adversely affected** . • Implementation of our 2022 Strategic Realignment Plan (as defined below) **or similar plans** may not be successful, which could affect our ability to increase our profitability. • If students do not expand beyond the free offerings available on our platform, our ability to grow our business and improve our results of operations may be adversely affected. Risks Related to Our Indebtedness and Capital Structure • Our substantial indebtedness could adversely affect our ability to raise additional capital to fund our operations, limit our ability to react to changes in the economy or our industry, expose us to interest rate risk and prevent us from meeting our obligations with respect to our indebtedness. • Despite current indebtedness levels and existing restrictive covenants, we may still incur additional indebtedness that could further exacerbate the risks associated with our substantial financial leverage. • To service our indebtedness, we will require a significant amount of cash, and our ability to generate cash depends on many factors beyond our control. • We may be unable to raise the funds necessary to repurchase the Convertible Notes (as defined below) for cash following a " fundamental change, " or to pay any cash amounts due upon conversion, and our other indebtedness may limit our ability to repurchase the Convertible Notes or pay cash upon their conversion. • Conversion of the Convertible Notes may dilute the ownership interest of existing stockholders or may otherwise depress the price of our common stock. • We may need additional capital in the future to pursue our business objectives. Additional capital may not be available on favorable terms, or at all, which could compromise our ability to grow our business. Risks Related to Regulation of Our Business and That of Our University Clients • Our business model relies on university client institutions complying with federal and state laws and regulations. • Our activities are subject to federal and state laws and regulations and other requirements. • Activities of the U. S. Congress or **the** DOE could result in adverse legislation ~~or~~ **,** ~~regulatory~~ **regulations , guidance,** actions or investigations. • Our business model, which depends in part on our ability to receive a share of tuition revenue as payment from our university clients, has been validated by a DOE " dear colleague " letter, but such validation is not codified by statute or regulation and may be subject to change. • If we or our subcontractors or agents violate the incentive compensation rule, we could be liable to our university clients for substantial fines, sanctions or other liabilities. • Our future growth could be **negatively** ~~impaired~~ **impacted** if our university clients fail to obtain timely approval from applicable regulatory agencies to offer new programs, make substantive changes to existing programs or expand their programs into or within certain states. • Evolving regulations and legal obligations related to data privacy, data protection and information security and our actual or perceived failure to comply with such obligations, could have an adverse effect on our business. The evolving scope of our offerings and changes to our operating model make it difficult to predict our future financial and operating results, and we may not achieve our expected financial and operating results in the future. From 2008 to 2017, our offerings generally only consisted of graduate degree programs. In July 2017, we expanded our offerings to include premium online executive education programs and in May 2019, we further expanded our offerings to include skills- based boot camps. In 2020 we launched our first undergraduate degree program and in November 2021 **we** expanded our offerings to include open courses ~~and micro- credentials~~ and added a consumer facing marketplace. **In addition, from time to time, we have entered into and we may in the future enter into agreements to strategically exit certain of**

our clients' programs to better align with our evolving scope of offerings and our business. Given the significant evolution of our current scope of ~~our~~ offerings and changes to our operating model, our ability to forecast our future operating results, including revenue, cash flows and profitability, is limited and subject to a number of risks and uncertainties **. For example, a decline in our revenue due to a mutually agreed strategic exit from a program may not be apparent in our financial results until a few quarters later. We may also experience a temporary increase in our revenue because of certain payments we receive upon the termination of these programs** . If our assumptions regarding these risks and uncertainties are incorrect or change, or if we do not manage these risks successfully, our operating and financial results may differ materially from our expectations and our business may suffer. We incurred net losses of $ **317. 6 million, $** 322. 2 million ~~,~~ **and** $ 194. 8 ~~million and $ 216. 5~~ million during the years ended December 31, **2023,** 2022 ~~,~~ **and** 2021 ~~and 2020~~ , respectively. We will need to generate and sustain increased revenue levels and / or reduce operating expenditures in future periods to become profitable, and, even if we do, we may not be able to maintain or increase our profitability. We have invested, and expect to continue to invest, substantial financial and other resources in developing our platform, including expanding our platform offerings, developing or acquiring new platform features and services, expanding into new markets and geographies, developing new content, and on our sales and marketing efforts. Our efforts to grow our business may be more costly than we expect, and we may not be able to achieve or maintain profitability or to increase our revenue enough to offset our operating expenses. We may incur significant losses in the future for a number of reasons, including unforeseen expenses, difficulties, complications, delays and other unknown events. As a result, we may be unable to achieve and maintain profitability, and the value of our company and our common stock could decline significantly. Building awareness of our offerings is critical to our ability to recruit prospective students for our university clients' offerings and generate revenue. A substantial portion of our expenses is attributable to marketing and sales efforts dedicated to attracting potential students to our offerings. Because we generate revenue based on a portion of the tuition and fees that students pay, it is critical to our success that we identify prospective students for our offerings in a cost- effective manner, and that enrolled students remain active in our offerings until graduation or completion. We have experienced, and may in the future experience, fluctuations in our student enrollments based on a variety of factors. For example, student enrollments have declined, and may decline in the future, due to our university clients changing their admissions standards and the COVID- 19 pandemic ~~led~~ **and macroeconomic conditions have each contributed** to significant fluctuations in student enrollment across our offerings. The following factors, many of which are largely outside of our control, may prevent us from successfully driving and maintaining student enrollment in our offerings in a cost- effective manner or at all, which would adversely affect our revenue and ability to achieve profitability: • Negative perceptions about online learning programs. Online offerings that we or our competitors provide may not be successful ~~or~~ **,** operate efficiently, **or** ~~and new entrants to the market also may not~~ perform well. **Any** ~~Such~~ **such** underperformance could create the perception that online offerings in general are not an effective way to educate students, whether or not our offerings achieve satisfactory performance **. In addition, special interest groups have in the past and may in the future take actions to create negative perceptions about online learning programs through the media, litigation or other tactics** . • Unsuccessful marketing efforts. We invest substantial resources in developing and implementing data- driven marketing strategies that focus on identifying the right potential student at the right time. In connection with our platform- based and product- level marketing efforts, we make substantial use of search engine optimization, paid search, social media and custom website development and deployment and we rely on a small number of internet search engines and marketing partners. The effectiveness and cost of our marketing efforts has varied over time and from offering to offering based on economic conditions, competition, advertising prices, offerings type, university client reputation and other factors, including the effectiveness of our marketing partners to identify students and learners. • Damage to university client reputation. Because we often use a university client' s brand in connection with our marketing efforts for their offerings, our university clients' reputations are critical to our ability to enroll students. Many factors affecting our university clients' reputations are beyond our control, including ranking among nonprofit educational institutions, internal university matters, changes in university leadership positions and other matters that impact the public perception of our university clients. • Lack of interest in an offering. We may encounter difficulties attracting students for offerings that are not highly desired or that are relatively new within their fields. Macroeconomic conditions beyond our control may diminish interest in employment in a field, which could contribute to a lack of interest in offerings related to that field. • Reduced support from our university clients. Our ability to grow our revenue from a particular offering depends on the growth of enrollment in that offering. Our university clients could limit enrollment in certain offerings, cease providing the offerings altogether or significantly curtail or inhibit our ability to promote their offerings, any of which would negatively impact our revenue. • Our lack of control over our university clients' admissions standards and admissions decisions for degree programs. Even if we identify prospective students for a degree program, there is no guarantee that our university clients will admit these students to that program. Our university clients retain complete discretion over setting admissions standards and making admissions decisions, and university clients may change admissions standards or inconsistently apply admissions standards. • **Our lack of control over our university clients' tuition decisions, particularly for our degree programs. We do not control tuition decisions for our offerings and, in particular, for our degree programs, our university clients retain complete control over tuition decisions. If we are not able to effectively recruit and retain students for a program because the tuition is too high, or perceived as being too high, it could negatively impact our business. •** Inability to maintain sufficient high- quality content from our clients. Our success depends on our ability to provide students with high- quality learning experiences. For certain of our offerings, including **many of** our degree programs, while our clients are primarily responsible for curriculum development ~~our~~ **, we provide** learning design and development experts **that** collaborate with faculty to ensure the final course content is engaging and digestible in an online format. For other offerings, including our open course ~~and micro- credential~~ offerings, our clients are solely responsible for curriculum development and we provide limited self- help resources. If the course content in our offerings is not high- quality and students are dissatisfied with their experience in an offering on our platform or do not find the content of our offerings appealing, they may stop accessing our content. In turn, if clients perceive that our platform lacks an adequate learner audience, clients may be less willing to provide content to offer on our platform, and the experience of students could be further negatively impacted. • Inability of students to secure funding. Like on- campus college and university students, many of the students in our university clients' offerings, in particular degree programs and boot camps, rely on the availability of third- party financing to pay for tuition and other costs of their education. This may include federal **, state** or private student loans, scholarships and grants, or benefits or reimbursement provided by an employer. Any developments that reduce the availability or increase the cost of financial aid for higher education generally, or for our university clients' offerings **, such as a government shutdown as a result of failure to enact funding legislation for the government' s fiscal year** , could impair students' abilities to meet their financial obligations and could negatively impact future enrollment in our offerings. • General economic conditions. Student enrollment in our offerings may be affected by changes in global economic conditions. An improvement in economic conditions and, in particular, an improvement in the economic conditions in the U. S. and the U. S. unemployment rate, may reduce demand among potential students for educational services, as they may find adequate employment without additional education. Conversely, a worsening of economic and employment conditions may reduce the willingness of employers to sponsor educational opportunities for their employees or discourage existing or potential students from pursuing additional education due to a perception that there are insufficient job opportunities, increased economic uncertainty or other factors. Our business depends heavily on the adoption by colleges and universities of online delivery of their educational offerings. If we fail to attract new university clients, or if new leadership at existing university clients does not have an interest in continuing or expanding online delivery of their educational offerings, our revenue growth and profitability may suffer. The success of our business depends in large part on our ability to enter into agreements with additional nonprofit colleges and universities to provide their offerings online. In particular, to engage new university clients, we need to convince potential university clients, many of which have been educating students only in on- campus programs for hundreds of years, to invest significant time and resources to introduce a new teaching modality. The delivery of online education at leading nonprofit colleges and universities is evolving, but many administrators and faculty members continue to have concern regarding the perceived loss of control over the education process that might result from offering content online, as well as skepticism regarding the ability of colleges and universities to provide high-quality education online that maintains the standards they set for their on- campus programs. It may be difficult to overcome this resistance, and **certain** online offerings of the kind we develop with our university clients may not achieve significant market acceptance. In addition, our university clients have regular turnover in their leadership positions, and there is no guarantee that any new leader will have an interest in continuing or expanding online delivery of the university' s educational offerings. If new leaders at our university clients do not embrace online delivery of educational offerings, we may not be able to add additional offerings with the university client and the university client may attempt to terminate or may not renew their relationship with us. The market for our offerings may be limited due to exclusivity provisions in certain of our contracts with university clients. We have agreed to incur, and we may incur in the future, costs to terminate some or all of the exclusivity obligations in certain of our university client contracts. Certain of our contracts with our university clients limit our ability to enable competitive offerings with other schools. In our Degree Program Segment, we have determined that enabling some of these contractually prohibited competitive programs may be part of our business strategy. We have in the past agreed and may in the future agree with certain university clients to do some or all of the following to reduce or eliminate certain exclusivity obligations: make fixed and contingent cash payments over time, reduce our revenue share over time, and / or make minimum investments in marketing under certain conditions. In addition, in order to maintain good relations with our university clients, we may decide not to approach certain institutions that our university clients regard as their direct competitors to offer similar programs or courses, even if we are allowed to do so under our contracts. A limited number of our contracts with our university clients include provisions that may result in pricing adjustments in limited circumstances. If we need to incur contingent costs in connection with enabling competitive offerings or if we determine not to approach certain institutions, or if we have to adjust our pricing provisions, our ability to grow our business and achieve profitability would be impaired. To launch a new degree program, we generally ~~incur significant expense in technology and content development, as well as in marketing and sales to identify and attract prospective students, and it may be several years, if ever, before we generate revenue from a new program sufficient to recover our costs. To launch a new degree program, we generally~~ integrate components of our platform with the various student information and other operating systems our university clients use to manage functions within their institutions **and we must commence student acquisition activities** . In addition, for ~~these~~ **university clients that have elected to purchase our content development services for a** degree ~~programs~~ **program** , ~~our~~ **we provide** content development staff **that** work closely with the university client' s faculty members to produce engaging online coursework and content ~~, and we must commence student acquisition activities~~ . This process ~~is~~ **can be** time- consuming and costly and, under our agreements with our university clients, we are primarily responsible for the significant costs of this effort for most of our degree programs, even before we generate any revenue and there is no guarantee we will ever recoup these costs. In exchange for the upfront investments we make in our university clients' degree programs **and to align our incentives with those of our university clients** , our university client agreements generally provide that we receive a fixed percentage of the tuition that the university clients receive from the students enrolled in their degree programs. We only begin to recover these upfront costs once students are enrolled and our university clients begin billing students for tuition and fees. The time that it takes for us to recover our investment in a new degree program depends on a variety of factors, primarily our content development costs, student acquisition costs, the rate of growth in student enrollment in the program, and the tuition of the program. We estimate that, on average, it takes approximately three years after signing an agreement with a university client to fully recover our investment in that university client' s new degree program. Because of the lengthy period **that may be** required to recoup our investment in these new degree programs, unexpected developments beyond our control could occur that result in the university client ceasing or significantly curtailing a degree program before we are able to fully recoup our investment. As a result, we may ultimately be unable to recover the full investment that we make in a new degree program or achieve our expected level of profitability for the degree program. Our continued growth and ability to achieve profitability depends on our and our university clients' ability to successfully **launch and** scale **new offerings. The number of offerings we launch in a year has varied over time and we expect the number of** newly launched ~~offerings~~ **programs to increase significantly in 2024** . Our ability to **launch and** scale new offerings in the time frame we expect has varied over time and from offering to offering. If we are not successful in **launching an offering in the planned timeframe or** recruiting potential students for our offerings, it would adversely impact our ability to generate revenue, and our university clients and the students in their offerings could lose confidence in the knowledge and capability of our employees. If we cannot quickly and efficiently scale our technology to handle growing student enrollment and new offerings, our university clients' and their students' experiences may suffer, which could damage our reputation among colleges and universities and their faculty and students and impact our ability to acquire new university clients. In addition, in our Degree Program Segment, if our university clients cannot quickly develop the infrastructure and hire sufficient faculty and administrators to handle growing student enrollments, our university clients' and their students' experiences with our platform may suffer, which could damage our reputation among colleges and universities and their faculty and students. Our ability to efficiently scale new offerings may depend on a number of factors, including our ability to: • satisfy existing students in, and attract and enroll new students for, our offerings; • assist our university clients in ~~recruiting qualified faculty to support~~ their ~~expanding enrollments; • assist our university clients in developing~~ **development** and ~~producing~~ **production of** an increased volume of course content; • successfully introduce new features and enhancements and maintain a high level of functionality in our platform; and • deliver high- quality support to our university clients and their faculty and students. If student enrollments in our offerings do not increase, if we are unable to launch new offerings **timely and** in a cost-effective manner or if we are otherwise unable to manage new offerings effectively, our ability to grow our business and achieve profitability would be impaired, and the quality of our platform and the satisfaction of our university clients and their students could suffer **. If we fail to increase sales of our enterprise offerings, or if we need to change the contract terms associated therewith, including with respect to pricing or contract length, it could negatively affect our business, financial condition, and results of operations. In addition to our offerings for individual learners, we sell our enterprise offerings to businesses, academic institutions, and governmental organizations. These customers utilize our platform to provide relevant training, skills, and credentialing programs to current and potential employees through our online platform. To maintain and expand our relationships with these entities, we must demonstrate the value, benefits, and return on investment of providing education, training, skills, and credentialing through our online platform and achieve acceptance from both employees and these entities of the merits and legitimacy of our offerings. Our growth strategy is dependent upon increasing sales of our enterprise offerings to these entities, which we offer on a subscription basis. We have a limited history with our enterprise models and changes in our models could adversely affect our revenue and financial condition. In addition, as new competitors introduce competitive applications or services, or as we enter into new international markets, we may be unable to attract new customers at the same price or based on the same pricing models we have historically used, or for contract lengths consistent with our historical averages. Changes to our pricing models or contract lengths could negatively impact our revenue and financial position, and we may have increased difficulty achieving growth or profitability. As we drive a greater portion of our revenue through our enterprise offerings, this may also result in reduced margins in the future. As we seek to increase sales of our enterprise offerings, we face upfront sales costs, higher customer acquisition costs, more complex customer requirements, and discount requirements. If we are unable to maintain or increase the number of enterprise customers offerings, our business, financial condition, and results of operations may be negatively impacted** . Once a student is enrolled in an offering, we and our university client must retain the student over the life of the offering to generate ongoing revenue. Our strategy involves offering high- quality support to students enrolled in these offerings to support their retention. If we are unable to help students quickly resolve any educational, technological or logistical issues they encounter, otherwise provide effective ongoing support to students or deliver high- quality, engaging educational content, students may withdraw from the offering, which would negatively impact our revenue. In addition, student retention could be compromised by the following factors, many of which are largely outside of our control: • Lack of support from faculty members in our university clients' degree programs. It takes a significant time commitment and dedication from our university clients' faculty members to work with us to develop or to independently develop course content for their degree programs and other courses designed for an online learning environment. Our university clients' faculty may be unfamiliar with the development and production process, may not understand the time commitment involved, or may otherwise be resistant to changing the ways in which they present the same content in an on-campus class. Our ability to maintain high student retention will depend in part on our ability to convince our university clients' faculty of the value in the time and effort they will spend developing the course content. Lack of support from faculty could cause the quality of our degree programs to decline, which could contribute to decreased student satisfaction and retention in our Degree Program Segment. • Student dissatisfaction. Enrolled students may drop out of our offerings based on their individual perceptions of the value they are getting from the offering. For example, we may face retention challenges as a result of students' dissatisfaction with our university clients' faculty, changing views of the value of our offerings and perceptions of employment prospects following completion of the offering. • Personal factors. Personal factors, such as ability to continue to pay tuition, ability to meet the rigorous demands of the offering, and lack of time to continue classes, all of which are generally beyond our control, may impact a student' s willingness and ability to stay enrolled in an offering. If student retention is compromised by any of these factors, it could significantly reduce the revenue that we generate from our offerings, which would negatively impact our return on investment for the particular offering and could compromise our ability to grow our business and achieve profitability. The loss, or material underperformance, of any one of our offerings could harm our reputation, which could in turn affect our future revenue growth. We rely on our reputation for delivering high- quality online educational offerings and recommendations from existing university clients to attract potential new university clients. Therefore, the loss of any single offering, **whether due to a mutual decision between us and a university client to terminate an agreement** or the failure of any university client to renew its agreement with us upon expiration **, or otherwise** , could harm our reputation and impair our ability to pursue our growth strategy and ultimately to become profitable. The recent significant decline in the market price of our common stock and the impairment of intangible assets and goodwill arising from our acquisitions could continue to negatively impact and affect our net income and shareholders' equity. We review goodwill and other indefinite- lived intangible assets for impairment annually, and more frequently if an event occurs or circumstances change that would more likely than not reduce the fair value of goodwill or an indefinite- lived asset below its carrying value. We experienced a significant decline in the market price of our common stock subsequent to February 9, 2022 that resulted in a triggering event for assessing our goodwill and indefinite- lived intangible asset balances. When we acquire a business, a substantial portion of the purchase price of the acquisition may be allocated to goodwill and other indefinite- lived intangible assets. During the three months ended March 31, 2022, we recorded impairment charges of $ 28. 8 million and $ 30. 0 million to goodwill and the indefinite- lived intangible asset, respectively. During the three months ended September 30, 2022, we recorded impairment charges of $ 50. 2 million and $ 29. 3 million to goodwill and the indefinite- lived intangible asset, respectively. **During the three months ended June 30, 2023, we recorded impairment charges of $ 16. 7 million and $ 117. 4 million to goodwill and the indefinite- lived intangible asset, respectively. During the three months ended December 31, 2023, we recorded impairment charges of $ 62. 8 million to goodwill.** Future declines in the results of our acquisitions and other factors could cause us to record an impairment of all or a portion of the relevant goodwill in the future. We may not be able to achieve our business targets for businesses we previously acquired or will acquire in the future, which could result in our incurring additional goodwill and other intangible assets impairment charges. Further declines in our market capitalization increase the risk that we may be required to perform another impairment analysis, which could result in an impairment of up to the entire balance of our goodwill and other intangible assets based on the quantitative assessment performed **. We are working to incorporate generative artificial intelligence, or AI, into some of our products. This technology is new and developing and may present operational and reputational risks, competitive harm, legal and regulatory risk, and additional costs, any of which could materially and adversely affect our business, financial condition and result of operations. We use AI technologies in our platform and offerings, and we are making investments in expanding the use of AI throughout our business. This new and emerging technology, which is in its early stages of commercial use, presents a number of inherent risks. For example, AI technologies can create accuracy issues, unintended biases, and discriminatory outcomes and create other perceived or actual technical, legal, compliance, privacy, security, and ethical risks which could slow our partners' and customers' adoption of our products and services that use AI. The use of AI technologies may in the future result in cybersecurity incidents that implicate the personal data of end users of AI applications. Such cybersecurity incidents may be more complicated to discover due to the nature of AI and the limited ability to track its reasoning mechanism when producing results. To the extent we experience cybersecurity incidents in connection with our use of AI technology, it could similarly adversely affect our reputation and expose us to legal liability or regulatory risk. Further, our competitors or other third parties may incorporate AI into their products more quickly or more successfully than us, which could impair our ability to compete effectively. In addition, litigation or government regulation related to the use of AI (including the use of generative AI) may also adversely impact our ability to develop and offer products that use AI, as well as increase the cost and complexity of doing so. For example, the publication of the White House Blueprint for an AI Bill of Rights signals that compliance requirements on operators of AI systems in the U. S. may be significant. In addition, developing, testing and deploying AI in our platform, offerings and services involves significant technical complexity and requires specialized expertise. Any disruption or failure in our AI systems or infrastructure could result in delays or errors in our operations, which could harm our business and financial results. Further, market demand and acceptance of AI technologies are uncertain, and we may be unsuccessful in our efforts related to deploying AI in our business** . Our platform and program- level marketing efforts make substantial use of paid search, social media, search engine optimization and custom website development and deployment and we rely on advertising through a limited number of third- party advertising platforms such as Google, Meta Platforms and LinkedIn, to direct traffic to, and recruit new students for, our offerings. Changes in the way these platforms operate- whether due to changes in law, changes in the practices of mobile operating system providers, or otherwise- or changes in their advertising prices, data use practices, or other terms have impacted the cost and efficiency of our student acquisition efforts in the past and could in the future make marketing our offerings more expensive, or less effective **. For example, on January 4, 2024, Google began testing a new feature on its Chrome browser called" Tracking Protection." This feature limits cross- site tracking by restricting website access to third- party cookies by default. Third- party cookies have been a fundamental part of the web for nearly three decades, aiding platforms in generating relevant ads, among other functions. However, the implementation of this change could have adverse consequences for the advertising platforms we use, negatively affecting our ability to effectively advertise our services. Google is expected to implement the Tracking Protection Tool in all Chrome browsers by the end of the second quarter of 2024** . In addition, the elimination of a particular medium or platform on which we advertise, could limit our ability to direct traffic to our offerings and recruit new students on a cost- effective basis, any of which could have a material adverse effect on our business, results of operations and financial condition. If internet search engines' methodologies are modified, our search engine optimization capability in connection with our student recruiting efforts could be harmed. Our search engine optimization capability in connection with our student acquisition efforts substantially depends on various internet search engines, such as Google, to direct a significant amount of traffic to our marketplace at edX. org and other websites related to our offerings. Our ability to influence the number of visitors directed to these websites through search engines is not entirely within our control. For example, search engines frequently revise their algorithms in an attempt to optimize their search result listings. In this respect, we have experienced fluctuations in our search result listings and website traffic based on changes to search engine algorithms, and future algorithm changes by Google or any other search engines could cause edX. org and other websites for our offerings to receive less favorable placements, which could reduce the number of prospective students who visit these websites and impact our ability to effectively utilize search engine optimization as part of our student acquisition strategies in the long- term. Further, if our competitors' search engine optimization efforts are more successful than ours, fewer prospective students may be directed to our websites. The U. S. Department of Justice brought several antitrust lawsuits against Google claiming, among other things, that Google improperly uses its monopoly over internet search to impede competition and harm consumers. ~~We~~ **Certain of these lawsuits are ongoing and we** cannot predict the impact that these lawsuits may have on advertising costs or Google' s future operations. Any reduction in the number of prospective students directed to our websites could negatively affect our ability to generate prospective students, and ultimately revenue, through our student acquisition activities ~~. If our security measures or those of our third- party service providers are breached or fail, resulting in unauthorized disclosure of data, we could lose clients, fail to attract new clients and be exposed to protracted and costly litigation~~ . Our platforms and computer systems store and transmit proprietary and confidential client, student, and company information, which may include personal information of students, prospective students, faculty and employees, subject to stringent legal and regulatory obligations. As a technology company, we have faced and continue to face an increasing number of threats to our platforms and computer systems, including unauthorized activity and access, system viruses, worms, malicious code, denial of service attacks, phishing attacks, ransomware attacks, social engineering attacks, and organized cyberattacks, any of which could breach our security, or threaten an open source platform that we do not control and create a data exfiltration condition and / or disrupt our platform and our clients' offerings. The techniques used by computer hackers and cyber criminals to obtain unauthorized access to data or to sabotage computer systems are growing in sophistication, change frequently and generally are not detected until after an incident has occurred. We have experienced, and may in the future experience, an increasing number of cybersecurity threats to our platform and computer systems and to the systems of our third- party service providers and our efforts to maintain the security and integrity of our platform, and the cybersecurity measures taken by our third- party service providers, may be unable to anticipate, detect or prevent all attempts to compromise our systems. While there can be no assurances of effectiveness, we have implemented certain safeguards and processes to thwart hackers, and all related activity, and protect the data in our platforms and computer systems. If our, or our third- party service providers', security measures are breached or fail as a result of third- party action, employee error, malfeasance or otherwise, it could result in the loss or misuse of proprietary and confidential university, student (including prospective student), employee or company information, which could subject us to material liability, or materially interrupt our business, potentially over an extended period of time. Any such event could harm our reputation, adversely affect our ability to attract new clients and students, cause existing clients to scale back their offerings or elect not to renew their agreements, cause prospective students not to enroll or existing students to not stay enrolled in our offerings, or subject us to third- party lawsuits, regulatory fines or other action or liability. Further, any reputational damage resulting from breach of our security measures could create distrust of our company by prospective clients or students. In addition, our insurance coverage may not be adequate to cover losses associated with such events, and in any case, such insurance may not cover all costs, expenses or losses we could incur to respond to and remediate a security breach. As a result, we may be required to expend significant additional resources to protect against the threat of these disruptions and security breaches or to alleviate problems caused by such disruptions or breaches. Data protection laws in jurisdictions around the world require companies and institutions to notify impacted individuals of certain data breach incidents, usually in writing. Under the terms of our contracts with our university clients, we would be responsible for the costs of investigating and disclosing data breaches to the university clients' students, if required by law. In addition to costs associated with investigating, disclosing, and remediating a data breach, we could be required to compensate victims by providing identity protection or monitoring services. We also could be subject to substantial monetary fines or private claims by affected parties and our reputation would likely be harmed. Disruption to or failures of our online learning platforms could reduce university client and student satisfaction with our offerings and could harm our reputation. The performance and reliability of our online learning platforms is critical to our operations, reputation and ability to attract new university clients, as well as our student acquisition and retention efforts. Our university clients rely on our platforms to provide their offerings online, and students access our platforms on a frequent basis as an important part of their educational experience. Because our platforms are complex and ~~incorporates~~ - **incorporate** a variety of hardware and proprietary and third- party software, our platforms may have errors or defects that could result in unanticipated downtime for our university clients and students. Web- and mobile- based applications frequently contain undetected errors when first introduced or when new versions or enhancements are released, and we have from time to time found errors and defects in our technology and new errors and defects may be detected in the future. In addition, we have experienced and may in the future experience temporary system interruptions to our platforms for a variety of reasons, including network failures, power failures, problems with third- party firmware and software updates, as well as an overwhelming number of users trying to access our platforms. Any errors, defects, disruptions or other performance problems with our platforms could damage our or our university clients' reputations, decrease student satisfaction and retention and impact our ability to attract new students and university clients. If any of these problems occur, our university clients could attempt to terminate their agreements with us or make indemnification or other claims against us. In addition, sustained or recurring disruptions in our platforms could adversely affect our and our university clients' compliance with applicable regulations and accrediting body standards. We rely upon Amazon Web Services to host certain aspects of our platform and any disruption of or interference with our use of Amazon Web Services could impair our ability to deliver our platform to clients and students, resulting in client and student dissatisfaction, damage to our reputation, and harm to our business. Our online learning platform and certain of our other technology and services are hosted on data centers provided by Amazon Web Services, or

AWS. Given this, along with the fact that we cannot easily switch our AWS operations to another cloud provider, any disruption of, or interference with our use of, AWS would impact our operations and our business would be adversely impacted. AWS may terminate its agreement with us upon 30 days' notice. Additionally, AWS has the right to terminate the agreement immediately with notice to us in certain scenarios, such as if AWS believes providing the services could create a substantial economic or technical burden or material security risk for AWS, or in order to comply with the law or requests of governmental entities. If any of our arrangements with AWS is terminated, we could experience interruptions in our platform as well as delays and additional expenses in arranging new facilities and services. Our operations depend, in part, on AWS' s abilities to protect their data center hosting facilities against damage or interruption from natural disasters, power or telecommunications failures, criminal acts and similar events. The occurrence of spikes in usage volume, a natural disaster, an act of terrorism, vandalism or sabotage, a decision to close a facility without adequate notice, **lack of network connectivity in one or more regions,** or other unanticipated problems at a facility could result in lengthy interruptions in the availability of our platform, which would result in harm to our business. In the event of a system failure, the backup systems and disaster recovery services provided by AWS may be insufficient or fail. Also, in the event of damage or interruption, our insurance policies may not adequately compensate us for any losses that we may incur. These factors in turn could further reduce our revenue, subject us to liability or cause our clients to fail to renew or terminate their contracts, any of which could harm our business. Our internal information technology systems are critical to our business. System integration and implementation issues could disrupt our operations, which could have a material adverse impact on our business or result in significant deficiencies or material weaknesses in our internal controls. We rely on the efficient and uninterrupted operation of complex information technology systems, including systems for billing, human resources, enterprise resource planning, and customer relationship management. As our business has grown in size and complexity, the growth has placed, and will continue to place, significant demands on our internal information technology systems. To effectively manage ~~this growth~~ **the volume of our business** , we must commit significant financial resources and personnel to maintain and enhance existing systems and develop or acquire new systems to keep pace with continuing changes in our business and information- processing technology as well as evolving industry, regulatory, and accounting standards. If the information we rely upon to run our businesses is determined to be inaccurate or unreliable, or if we fail to properly maintain or enhance our internal information technology systems, we could have operational disruptions, significant deficiencies, or material weaknesses in our internal controls, incur increased operating and administrative expenses, lose our ability to produce timely and accurate financial reports, or suffer other adverse consequences. If the mobile solutions available to our students and clients are not effective, the use of our platform could decline. Students have been increasingly accessing our offerings and marketplace on mobile devices through our mobile applications in recent years. The smaller screen size and reduced functionality associated with some mobile devices may make the use of our platform more difficult or our clients may believe that online learning through such mobile devices is not effective. If we are not able to provide our clients with the functionality to deliver a rewarding experience on mobile devices, our ability to attract students to our offerings may be harmed and, consequently, our business may suffer. As new mobile devices and mobile features are released, we may encounter problems in developing or supporting apps for them. In addition, supporting new devices and mobile device operating systems may require substantial time and resources. The success of our mobile apps could also be harmed by factors outside our control, such as: • actions taken by mobile app distributors; • unfavorable treatment received by our mobile apps, especially as compared to competing apps, such as the placement of our mobile apps in a mobile app download store; • increased costs in the distribution and use of our mobile apps; or • changes in mobile operating systems, such as iOS and Android, that degrade functionality of our mobile website or mobile apps or that give preferential treatment to competitive offerings. If our clients or students encounter difficulty accessing or using, or if they choose not to use, our mobile platform, our growth prospects and our business may be adversely affected. ~~If we fail to manage our growth or changes to our business operations effectively, we may be unable to execute our business plan, maintain high levels of service or address competitive challenges adequately. We have experienced rapid growth and changes to our business operations in a relatively short period of time, which has placed, and will continue to place, a significant strain on our administrative and operational infrastructure and may require us to expand personnel on certain teams, as well as our facilities and infrastructure. We will also be required to refine our operational, financial and management controls and reporting systems and procedures. If we fail to manage our growth or changes in our business operations efficiently, our costs and expenses may increase more than we plan and we may not successfully expand our university client base, enhance our platform, develop new offerings with new and existing university clients, attract a sufficient number of students in a cost- effective manner, satisfy the requirements of our existing university clients, respond to competitive challenges or otherwise execute our business plan. Our ability to manage any growth or changes in our business operations effectively will depend on a number of factors, including our ability to: • effectively recruit, integrate, train and motivate any new employees, while retaining existing employees; • maintain the beneficial aspects of our corporate culture and effectively execute our business plan; • implement systems enhancements and continue to improve our operational, financial and management controls; • protect and further develop our strategic assets, including our intellectual property rights; and • make sound business decisions in light of the scrutiny associated with operating as a public company. These activities will require significant capital expenditures and place significant demands on our management and our operational and financial infrastructure. We may not be able to effectively manage any future growth in a cost- effective or timely manner, or at all, which could negatively affect the quality of our platform, our reputation, results of operations and overall business.~~ We may expand by acquiring or investing in other companies or technologies, which may divert our management' s attention, result in dilution to our shareholders and consume resources that are necessary to sustain our business. We have in the past acquired and may in the future acquire complementary products, services, technologies or businesses. Negotiating these transactions can be time- consuming, difficult and expensive, and our ability to complete these transactions may be subject to conditions or approvals that are beyond our control. In addition, we may not be able to identify desirable acquisition targets, may incorrectly estimate the value of an acquisition target or may not be successful in entering into an agreement with any particular target. Consequently, these transactions, even if undertaken and announced, may not close. An acquisition, investment, or new business relationship may result in unforeseen operating difficulties, expenditures and integration challenges including the following: • diversion of management' s attention from ongoing business concerns and performance; • managing a larger combined company; • maintaining employee morale and retaining key management and other employees; • retaining existing business and operational relationships and attracting new business and operational relationships; • consolidating corporate and administrative infrastructures and eliminating duplicative operations and inconsistencies in standards, controls, procedures and policies; • coordinating geographically separate organizations; • unanticipated issues in integrating information technology, communications and other systems; • undetected errors or unauthorized use of a third party' s code in the products of the acquired companies or in the technology acquired; • breaches of our cybersecurity measures if there are cybersecurity issues we are not aware of at the time of the acquisition; • entry into highly competitive markets in which we have no or limited direct prior experience and where competitors have stronger market positions; and • exposure to unknown liabilities, including claims and disputes by third parties against the companies we acquire. Many of these factors will be outside of the combined company' s control and any one of them could result in delays, increased costs, decreased revenue and diversion of management' s time and energy, which could materially affect our financial position, results of operations and cash flows. If we experience difficulties with the integration process following an acquisition, the anticipated benefits of the acquisition may not be realized fully or at all, or may take longer to realize than expected. Moreover, the anticipated benefits of any acquisition, investment, or business relationship may not be realized. In addition, in connection with an acquisition, investment or new business relationship we may: • issue additional equity securities that would dilute current shareholders; • use cash that we may need in the future to operate our business; • incur debt on terms unfavorable to us or that we are unable to repay or that may place burdensome restrictions on our operations; • incur large charges or substantial liabilities; or • become subject to adverse tax consequences. Any of these outcomes could harm our business and operating results. In addition, a significant portion of the purchase price of companies we have acquired and may acquire in the future may be allocated to goodwill and indefinite- lived intangible assets, which must be assessed for impairment at least annually. If our acquisitions do not ultimately yield expected returns, we may be required to make changes to our operating results based on our impairment assessment process. For example, during the three months ended March 31, 2022, we recorded impairment charges of $ 28. 8 million and $ 30. 0 million to goodwill and the indefinite- lived intangible asset, respectively. During the three months ended September 30, 2022, we recorded impairment charges of $ 50. 2 million and $ 29. 3 million to goodwill and the indefinite- lived intangible asset, respectively. ~~As of December 31~~ **During the three months ended June 30** , ~~2022~~ **2023** , ~~our~~ **we recorded impairment charges of $ 16. 7 million and $ 117. 4 million to** goodwill ~~balance was $ 734. 6 million~~ and **the** indefinite- lived intangible asset **, respectively. During the three months ended December 31, 2023, we recorded impairment charges of $ 62. 8 million to goodwill. As of December 31, 2023, our goodwill** balance was $ ~~195~~ **651. 5 million. In 2023, the Company concluded that due to changes in facts and circumstances, the edX trade name should be classified as a finite- lived intangible asset rather than an indefinite- lived asset. As of December 31, 2023, the net carrying value of the edX trade name was $ 76** . 7 million ~~, a significant portion of which relate to the acquisition of edX completed in November 2021 (the " edX Acquisition ")~~ . We expect that the online learning market will continue to expand and that the number of degree and non- degree offerings available online will proliferate. In the Degree Program Segment, the number of new competitive entrants into the online learning market has expanded rapidly in recent years. As the number of online degree programs expands, we face increasing competition to enroll students in our offerings. This expansion has also resulted in an increase in the number of regional online degree ~~program~~ offerings for potential students. In addition to making enrollment decisions based on factors such as program quality and university brand strength, we have observed potential students giving preference to universities located in their region, which has further impacted the competitive landscape in our Degree Program Segment. In our Alternative Credential Segment, which has a lower barrier to entry, we face increasing competition from other providers of massive open online courses, which directly compete with our open course offerings, but have also expanded their offerings to include certificate offerings, nano- degrees and similar non- degree alternatives. We also face competition from companies that provide corporate training programs and online courses taught outside the university environment (e. g., by experts in various fields). We expect existing competitors and new entrants to the online learning market to revise and improve their business models constantly in response to challenges from competing businesses, including ours. If these or other market participants introduce new or improved delivery of online education and technology- enabled services that we cannot match or exceed in a timely or cost- effective manner, our ability to grow our revenue and achieve profitability could be compromised. Some of our competitors and potential competitors have significantly greater resources than we do. Increased competition may result in pricing pressure for us in terms of the percentage of tuition and fees we are able to negotiate to receive. The competitive landscape may also result in longer and more complex sales cycles with a prospective university client or a decrease in our market share among select nonprofit colleges and universities seeking to offer online educational offerings, any of which could negatively affect our revenue and future operating results and our ability to grow our business. A number of competitive factors could cause us to lose potential client and student opportunities or force us to offer our platform on less favorable economic terms, including: • competitors may develop service offerings that our potential clients or students 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 client and student requirements, and devote greater resources to the acquisition of students than we can; • 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; and • colleges and universities may choose to continue using or to develop their own online learning solutions in- house, rather than pay for our platform. 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 and achieve profitability could be impaired. If we are not able to maintain and enhance our brand, our reputation and business may suffer. We believe that maintaining and enhancing our reputation and brand recognition is important to attract and retain students and clients, and that the importance of our reputation and brand recognition will continue to increase as competition in the markets in which we operate continues to develop. Our success in this arena will depend on a range of factors, both within and beyond our control. The following factors, many of which are beyond our control, may affect our reputation and brand recognition: • our ability to market our platform effectively and efficiently; • our ability to maintain a useful, innovative, and reliable platform; • our ability to maintain a high satisfaction among students and partners; • our ability to provide high quality, valuable content for our platform; • our ability to successfully differentiate our platform from competing offerings; • our ability to maintain a consistently high level of customer service; • our ability to prevent any actual or perceived data security breach or incident or data loss, or misuse or perceived misuse of our platform; • the actions of competitors or other third parties; • positive or negative publicity, including with respect to events or activities attributed to us, our employees or our clients; • interruptions, delays, or attacks on our platform; and • litigation or legal developments. Damage to our reputation and brand, from the factors listed above or otherwise, may reduce demand for our platform and have an adverse effect on our business, operating results and financial condition. Moreover, any attempts to rehabilitate our reputation and brand recognition may be costly and time- consuming, and there can be no assurance that any such efforts will ultimately be successful. If for- profit postsecondary institutions, which offer online education alternatives different from ours, or online program management providers perform poorly or continue to attract negative publicity, it could tarnish our reputation or the reputation of online education as a whole, which could impair our ability to grow our business. For- profit postsecondary institutions, many of which provide course offerings predominantly online, remain under intense regulatory and other scrutiny, which has led to media attention that has portrayed that sector in an unflattering light. Some for- profit online school operators have been subject to governmental investigations alleging the misuse of public funds, financial irregularities, **false or** exaggerated promises to students, and failure to achieve positive outcomes for students, including the inability to obtain employment in their fields. These allegations have attracted significant adverse media coverage and have prompted ongoing legislative hearings and actions as well as regulatory responses at both the state and federal level. These investigations have focused on specific companies and individuals, and the entire industry in the case of marketing and recruiting practices by for- profit higher education companies. Even though we do not market our platform to for- profit institutions, and have a different business model from them, this negative media attention has nevertheless fostered skepticism about online program management companies, online higher education generally and our company specifically. Allegations of abuse of federal financial aid funds and other statutory **and regulatory** violations against higher education companies, even if unfounded, could negatively impact our opportunity to succeed due to increased regulation or decreased demand for our offerings. Our company has been the subject of articles and inquiries by critics of for- profit education models generally, and such critics continue to advocate for changes in law and regulation at the state and federal level that would be adverse to our business model and have sought information and increased oversight regarding the business practices of online program management companies. For example, such critics have sometimes compared our business to that of entities that were formally for- profit institutions and that subsequently converted to non- profit status, and the conflation of these newer business models with our own likely increased scrutiny of our business by Congress, **the** DOE or other regulatory agencies. Any of these factors could negatively impact our ability to increase our university client base and grow our offerings and our revenue, which would make it difficult to continue to grow our business. **We have undergone recent changes to our senior management team and organizational structure, and if we are unable to successfully implement our new organizational structure, or if we lose the services of any of our senior management, our business, operating results, and financial condition could be adversely affected. In November 2023, Christopher " Chip " Paucek, our former Chief Executive Officer resigned and the Board of Directors appointed Paul Lalljie as our Chief Executive Officer. In addition, over the last twelve months, we have had several senior management changes and we have changed our organizational structure to appoint a leader of each business segment. Any significant leadership change, senior management transition or change to our organizational structure involves inherent risk and any failure to ensure a smooth transition could hinder our strategic planning, business execution and future performance. In particular, this or any future leadership transition or organizational change may result in a loss of personnel with deep institutional or technical knowledge and changes in business strategy or objectives, and has the potential to disrupt our operations and relationships with employees and partners due to added costs, operational inefficiencies, changes in strategy, decreased employee morale and productivity and increased turnover. We must successfully implement our new organizational structure to achieve our operating objectives.** Our future success ~~is substantially dependent~~ **depends in large part** on the continued service of ~~our~~ **certain** senior management ~~team~~. **Our** ~~In this respect, our~~ senior management team is **critical to** ~~heavily involved in~~ the **development of our technology, platform,** university client ~~identification~~ **relationships, and overall financial and strategic direction and members of senior management are all employed on** ~~and~~ **an** ~~sales process~~ **at- will basis** , ~~and~~ **which means that they could terminate** their ~~expertise is critical in navigating~~ **employment with us at any time, for any reason and without notice. From time to time,** ~~the~~ **there** ~~complex approval processes~~ **may be changes in our senior management team resulting from the hiring or departure** of ~~large nonprofit colleges~~ **executives. If we lose the services of senior management, or if our senior management team cannot work together effectively, our business, operating results,** and ~~universities~~ **financial condition could be adversely affected** . We do not maintain key- person insurance on any of our employees, including our senior management team. The loss of the services of any ~~individual on~~ **key member of** our senior management team, or failure to find a suitable successor, could make it more difficult to successfully operate our business and achieve our business goals. ~~Our future success also depends heavily on the retention of our marketing and sales, technology and content development and support teams to continue to attract and retain students, thereby generating revenue for us. In particular, our highly- skilled technology and content development employees provide the technical expertise underlying our technology and technology- enabled services that support our university clients' offerings and the students enrolled in these offerings. We have experienced intense competition for these employees, and we may be unable to attract or retain these key personnel that are critical to our success, resulting in harm to our relationships with university clients, loss of expertise or know- how and unanticipated recruitment and training costs.~~ In addition, as a result of business acquisitions and our ~~Strategic Realignment Plan~~ **recent organizational changes** , our current and prospective employees and employees of any acquired company may experience uncertainty about their future roles ~~following the acquisition or announcement of the Strategic Realignment Plan~~. If our employees or the employees of any acquired company depart because of issues relating to uncertainty or perceived difficulties of integration, our ability to realize the anticipated benefits of an acquisition could be adversely impacted. We have employees outside of the United States, have international residents that apply to and enroll in our offerings and plan to expand our international business, which exposes us to risks inherent in international operations. Since 2017, and more recently as a result of the edX Acquisition, we have significantly increased our international operations, including the number of international applicants and students in our offerings. One element of our growth strategy is to continue expanding our international operations and to continue expanding our global student and client base. Our current international operations and future initiatives will involve a variety of risks that could constrain our operations and compromise our growth prospects, including: • the need to localize and adapt online offerings for specific countries, including translation into foreign languages and ensuring that these offerings enable our university clients to comply with local education laws and regulations; • difficulties in staffing and managing foreign operations, including different pricing environments, longer sales cycles, longer accounts receivable payment cycles and collections issues; • lack of familiarity with and unexpected changes in foreign regulatory requirements; • challenges inherent in efficiently managing an increased number of employees over large geographic distances, including the need to implement appropriate systems, policies, benefits and compliance programs; • new and different sources of competition, and practices which may favor local competitors; • weaker protection for intellectual property and other legal rights than in the United States and practical difficulties in enforcing intellectual property and other rights outside of the United States; • compliance challenges related to the complexity of multiple, conflicting and changing governmental laws and regulations, including labor and employment, tax, education, privacy and data protection, and anti- bribery laws and regulations, such as the U. S. Foreign Corrupt Practices Act and the U. K. Bribery Act; • increased financial accounting and reporting burdens and complexities; • restrictions on the transfer of funds; • adverse tax consequences, including liabilities for indirect taxes or the potential for required withholding taxes for our overseas employees; • terrorist attacks, public health crises, **labor strikes** ~~acts of violence~~ or ~~war and~~ **other widespread work stoppages,** adverse environmental conditions **and acts of war such as the ongoing conflicts in Ukraine and the Middle East** ; • unstable regional, economic or political conditions; and • fluctuations in currency exchange rates or restrictions on foreign currency and resulting effects on our revenue and expenses. Our expansion efforts may not be successful. Our experience with attracting university clients and students in the U. S. may not be relevant to our ability to attract clients and students in other markets. If we invest substantial time and resources to expand our international operations and are unable to attract university clients and students successfully and in a timely manner, our business and operating results will be harmed. Our operations in South Africa expose us to risks that could have an adverse effect on our business. We have a significant employee base in South Africa. We may incur costs complying with labor laws, rules and regulations in South Africa, including laws that regulate work time, provide for mandatory compensation in the event of termination of employment for operational reasons, and impose monetary penalties for non- compliance with administrative and reporting requirements in respect of affirmative action policies. Our reliance on a workforce in South Africa also exposes us to disruptions in the business, political, and economic environment in that region, as well as natural disasters, public health crises, power outages and other environmental conditions. Maintenance of a stable political environment is important to our operations in South Africa, and terrorist attacks and acts of violence or war may directly affect our physical facilities and workforce or contribute to general instability. Our operations in South Africa require us to comply with complex local laws and regulatory requirements and expose us to foreign currency exchange rate risk. The economy of South Africa in the past has been, and in the future may continue to be, characterized by rates of inflation and interest rates that are substantially higher than those prevailing in the United States, which could increase our South- African- based costs and decrease our operating margins. Our operations in South Africa may also subject us to trade restrictions, exchange control limitations, reduced or inadequate protection for intellectual property rights, security breaches, and other factors that may adversely affect our business. Negative developments in any of these areas could increase our costs of operations or otherwise harm our business. We engage some individuals classified as independent contractors, not employees, and if U. S. or international regulatory authorities mandate that they be classified as employees, our business would be adversely impacted. We engage independent contractors and are subject to U. S. and international regulations and guidelines regarding independent contractor classification. These regulations and guidelines are subject to judicial and agency interpretation, and it could be determined that our current or former independent contractor classifications are inapplicable. Further, if legal standards for classification of independent contractors change, it may be necessary to modify our compensation structure for these personnel, including by paying additional compensation or reimbursing expenses. In addition, if our independent contractors are determined to have been misclassified as independent contractors, we would incur additional exposure under U. S. and international law, workers' compensation, unemployment benefits, labor, employment and tort laws, including for prior periods, as well as potential liability for employee benefits and tax withholdings. Any of these outcomes could result in substantial costs to us, could significantly impair our financial condition and our ability to conduct our business as we choose, and could damage our reputation and our ability to attract and retain other personnel. We rely on certain third-party providers of software and services integral to the operations of our business. We rely on software that we license from third parties and services provided by third parties to offer certain components of our technology and services. In addition, we may need to obtain future licenses or services from third parties necessary for the continued provision of our technology and services, which might not be available to us on acceptable terms, or at all. If our agreements with third- party software or services vendors are not renewed or the third- party software or services become obsolete, fail to function properly, are defective or otherwise fail to provide quality service or address our or our clients' needs, there is no assurance that we would be able to replace the functionality provided by the third- party software or service provider with software or services from alternative providers. Any of these factors could have a material adverse effect on our financial condition, cash flows or results of operations. Implementation of our 2022 Strategic Realignment Plan **or similar plans** may not be successful, which could affect our ability to increase our profitability. On July 28, 2022, we announced a plan to accelerate our transition to a platform company (the " 2022 Strategic Realignment Plan "). The plan was designed to reorient the company around a single platform allowing us to pursue a portfolio- based marketing strategy that drives traffic to the edX marketplace. As part of the plan, **in 2022** ~~the Company optimized marketing spend~~ , **we** simplified ~~its~~ **our** executive structure ~~to reduce silos~~ , reduced employee headcount, ~~and~~ rationalized ~~its~~ **our** real estate footprint **and took steps to optimize our marketing spend. In furtherance of the 2022 Strategic Realignment Plan, we reduced employee headcount during the third quarter of 2023** . We expect to record in the aggregate approximately $ ~~35~~ **70** million to $ ~~40~~ **75** million in restructuring charges associated with the 2022 Strategic Realignment Plan. The plan was substantially completed by December 31, 2022 with cash expenditures relating to the employee headcount reduction continuing through the first quarter of 2024 and cash expenditures related to real estate continuing through the duration of lease terms ranging from 1 to 9 years. **In late 2023, we announced leadership changes and commenced a comprehensive performance improvement exercise aimed at, among other things, further improving profitability and optimizing our operating model. Part of this exercise includes headcount reductions associated with implementing changes to the Company' s organizational structure, as management works to align staffing levels with business priorities across functional** Although we believe that the 2022 Strategic Realignment Plan **and subsequent related actions** will reduce overhead costs, enhance operational efficiency, and result in improved profitability, we cannot guarantee that **these activities will achieve or sustain the expected benefits, or that the benefits, even if achieved, will be adequate to meet our long- term profitability and operational expectations. Risks associated with the impact of** the 2022 Strategic Realignment Plan ~~will achieve or sustain the expected benefits, or that the benefits, even if achieved, will be adequate to meet our long- term profitability~~ and **subsequent related actions** ~~operational expectations. Risks associated with the impact of the 2022 Strategic Realignment Plan~~ also include additional unexpected costs and negative impacts on our cash flows from operations and liquidity, employee attrition beyond our intended reductions and adverse effects on employee morale, diversion of management attention, adverse effects to our reputation as an employer, which could make it more difficult for us to hire and retain employees in the future, and potential failure or delays to meet operational and growth targets due to the loss of qualified employees and the potential negative impact on our reputation among our university clients. If we do not realize the expected benefits or synergies of the 2022 Strategic Realignment Plan **and subsequent related actions** , our business, financial condition, cash flows and results of operations could be negatively impacted. Many of our students initially access the free or audit track of the open courses available on our platform. Our growth strategy depends in part on our ability to increase the number of ~~registered~~ learners on our platform and to persuade those learners to enroll in the paid certificate track of the open courses available on our platform or in one of our **other** paid offerings. If students do not expand beyond free offerings, our ability to grow our business may be adversely affected. As of December 31, ~~2022~~ **2023** , we had approximately $ ~~953~~ **948** . ~~8~~ **4** million of indebtedness on a consolidated basis, including $ 380 million of 2. 25 % Senior Unsecured Convertible Notes due 2025 (the " 2025 Notes ") issued pursuant to an indenture between the Company and Wilmington Trust, National Association (the " 2025 Indenture "). Additionally, on January 11, 2023, we issued $ 147 million of 4. 50 % Senior Unsecured Convertible Notes due 2030 (the " 2030 Notes " and together with the 2025 Notes, the " Convertible Notes ") pursuant to an indenture between the Company and Wilmington Trust, National Association (the " 2030 Indenture " and together with the 2025 Indenture, the " Indentures "), and amended, extended and paid down the Term Loan Credit and Guaranty Agreement, dated as of June 28, 2021, by entering into the Extension Amendment, Second Amendment and First Incremental Agreement to Credit and Guaranty Agreement, dated as of January 9, 2023 (the " Second Amended Credit Agreement ") reducing the amount of term loans outstanding under such instrument to $ 380 million and adding a revolving credit facility in an amount not to exceed $ 40 million. See Note 10 in the " Notes to Consolidated Financial Statements " included in Part II, Item 8 of this Annual Report on Form 10- K. Our substantial indebtedness could have important consequences. For example, it could: • limit our ability to obtain additional financing for working capital, capital expenditures, acquisitions, investments and other general corporate purposes; • require a substantial portion of our cash from operating activities to be dedicated to debt service payments and reduce the amount of cash available for working capital, capital expenditures, investments or acquisitions and other general corporate purposes; • place us at a competitive disadvantage compared to certain of our competitors who have less debt; • hinder our ability to adjust rapidly to changing market conditions; • **subject us to additional scrutiny from regulators; •** limit our ability to secure adequate bank financing in the future with reasonable terms and conditions; and • increase our vulnerability to, and limit our flexibility in planning for or reacting to, a potential downturn in general economic conditions or in one or more of our businesses. The Indentures and the Second Amended Credit Agreement contain, and the agreements governing indebtedness we may incur in the future may contain, affirmative and negative covenants that limit our ability to engage in activities that may be in our long- term best interests. ~~Our failure to comply with those covenants could result in an event of default which, if not cured or~~ **For** ~~waived~~ **example** , ~~could result in~~ the ~~acceleration~~ **scheduled maturity date** of ~~all of our debt. We may incur significant additional indebtedness in~~ the ~~future~~ **loans** under ~~the agreements governing our indebtedness. We are subject to limited restriction under the terms of the Indentures from incurring additional unsecured debt. Although~~ the Second Amended Credit

Agreement ~~contains, and any future indebtedness~~ may ~~contain~~ **be accelerated to: (i) in the case of the term loan facility** , ~~restrictions~~ **January 30, 2025 in the event more than $ 40 million of 2025 Notes remain outstanding** on ~~the incurrence of additional indebtedness,~~ **such date and (ii) in** ~~these~~ -- **the case** ~~restrictions are subject to a number~~ of ~~thresholds, qualifications and exceptions, and the additional indebtedness incurred in compliance with these~~ -- **the** ~~restrictions~~ **revolving facility, January 1, 2025, in the event more than $ 50 million of 2025 Notes remain outstanding on such date. If the debt under the Second Amended Credit Agreement were to be accelerated, we may not have sufficient cash or be able to borrow sufficient funds to refinance the debt or sell sufficient assets to repay the debt, including the Convertible Notes which have cross-acceleration provisions to the Second Amended Credit Agreement, which** could **immediately materially and adversely affect** ~~be substantial. Additionally, these restrictions could permit us to incur obligations that, although preferential to~~ our **business** ~~common stock in terms of payment~~ , ~~do not constitute~~ **financial condition, and results of operations. See below also " Risk Factors – Risks Related to Our** ~~indebtedness~~ **Indebtedness** ~~.~~ **and Capital Structure –** The Second Amended Credit Agreement contains financial covenants that may limit our operational flexibility. **" Our failure to comply with those covenants could result in an event of default which, if not cured or waived, could result in the acceleration of all of our debt, which may adversely impact our business, financial condition, and results of operations and raises substantial doubt about our ability to continue as a going concern. In addition, the perception that we may not be able to continue as a going concern may cause customers and other business partners to choose not to conduct business with us due to concerns about our ability to meet our contractual obligations and continue operating our business without interruption. We may incur significant additional indebtedness in the future under the agreements governing our indebtedness. We are subject to limited restriction under the terms of the Indentures from incurring additional unsecured debt. Although the Second Amended Credit Agreement contains, and any future indebtedness may contain, restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of thresholds, qualifications and exceptions, and the additional indebtedness incurred in compliance with these restrictions could be substantial. Additionally, these restrictions could permit us to incur obligations that, although preferential to our common stock in terms of payment, do not constitute indebtedness.** The Second Amended Credit Agreement requires us to comply with several financial covenants and other restrictive covenants, such as maintaining minimum recurring revenues, a minimum fixed charge coverage ratio, a maximum consolidated senior secured net leverage ratio and a maximum consolidated total net leverage ratio, maintaining insurance coverage, and restricting our ability to make certain investments. In addition, the 2030 Notes also contain financial covenants consistent with the Second Amended Credit Agreement. Compliance with these covenants may limit our ability to engage in new lines of business, make certain investments, pay dividends, or enter into various transactions. These covenants may limit the flexibility of our operations, and lack of compliance **, or inability to obtain a waiver related to those covenants,** could result in a default under the Second Amended Credit Agreement. If such a default were to occur, the lenders would have the right to terminate their commitments to provide loans under the Second Amended Credit Agreement and declare any and all borrowings outstanding, together with accrued and unpaid interest and fees, to be immediately due and payable. In addition, the lenders would have the right to proceed against the collateral in which we granted a first priority security interest to them, which consists of substantially all our assets. Additionally, the scheduled maturity date of the loans under the Second Amended Credit Agreement may be accelerated to (i) in the case of the term loan facility, January 30, 2025 in the event more than $ 40 million of 2025 Notes remain outstanding on such date and (ii) in the case of the revolving facility, January 1, 2025, in the event more than $ 50 million of 2025 Notes remain outstanding on such date **. Our Second Amended Credit Agreement includes a financial covenant that requires the Company to maintain $ 900 million minimum Recurring Revenues (as defined by the Second Amended Credit Agreement) as of the last day of any period of four consecutive fiscal quarters. Failure to maintain this minimum recurring revenue may result in us defaulting under the aforementioned financing facilities and therefore in the acceleration of their due dates** . If the debt under the Second Amended Credit Agreement were to be accelerated, we may not have sufficient cash or be able to borrow sufficient funds to refinance the debt or sell sufficient assets to repay the debt, including the Convertible Notes which have cross- acceleration provisions to the Second Amended Credit Agreement, which could immediately materially and adversely affect our business, financial condition, and results of operations **and raises substantial doubt about our ability to continue as a going concern** . Furthermore, the Second Amended Credit Agreement restricts, and any future indebtedness may similarly restrict or prohibit, us from making any cash payments to settle a conversion, repurchase, mandatory redemption or maturity payment in respect of the Convertible Notes. Our inability to make cash payments upon the conversion or repurchase of the Convertible Notes could result in dilution to our stockholders and limit our operational flexibility, respectively, and, in respect of a payment in connection with a mandatory redemption or maturity, would permit holders of the Convertible Notes to accelerate our obligations under the Convertible Notes. In addition, any future indebtedness that we may incur may contain financial and other restrictive covenants that limit our ability to operate our business, raise capital or make payments under our other indebtedness. If we fail to comply with such covenants **, to obtain waivers related to those covenants, if available,** or to make payments under our indebtedness when due, then we would be in default under that indebtedness, which could, in turn, result in that indebtedness becoming immediately payable in full. Our ability to make cash payments on and to refinance our indebtedness will depend upon our financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to financial, business, legislative, regulatory and other factors beyond our control. If we are unable to generate sufficient cash from operating activities or are otherwise unable to obtain funds necessary to meet required payments of principal, premium, if any, and interest on our indebtedness, or amounts payable upon maturity or a mandatory redemption of the Convertible Notes, or if we fail to comply with the various covenants in the instruments governing our indebtedness and we are unable to obtain waivers **, if available,** from the required lenders or noteholders, we could be in default under the terms of the agreements governing such indebtedness. In the event of such default, the holders of our indebtedness could elect to declare all the funds borrowed to be due and payable, together with accrued and unpaid interest. As a result, we could be forced into bankruptcy or liquidation. We may be unable to raise the funds necessary to repurchase the Convertible Notes for cash following a " fundamental change, " or to pay any cash amounts due upon conversion, and our other indebtedness may limit our ability to repurchase the Convertible Notes or pay cash upon their conversion. Holders of the Convertible Notes may, subject to certain exceptions, require us to repurchase their Convertible Notes following a " fundamental change " (as defined in the applicable Indenture) at a cash repurchase price generally equal to the principal amount of the Convertible Notes to be repurchased, plus accrued and unpaid interest, if any. In addition, upon conversion, we will satisfy part or all of our conversion obligations in cash unless we elect to settle conversions solely in shares of our common stock. We may not have enough available cash or be able to obtain financing at the time we are required to repurchase the Convertible Notes or pay the cash amounts due upon conversion. In addition, applicable law, regulatory authorities and the agreements governing our other indebtedness may restrict our ability to repurchase the Convertible Notes or pay the cash amounts due upon conversion. Our failure to repurchase Convertible Notes or to pay the cash amounts due upon conversion when required will constitute a default under the Indentures. A default under the Indentures or the fundamental change itself could also lead to a default under agreements governing our other indebtedness, which may result in that other indebtedness becoming immediately payable in full. We may not have sufficient funds to satisfy all amounts due under the other indebtedness and the Convertible Notes. The conversion of some or all of the Convertible Notes may dilute the ownership interests of existing stockholders to the extent we deliver shares upon any conversion of the Convertible Notes. The make- whole conversion provisions under the Indentures governing the Convertible Notes may also further dilute the ownership interests of existing stockholders. In addition, the Indentures governing the Convertible Notes provide for customary anti- dilution provisions, which may result in the issuance of additional shares of our common stock. Any sales in the public market of the common stock issuable upon such conversion could adversely affect prevailing market prices of our common stock. In addition, the existence of the Convertible Notes may encourage short selling by market participants because the conversion of the Convertible Notes could be used to satisfy short positions. The anticipated conversion of the Convertible Notes into shares of our common stock could also depress the price of our common stock. Provisions in the Convertible Notes, Indentures and in the Second Amended Credit Agreement could delay or prevent an otherwise beneficial takeover of us. Certain provisions in the Convertible Notes and in the Indentures could make a third- party attempt to acquire us more difficult or expensive. For example, if a takeover constitutes a " fundamental change " (as defined in the applicable Indenture), then noteholders will have the right to require us to repurchase their Convertible Notes for cash. In addition, if a takeover constitutes a " make- whole fundamental change " (as defined in the applicable Indenture), then we may be required to temporarily increase the conversion rate. In either case, and in other cases, our obligations under the Convertible Notes and the Indentures, as well as the Second Amended Credit Agreement, under which a " change of control " is an event of default resulting in acceleration of all indebtedness thereunder, could increase the cost of acquiring us or otherwise discourage a third party from acquiring us or removing incumbent management, including in a transaction that noteholders or holders of our common stock may view as favorable. The accounting method for convertible debt securities that may be settled in cash, such as the Convertible Notes, could have a material effect on our reported financial results. In August 2020, the Financial Accounting Standards Board (" FASB ") issued ASU 2020- 06, Accounting for Convertible Instruments and Contract in an Entity' s Own Equity (Subtopic 815- 40) (" ASU 2020- 06 "), which amends the accounting standards for convertible debt instruments that may be settled entirely or partially in cash upon conversion. ASU 2020- 06 eliminates requirements to separately account for liability and equity components of such convertible debt instruments and eliminates the ability to use the treasury stock method for calculating diluted earnings per share for convertible instruments whose principal amount may be settled using shares. Instead, ASU 2020- 06 requires (i) the entire amount of the security to be presented as a liability on the balance sheet and (ii) application of the if- converted method for calculating diluted earnings per share. Under the if- converted method, diluted earnings per share will generally be calculated assuming that all the Convertible Notes were converted solely into shares of common stock at the beginning of the reporting period, unless the result would be anti- dilutive, which could adversely affect our diluted earnings per share. We adopted ASU 2020- 06 in the first quarter of 2022, using the modified retrospective basis, effective as of January 1, 2022. Following adoption of this ASU, we no longer separate the liability and equity components of the Convertible Notes on our balance sheet. The capped call transactions may affect the value of our common stock. In connection with the 2025 Notes, we entered into capped call transactions with certain option counterparties. The capped call transactions are expected generally to reduce the potential dilution upon any conversion of the 2025 Notes and / or offset any cash payments we are required to make in excess of the principal amount of converted 2025 Notes, as the case may be, with such reduction and / or offset subject to a cap. The option counterparties or their respective affiliates may modify their hedge positions by entering into or unwinding various derivatives with respect to our common stock and / or purchasing or selling our common stock or other securities of ours in secondary market transactions from time to time (and are likely to do so following any conversion of the 2025 Notes, any repurchase of the 2025 Notes by us on any fundamental change repurchase date, any redemption date or any other date on which the 2025 Notes are retired by us, in each case, if we exercise our option to terminate the relevant portion of the capped call transactions). This activity could also cause or avoid an increase or a decrease in the market price of our common stock. In addition, if any such capped call transactions are terminated for any reason, the option counterparties or their respective affiliates may unwind their hedge positions with respect to our common stock, which could adversely affect the value of our common stock. Furthermore, the option counterparties are financial institutions, and we will be subject to the risk that any or all of them might default under the capped call transactions. Our exposure to the credit risk of the option counterparties will not be secured by any collateral. Past global economic conditions have resulted in the actual or perceived failure or financial difficulties of a number of financial institutions. If an option counterparty becomes subject to insolvency proceedings, we will become an unsecured creditor in those proceedings with a claim equal to our exposure at that time under the capped call transactions with such option counterparty. Our exposure will depend on many factors but, generally, an increase in our exposure will be correlated to an increase in the market price and in the volatility of our common stock. In addition, upon a default by an option counterparty, we may suffer adverse tax consequences and more dilution than we currently anticipate with respect to our common stock. We can provide no assurances as to the financial stability or viability of the option counterparties. We might not be able to utilize a portion of our net operating loss carryforwards, which could adversely affect our profitability. As of December 31, ~~2022~~ **2023**, we had federal net operating loss carryforwards due to prior period losses, which, if not utilized, will begin to expire in 2029. Our gross state net operating loss carryforwards are equal to or less than the federal net operating loss carryforwards and expire over various periods based on individual state tax laws. These net operating loss carryforwards could expire unused and be unavailable to offset future income tax liabilities, which could adversely affect our profitability. In addition, under Section 382 of the Internal Revenue Code of 1986, as amended, if a corporation undergoes an " ownership change, " which is generally defined as a greater than 50 % change, by value, in its equity ownership over a three-year period, the corporation' s ability to use its pre- change net operating loss carryforwards and other pre- change tax attributes to offset its post- change income may be limited. Similar rules may apply under state tax laws. During the three- year period ended December 31, 2016, we determined that such an ownership change occurred. Absent a subsequent ownership change, however, all of our historical net operating losses should be available. Therefore, the occurrence of the ownership change during the three- year period ended December 31, 2016 is not expected to limit our ability to carry forward historical net operating losses before expiration. We may experience ownership changes in the future as a result of subsequent shifts in our stock ownership. If a future ownership change occurs and limits our ability to use our historical net operating loss carryforwards, it would harm our future financial statement results by increasing our future tax obligations. We also have net operating loss carryforwards in South Africa and the United Kingdom and there is no guarantee that entities in these countries will generate enough taxable income to fully utilize them. We may need to raise additional funds to respond to business challenges or opportunities, accelerate our growth, develop new offerings or enhance our platform. Our continued access to sources of liquidity depends on multiple factors, including global economic conditions, the condition of global financial markets, the availability of sufficient amounts of financing and our operating performance, all of which may be impacted by ~~the recent growth in~~ inflation **and currency and interest rate fluctuations**. If we seek to raise additional capital, it may not be available on favorable terms or may not be available at all. In addition, under our Second Amended Credit Agreement, we may be restricted from using the net proceeds of financing transactions for our operating objectives. Lack of sufficient capital resources could significantly limit our ability to manage our business and to take advantage of business and strategic opportunities **and raise substantial doubt about our ability to continue as a going concern**. Additionally, if we fail to refinance our 2025 Notes (i) prior to January 30, 2025, then the maturity on the term loan facility under the Second Amended Credit Agreement will be accelerated, and (ii) prior to January 1, 2025, then the maturity on the revolving facility under the Second Amended Credit Agreement will be accelerated **. Our Second Amended Credit Agreement includes a financial covenant that requires the Company to maintain $ 900 million minimum Recurring Revenues (as defined by the Second Amended Credit Agreement) as of the last day of any period of four consecutive fiscal quarters, commencing with the fiscal quarter ending September 30, 2021 through the maturity date. Failure to maintain this minimum recurring revenue may result in us defaulting under the aforementioned financing facilities and therefore in the acceleration of their due dates**. Any additional capital raised through the sale of equity or debt securities with an equity component would dilute our stock ownership. If adequate additional funds are not available if and when needed, we may be required to delay, reduce the scope of, or eliminate material parts of our business strategy **or may be forced into bankruptcy or liquidation**. **See above also " Risk Factors – Risks Related to Our Indebtedness and Capital Structure – The Second Amended Credit Agreement contains financial covenants that may limit our operational flexibility. "** Higher education is heavily regulated. All of our university clients in the United States and certain university clients outside of the United States participate in Title IV federal student financial assistance programs under the HEA of 1965, as amended, or HEA, and are subject to extensive regulation by the **U. S. Department of Education, or** DOE, as well as various state agencies, licensing boards and accrediting commissions. To participate in the Title IV programs, an institution must receive and maintain authorization by the appropriate state education agencies, be accredited by an accrediting commission recognized by the DOE, and be certified by the DOE as an eligible institution. If a university client participating in Title IV **failed to maintain in good standing its approval by these regulators, or** was found to be in non- compliance with any of ~~these~~ -- **the** laws, regulations, standards or policies **promulgated by such regulators**, the university client could lose some or all of its access to Title IV program funds, lose the ability to offer certain programs or lose its ability to operate in certain states, any of which could cause our revenue from that university client' s program to decline. The regulations, standards, guidance and policies applicable to our university clients change frequently and are often subject to interpretation. Changes in, or new interpretations of, applicable laws, regulations, guidance or standards could compromise our university clients' accreditation, authorization to operate in various states, permissible activities or use of federal funds under Title IV programs **or state funds under state grant programs**. We cannot predict with certainty how the requirements applied by our university clients' regulators will be interpreted, or whether our university clients will be able to comply with these requirements in the future. Certain requirements of Title II and Title III of the Americans with Disabilities Act apply to us and our university clients and Section 504 of the Rehabilitation Act of 1974 applies to our university clients that receive federal funding. Further, in the absence of definitive federal rulemaking, the Web Content Accessibility Guidelines 2. 1, a set of recommendations and technical standards for making websites accessible to individuals with disabilities published by the World Wide Web Consortium, have become the effective standard for learner- facing aspects of our platform. We may not be successful in ensuring that our offerings and services comply with these changing statutory and regulatory requirements, which could make our solutions less attractive to our clients and students, and we expect to incur ongoing costs of compliance. Although we are not an institution of higher education, we are required to comply with certain education laws ~~and~~ **,** regulations **and accreditation standards** as a result of our role as a service provider to higher education institutions, either directly or indirectly through our contractual arrangements with university clients. Failure to comply with these laws ~~and~~ **,** regulations **and standards** could result in breach of contract and indemnification claims and could cause damage to our reputation and impair our ability to grow our business and achieve profitability. Activities of the U. S. Congress or Department of Education could result in adverse legislation ~~or~~ **,** ~~regulatory~~ **regulations , guidance,** actions or investigations. The process of reauthorization of the HEA is expected to continue until the HEA is updated. Congressional hearings may 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 **Title IV programs,** accreditation matters, student debt, student recruiting, cost of tuition, distance learning, competency- based learning, student success and outcomes and other matters. Future hearings may include a discussion of the role of online program management companies. The increased scrutiny and results- based accountability initiatives in the education sector, as well as ongoing policy differences in Congress regarding spending levels and other issues **, including funding legislation for the government' s next fiscal year** , could lead to significant changes in connection with the reauthorization of the HEA or otherwise. These changes may result in new or additional regulatory burdens on postsecondary schools generally, and specific initiatives may be targeted at or have an impact ~~upon~~ **on** companies like us that serve higher education. The adoption of any laws or regulations that limit our ability to provide our services to our university clients could compromise our ability to drive revenue through their programs or make our platform less attractive to them. Congress could also enact laws, authorize regulations or revise guidance that requires us to modify our practices in ways that could increase our costs or decrease our revenues. In addition, ongoing regulatory activities and initiatives of the DOE may have similar consequences for our business even in the absence of Congressional action. For example, **there is a** DOE ~~completed new~~ rulemaking ~~processes~~ -- **process underway** in ~~2022~~ **2024** that ~~may~~ **includes agenda topics related to accreditation, state authorization, and distance education that could** impact our **institutional** partners **and** ~~. While the most recent regulatory changes do not impact~~ our business ~~model,~~ **. The** DOE has ~~released a new~~ **also indicated that it may consider additional** rulemaking agenda **topics** ~~, issued new guidance and indicated it intends to consider future regulatory~~ and guidance changes in ~~2023~~ **2024** ~~, some of which may impact us or our partners~~ . We cannot predict with certainty what these future changes will be, or whether they will lead to any additional reports that may impact our business in the future. Our business model, which depends on our ability to receive a share of tuition revenue as payment from our university clients, has been validated by a DOE " dear colleague " letter, but such validation is not codified by statute or regulation and may be subject to change. Each institution **of higher education** that participates in Title IV programs agrees 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. " Virtually all of our university clients participate in Title IV ~~Programs~~ **programs** . Although this rule, referred to as the incentive compensation rule, generally prohibits entities or individuals from receiving incentive- based compensation payments for the successful recruitment, admission or enrollment of students, the DOE provided official policy guidance in 2011 permitting tuition revenue- sharing arrangements known as the " bundled services rule. " Our current business model relies in part on the bundled services rule to enter into tuition revenue- sharing agreements with our university clients. Because the bundled services rule was promulgated in the form of agency guidance issued by the DOE in the form of a " dear colleague " letter, or DCL, and is not codified by statute or regulation, there is risk that the rule could be altered or removed without customary administrative procedural requirements, such as adequate prior notice **and an opportunity to comment** , that accompany formal agency rulemaking. Although the DCL remains the longstanding policy, **in March 2023,** the DOE ~~has~~ provided notice that ~~they~~ **it** ~~intend~~ **intends** to review the bundled services rule **,** ~~in March 2023~~ with the intent to improve the guidance on the incentive compensation rule with respect to bundled services **. Following this notice, DOE held listening sessions and accepted written feedback from the public on questions it posed. DOE has not indicated if or when it will issue revised guidance on the DCL, and we are unable to determine the impact that any such guidance would have on our business model or results of operations** . In addition, the legal weight the DCL would carry in any litigation over the propriety of any specific compensation or revenue sharing arrangements under the HEA or the incentive compensation rule is uncertain. We can offer no assurances as to how the DCL would be interpreted by a court. The revision, removal or invalidation of the bundled services rule by Congress, the DOE or a court, whether in an action involving our company or our university clients, or in an action that does not involve us, could require us to change our business model and renegotiate the terms of many of our university client contracts and could compromise our ability to generate revenue or otherwise adversely impact our business. Even though the DCL issued in 2011 clarifies that tuition revenue- sharing arrangements with our university clients are permissible, we are still subject to other provisions of the incentive compensation rule that prohibit us from offering to our employees who are involved with or responsible for recruiting or admissions activities any bonus or incentive- based compensation based on the successful ~~identification~~ **recruitment** , admission or enrollment of students into any institution. If we or our subcontractors or agents violate the incentive compensation rule, we could be liable to our university clients for substantial fines, sanctions or other liabilities, including liabilities related to " whistleblower " claims under the federal False Claims Act. Any such claims, even if without merit, could require us to incur significant costs to defend the claim, distract management' s attention and damage our reputation. If we or our university clients fail to meet **the** DOE' s third party servicer requirements, we may incur liabilities, or be fined, limited, suspended or terminated from participating as a ~~third~~ **Third** - ~~party~~ **Party** ~~servicer~~ **Servicer** of Title IV programs. ~~The~~ **On February 15, 2023,** DOE ~~has issued revised~~ **published Dear Colleague Letter GEN- 23- 03, subsequently amended, which updated its existing** guidance ~~indicating~~ **to significantly expand its interpretation of the types of service providers** that **qualify as participating in the administration of Title IV funds under the definition of a " Third- Party Servicer " (TPS). Under this guidance,** entities like ours performing the functions of student recruiting and retention, the provision of software products and services involving Title IV administration activities, and the provision of educational content and instruction, among other things, ~~are now~~ **would have been** deemed “ **Third- Party Servicers ” and would have been subject to regulation by the DOE under the HEA and the DOE’ s regulations and guidance. This guidance also prohibited institutions from contracting with foreign or foreign- owned Third- Party Servicers. On April 4, 2023, the Company filed a lawsuit in federal district court against the DOE and its Secretary that challenged the DOE’ s revised TPS guidance. The lawsuit contends that the DOE’ s expansion of the definition of “ Third- Party Servicer ” from that contained in the HEA, and prohibition on contracting with foreign or foreign- owned TPSs, violated both the HEA and the Administrative Procedure Act. On May 16, 2023, the DOE published Dear Colleague Letter GEN- 23- 08, which rescinded the DOE’ s prohibition on contracting with foreign or foreign- owned** third ~~-~~party ~~servicers~~ - **services** ~~”. Institutions~~ **and further delayed the implementation** of ~~higher education~~ **the remaining TPS guidance, and reinstated the guidance in place prior to DOE’ s February 15, 2023 notice. The DOE stated** that **it plans to publish revised guidance with an effective date at least six months after its publication. The lawsuit remains pending but is stayed awaiting issuance of the DOE’ s revised TPS guidance. We do not know when the DOE will issue this revised guidance or the scope or terms of the guidance. If the Company were deemed to be a TPS under revised regulation and guidance, its risks related to the Title IV obligations of its Title IV eligible partner institutions would increase, as would its regulatory burden, and its ability to** contract with ~~third party servicers are subject~~ **institutions could be limited and our business could be adversely impacted. For example, a TPS is required** to ~~reporting~~ **meet certain administrative capability and financial responsibility** requirements **, which if not met would disqualify it from contracting** with ~~respect to such entities, and the entities themselves are subject to annual audits of the~~ Title IV **eligible** ~~- relevant functions they perform, if such functions are covered by the DOE audit guide then in effect. If the DOE determines that a third party servicer has not met DOE regulations or has violated its fiduciary duty, the DOE may fine the third- party servicer or limit, suspend or terminate the third party servicer’ s participation in Title IV programs. In addition, third party servicers and their institutional~~ **institutions** ~~partners are jointly and severally liable for violating Title IV requirements~~. If we or our subcontractors or agents violate the misrepresentation rule, or similar international, federal and state regulatory requirements, we could face fines, sanctions and other liabilities. We are required to comply with other regulations promulgated by the DOE that affect our student acquisition activities, including the misrepresentation rule. The misrepresentation rule is broad in scope and applies to statements our employees, subcontractors or agents may make about the nature of a university client’ s program, a university client’ s financial charges or the employability of a university client’ s program graduates. A violation of this rule, FTC rules or other international, federal or state regulations applicable to our marketing activities by our university client, ~~an~~ **our** ~~employee~~ **employees** , ~~subcontractor~~ **subcontractors** or ~~agent~~ **agents** performing services for clients could lead to governmental investigations and sanctions, hurt our reputation, result in the termination of university client contracts **and our ability to contract with institutions** , require us to pay fines or other monetary penalties or require us to pay the costs associated with indemnifying a university client from private claims or government investigations. If our university clients fail to maintain their state authorizations, or we or our university clients violate other state laws and regulations, students in their offerings could be adversely affected and we could lose our ability to operate in that state and provide services to these university clients. Our university clients must be authorized in certain states to offer online educational offerings, engage in recruiting and operate externships, internships, clinical training or other forms of field experience, depending on state law. The loss of or failure to obtain state authorization would, among other things, limit the ability of a university client to enroll students in that state, render the university client and its students ineligible to participate in Title IV programs **or receive other aid** in that state, diminish the attractiveness of the university client’ s offering and ultimately compromise our ability to generate revenue and become profitable. In addition, if we or any of our university clients fail to comply with any state agency’ s rules, regulations or standards beyond authorizations, the state agency or state attorney general could limit the ability of the university client to offer educational offerings in that state or limit our ability to perform our contractual obligations to our university client in that state. If our university clients fail to maintain institutional or programmatic accreditation for their offerings, our revenue could be materially affected. The loss or suspension of a university client’ s accreditation or other adverse action by the university client’ s institutional or programmatic accreditor ~~would~~ **could** render the institution or its offerings ineligible to participate in Title IV programs, could prevent the university client from offering certain educational offerings and, for certain degree- granting programs, could make it impossible for the graduates of the university client’ s program to obtain employment in the profession for which they trained. If any of these results occurs, it could hurt our ability to generate revenue from that offering. Our university clients are required to obtain the appropriate approvals from the DOE and applicable state and accrediting regulatory agencies for new programs or locations, which may be conditioned, delayed or denied in a manner that could impair our strategic plans and future growth. Regulatory constraints have resulted in delays to various approvals our university clients are requesting, and such delays could in turn delay the timing of **our ability to generate revenue from our university clients’ programs. In addition, changes to accrediting agency standards, policies and procedures could also delay university program approvals and negatively impact** our ability to generate revenue from our university clients’ programs. If more state agencies require specialized approval of our university clients’ offerings, our operating costs could increase significantly, approval times could lag, or we could be prohibited from operating in certain states. In addition to state licensing agencies, our university clients may be required to obtain approval from professional licensing boards in certain states to offer specialized programs in specific fields of study. Currently, relatively few states require institutions to obtain professional board approval for their online educational offerings. However, more states could pass laws requiring our university clients’ offerings, such as graduate programs in teaching or nursing, to obtain approval from state professional boards. If a significant number of states pass additional laws requiring schools to obtain professional board approval, the cost of obtaining all necessary state approvals could dramatically increase, which could make our platform less attractive to university clients, and these university clients could be barred from operating in some states entirely. Evolving regulations and legal obligations related to data privacy, data protection and information security, and our actual or perceived failure to comply with such obligations, could have an adverse effect on our business. The legislative and regulatory framework for privacy and data security is rapidly evolving and likely is to remain uncertain for the foreseeable future. In providing our platform to university clients and in operating our business, we collect and process regulated personal information from students, faculty, prospective students and employees. Our handling of this personal information is subject to a variety of laws and regulations, which have been adopted by federal, state and foreign governments to regulate the collection, distribution, use and storage of personal information. Any failure or perceived failure by us to comply with these data protection laws and regulations or any security incident that results in the unauthorized release or transfer of this personal information in our possession, could result in government enforcement actions, litigation, fines and penalties or adverse publicity, all of which could have an adverse effect on our reputation and business. Various federal, state and foreign legislative, regulatory or other governmental bodies have adopted laws or regulations concerning privacy, security, data storage and data protection that could materially adversely impact our business. Moreover, much of the personal information we collect and process is regulated by multiple privacy laws across various jurisdictions. For example, the General Data Protection Regulation (" GDPR "), which took effect in May 2018, introduced robust requirements for the protection of personal data of individuals in the European Union (" EU ") and substantial fines for non- compliance, including fines up to 4 % of a Company' s annual global revenue. However, with the withdrawal of the United Kingdom (" UK ") from the EU in 2020, we must also now comply with the local laws of that jurisdiction such as the UK Data Protection Act 2018 and the UK General Data Protection Regulation. This introduces the risk of possible enforcement from a separate data protection authority, with its distinct power to impose substantial fines for non- compliance. As another example, in July 2020, South Africa' s privacy law known as the Protection of Personal Information Act became effective, mandating new requirements for processing of personal information ~~by entities domiciled~~ in South Africa, and our Company must comply with these laws. We are also subject to evolving EU rules on data transfer, as we may transfer personal data from the European Economic Area to other jurisdictions. The invalidation of the EU- U. S. Privacy Shield framework in July 2020 **, enforcement action by certain EU data protection authorities (such as the Irish Data Protection Commission in May 2023)** and introduction of updated Standard Contractual Clauses (SCC) in 2021 for alternative means of cross- border data transfer, results in additional complexity and risk to our compliance measures. **The European Commission issued an adequacy decision in respect of the EU- US Data Privacy Framework on July 10, 2023, permitting transfers of personal data from the EU to U. S. organizations certified under the Framework, without additional transfer mechanisms. However, legal challenges to the validity of this adequacy decision have already been lodged in the EU, with further challenges expected.** Moreover, other new regulations, such as the Digital Services Act, which entered into force in the UK on November 16, 2022 **, and will apply to all EU member states in February 2024** , and California' s Age Appropriate Design Code, passed in August 2022 and going into effect in July 2024, place additional obligations on online platforms and the ways in which they handle, share and disclose data. In the U. S., the California Consumer Privacy Act (" CCPA ") took effect in January 2020. Pursuant to the CCPA, we are required, among other things, to meet certain enhanced notice requirements to California residents regarding our use or disclosure of their personal information, allow California residents to opt- out of certain uses and disclosures of their personal information without penalty, and provide Californians with other choices related to personal data in our possession. The California Attorney General may seek substantial monetary penalties and injunctive relief in the event of our non- compliance with the CCPA. The CCPA also allows for private lawsuits from Californians in the event of certain data breaches. The CCPA was amended by the California Privacy Rights Act (" CPRA "), which went into effect on January 1, 2023 (regulations pending). CPRA places additional obligations on covered businesses regarding consumer opt- out rights and use of sensitive data, among other requirements. Moreover, Virginia, Utah, Connecticut and Colorado all have passed new privacy laws that ~~either~~ went into effect in ~~2022~~ **2023** ~~or~~ **. New privacy laws have also recently been passed in Indiana, Iowa, Montana, and Tennessee, which** will go into effect ~~in~~ **between** ~~2023~~ **2024 and 2026** . **There are a number of additional proposals for U. S. federal and state privacy laws that, if passed, could increase our potential liability, add layers of complexity to compliance in the U. S. market, increase our compliance costs, and adversely impact our business. However,** ~~Without~~ **without** an overarching federal law driving privacy compliance in the U. S., 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. We also expect that there will continue to be new proposed laws, regulations, rulings and industry standards concerning privacy, security, data storage and data protection in the U. S., the EU and other jurisdictions, and we cannot yet determine the impact such future laws, regulations, rulings and standards may have on our business. For example, the European ePrivacy Directive (Directive 2002 / 58 / EC, as amended by Directive 2009 / 136 / EC), which obliges EU member states to introduce certain national laws regulating privacy in the electronic communications sector, will soon be replaced by the ePrivacy Regulation. As the text of the ePrivacy Regulation is still under development and in draft form, and as further guidance is issued and interpretations of both the ePrivacy Regulation and the GDPR develop, it is difficult to assess the impact of either on our business or operations, but it may require us to modify our data practices and policies. In addition, in 2021 new privacy laws were passed in China, Brazil and other jurisdictions, and **in 2023, a new privacy law was passed in India.** ~~many~~ **Many** countries are considering updates to their current data protection regulations, including Australia ~~and India~~ . Complying with these and other changing requirements could cause us to incur substantial costs, or require us to change our business practices, any of which could materially adversely affect our business and operating results. 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 clients 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 contract with one or more of our university clients and could harm our reputation. Further, in the event that we disclose student information in violation of FERPA, the DOE could require a university client to suspend our access to its student information for at least five years. In our Alternative Credential Segment, we are subject to risks and compliance rules and regulations related to the third- party credit card payment processing platform integrated within our websites or otherwise used by our business. Students typically use a credit or debit card to pay application and enrollment fees and to make tuition payments for the offerings in our Alternative Credential Segment that are not free. We are subject to payment card association operating rules, certification requirements and rules governing electronic funds transfers, which could change or be reinterpreted to make it difficult or impossible for us to comply. We believe that we and the payment processing service providers we use are compliant in all material respects with the Payment Card Industry Data Security Standard. However, there is no guarantee that such compliance will be maintained or that compliance will prevent illegal or improper use of our systems that are integrated with our payment processing providers. If we or any of the third- party payment processors we use fail to be in compliance with applicable credit card rules and regulations, we may be required to migrate to an alternate payment processor which could result in transaction downtime during the migration and / or a loss of students and have a material adverse effect on our business, financial condition and results of operations. We are subject to governmental export, import and sanctions controls that could impair our ability to compete in international markets and subject us to liability if we are not in full compliance with applicable laws. Our business activities are subject to various restrictions under U. S. export and similar laws and regulations, including the U. S. Department of Commerce' s Export Administration Regulations and various economic and trade sanctions regulations administered by the U. S. Treasury Department' s Office of Foreign Assets Controls. The U. S. export control laws and U. S. economic sanctions laws include restrictions or prohibitions on the sale of certain services to U. S. embargoed or sanctioned countries, governments, persons, and entities. In addition, various countries regulate the import of certain technology and have enacted or could enact laws that could limit our ability to provide students access to our platform or could limit our students' ability to access or use our services in those countries. Changes in our platform, or future changes in export and import regulations, may prevent our international students from utilizing our platform or, in some cases, prevent the export or import of our platform to certain countries, governments, or persons altogether. Any change in export or import regulations, economic sanctions, or related legislation or changes in the countries, governments, persons, or technologies targeted by such regulations, could result in decreased use of our platform by, or in our decreased ability to export or sell subscriptions to our platform to, existing or potential students internationally. Any decreased use of our platform or limitation on our ability to export or sell our platform would adversely affect our business, results of operations, and financial results. Risks Related to Intellectual Property We operate in an industry with extensive intellectual property litigation. Claims of infringement against us may hurt our business. Our success depends, in part, upon our ability to avoid infringing intellectual property rights owned by others and being able to resolve claims of intellectual property infringement without major financial expenditures or adverse consequences. The technology and software fields generally are characterized by extensive intellectual property litigation and many companies that own, or claim to own, intellectual property have aggressively asserted their rights. In addition, we face potential copyright and trademark infringement from the content we produce in connection with our marketing activities, including in websites related to our offerings. From time to time, we may be subject to legal proceedings and claims relating to the intellectual property rights of others, and we expect that third parties will assert intellectual property claims against us, particularly as we expand the complexity and scope of our business. In addition, our university client agreements require us to indemnify our university clients against claims that our platform infringes the intellectual property rights of third parties. Future litigation may be necessary to defend ourselves or our university clients from intellectual property infringement claims or to establish our proprietary rights. Some of our competitors have substantially greater resources than we do and would be able to sustain the costs of complex intellectual property litigation to a greater degree and for longer periods of time than we could. In addition, patent holding companies that focus solely on extracting royalties and settlements by enforcing patent rights may target us. Regardless of whether claims that we are infringing patents or other intellectual property rights have any merit, these claims are time- consuming and costly to evaluate and defend and could: • hurt our reputation; • adversely affect our relationships with our current or future university clients; • cause delays or stoppages in providing our platform; • divert management' s attention and resources; • require technology changes to our software that could cause us to incur substantial cost; • subject us to significant liabilities; and • require us to cease some or all of our activities. In addition to liability for monetary damages against us, which may include attorneys' fees, treble damages in the event of a finding of willful infringement, or, in some circumstances, damages against our university clients, we may be prohibited from developing, commercializing or continuing to provide some or all of our bundled technology- enabled platform unless we obtain licenses from, and pay royalties to, the holders of the patents or other intellectual property rights, which may not be available on commercially favorable terms, or at all. We may incur liability, or our reputation may be harmed, as a result of the activities of our university clients and students or the content in our online learning platforms. We may be subject to potential liability for the activities of our university clients or students in connection with the data they post or store in our online learning platforms. For example, university personnel or students, or our employees or independent contractors, may post to our online learning platforms various articles or other third- party content for use in class discussions or within asynchronous lessons. Various U. S. federal statutes may apply to us with respect to these activities. For example, the Digital Millennium Copyright Act of 1998, or DMCA and the Communications Decency Act, or CDA, have provisions that limit our liability for certain content posted by third parties on our platforms. Although statutes and case law in the U. S. have generally shielded us from liability for these activities to date, court rulings in pending or future litigation may narrow the scope of protection afforded us under these laws. In addition, laws governing these activities are unsettled in many international jurisdictions. As a result, we could incur liability to third parties for the unauthorized duplication, distribution or other use of third- party content. Any such claims could subject us to costly litigation and impose a significant strain on our financial resources and management personnel regardless of whether the claims have merit. Our various liability insurance coverages may not cover potential claims of this type adequately or at all, and we may be required to alter or cease our uses of such material, which may include changing or removing content from courses or altering the functionality of our online learning platform, or to pay monetary damages. 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, as described elsewhere, 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 and these incidents could harm our reputation and business. Our failure to protect our intellectual property rights could diminish the value of our platform, weaken our competitive position and reduce our revenue. We regard the protection of our intellectual property, which includes trade secrets, copyrights, trademarks and domain names, as critical to our success. We protect our proprietary information from unauthorized use and disclosure by entering into confidentiality agreements with any party that may come in contact with such information. We also seek to ensure that we own intellectual property created for us by signing agreements with employees, independent contractors, consultants, companies and any other third party that may create intellectual property for us that assigns any copyright and patent rights to us. However, these arrangements and the other steps we have taken to protect our intellectual property may not prevent the misappropriation of our proprietary information or deter independent development of similar technologies by others. We pursue the registration of our domain names, trademarks and service marks in the United States and in jurisdictions outside the United States. However, third parties may knowingly or unknowingly infringe on our trademark or service mark rights, third parties may challenge our trademark or service mark rights, and pending or future trademark or service mark applications may not be approved. In addition, effective trademark protection may not be available in every country in which we operate or intend to operate. In any or all cases, we may be required to expend significant time and expense to prevent infringement or enforce our rights. Monitoring unauthorized use of our intellectual property is difficult and costly. Our efforts to protect our proprietary rights may not be adequate to prevent misappropriation of our intellectual property. Further, we may not be able to detect unauthorized use of, or take appropriate steps to enforce, our intellectual property rights. Our competitors may also independently develop similar technology. In addition, the laws of many countries may not protect our proprietary rights to as great an extent as do the laws of the United States. Further, the laws in the United States and elsewhere change rapidly, and any future changes could adversely affect us and our intellectual property rights. Our failure to meaningfully protect our intellectual property could result in competitors offering services that incorporate our most technologically advanced features, which could seriously reduce demand for our platform. In addition, we may in the future need to initiate litigation such as infringement or administrative proceedings, to protect our intellectual property rights. Litigation, whether we are a plaintiff or a defendant, can be expensive, time- consuming and may divert the efforts of our technical staff and managerial personnel, whether or not such litigation results in a determination that is unfavorable to us. In addition, litigation is inherently uncertain, and thus we may not be able to stop our competitors from infringing upon our intellectual property rights. The use of " open source " software in our platform could negatively affect our ability to offer our platform and subject us to possible litigation. A portion of our platform incorporates so- called " open source " software, and we may incorporate additional open source software in the future. Certain open source licenses may, in certain circumstances, require us to offer our platform that incorporates the open source software for no cost, to make available source code for modifications or derivative works we create based upon, incorporating or using the open source software and to license such modifications or derivative works under the terms of the particular open source license. Our efforts to monitor the use of open source software in our platform to ensure that no open source software is used in such a way as to require us to disclose our source code when we do not wish to do so, may be unable to prevent such use from occurring. In addition, if a third- party software provider has incorporated certain types of open source software into software we license from such third party without our knowledge, we could, under certain circumstances, be required to comply with the foregoing conditions. If an author or other third party that distributes open source software that we use were to allege that we had not complied with the conditions of one or more of these licenses, we could be required to incur significant legal expenses defending against such allegations and could be subject to significant damages, including being enjoined from offering the component of our platform that contained the open source software and being required to comply with the foregoing conditions, which could disrupt our ability to offer certain components of our platform. We could also be subject to suits by parties claiming ownership of what we believe to be open source software. The terms of many open source licenses to which we are subject have not been interpreted by U. S. or foreign courts. Accordingly, there is a risk that those licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to offer our platform. Litigation could be costly for us to defend, have a negative effect on our operating results and financial condition and require us to devote additional research and development resources to change our products. Individuals that appear in content hosted on our online learning platform may claim violation of their rights. Faculty and students that appear in video segments hosted on our online learning platform may claim that proper assignments, licenses, consents and releases were not obtained for use of their likenesses, images or other contributed content. Our contracts typically require that our university clients ensure that proper assignments, licenses, consents and releases are obtained for their course material, but we cannot know with certainty that they have obtained all necessary rights. Moreover, the laws governing rights of publicity and privacy, and the laws governing faculty ownership of course content, are imprecise and adjudicated on a case- by- case basis, such that the enforcement of agreements to transfer the necessary rights is unclear. As a result, we could incur liability to third parties for the unauthorized duplication, display, distribution or other use of this material.

Any such claims could subject us to costly litigation and impose a significant strain on our financial resources and management personnel regardless of whether the claims have merit. Our various liability insurance coverages may not cover potential claims of this type adequately or at all, and we may be required to alter or cease our use of such material, which may include changing or removing content from courses, or to pay monetary damages. Moreover, claims by faculty and students could damage our reputation, regardless of whether such claims have merit. We do not control and may be unable to predict the future path of the Open edX Platform. Certain of our offerings are hosted on the Open edX Platform that is owned by the non- profit entity that survived the edX Acquisition. We do not own the Open edX Platform and we do not control and may be unable to predict the future path of open source technology development of the Open edX Platform, including the ongoing development of open source components used in the Open edX Platform, which could reduce the appeal of our offerings hosted on the Open edX Platform and damage our reputation. If open source software programmers, many of whom we do not employ, or our own internal programmers do not continue to develop and enhance the Open edX Platform, we may be unable to meet student or university requirements. Risks Related to Ownership of Our Common Stock Our operating results have fluctuated in the past and may do so in the future, which could cause our stock price to decline. Our operating results have historically fluctuated due to seasonality and changes in our business, and our future operating results may vary significantly due to a variety of factors, many of which are beyond our control. You should not rely on period- to- period comparisons of our operating results as an indication of our future performance. Factors that may cause fluctuations in our operating results include, but are not limited to, the following: • the timing of our costs incurred in connection with the launch of new degree programs and the delay in receiving revenue from these new programs, which delay may last for several years; • seasonal variation driven by the semester schedules for our university clients' degree programs and seasonal engagement patterns of students on the edX marketplace, which may vary from year to year; • changes in the student enrollment and retention levels in our university clients' offerings; • changes in our key metrics or the methods used to calculate our key metrics; • changes in tuition rates; • the timing and amount of our marketing and sales expenses; • costs necessary to improve and maintain our platform; • fluctuations in foreign currency exchange rates; • the impact of pandemics, including on the global economy, educational institutions and our results of operations; • costs related to any acquisition and integration of business and technology; • our ability to effectively integrate businesses and technologies that we acquire; • impairment of goodwill or intangible assets; and • changes in the prospects of the economy generally, which could alter current or prospective university clients' or students' spending priorities or could increase the time it takes us to launch new offerings. Our operating results may fall below the expectations of market analysts and investors in some future periods, which could cause the market price of our common stock to decline substantially. The trading price of the shares of our common stock may be volatile, and purchasers of our common stock could incur substantial losses. The trading price of the shares of our common stock may be volatile. The stock market in general, and the market for technology companies in particular, have experienced extreme volatility that has often been unrelated to the operating performance of particular companies. As a result of this volatility, investors may not be able to sell their common stock at or above the price paid for the shares. The market price for our common stock may be influenced by many factors, including: • actual or anticipated variations in our operating results; • variations between our actual operating results and the expectations of securities analysts, investors and the financial community; • changes in financial estimates by us or by any securities analysts who might cover our stock or our failure to meet these financial estimates; • conditions or trends in our industry, the stock market or the economy **, including the impact of recessions, inflation, and currency and interest rate fluctuations** ; • the level of demand for our stock, including the amount of short interest in our stock; • stock market price and volume fluctuations of comparable companies and, in particular, those that operate in the software and information technology industries; • announcements by us or our competitors of new product or service offerings, significant acquisitions, strategic partnerships or divestitures; • announcements of investigations or regulatory scrutiny of our operations or lawsuits filed against us; • capital commitments; • investors' general perception of our company and our business; • actions instituted by activist shareholders or others; • lawsuits threatened or filed against us; • recruitment or departure of key personnel; • sales of our common stock, including sales by our directors and officers or specific stockholders; and • other factors such as political or social unrest, **labor strikes or other widespread work stoppages,** terrorist attacks, ~~other hostilities,~~ natural disasters ~~and~~ **,** potential public health crises **and other hostilities within or beyond areas where we currently have, or may in the future have, international operations** , such as ~~COVID- 19~~ **the ongoing conflicts in Ukraine and the Middle East** . Activist shareholders who disagree with the composition of our board of directors, our strategy or the way we are managed may seek to effect change through various strategies that range from private engagement to publicity campaigns, proxy contests, efforts to force transactions not supported by our board of directors and litigation. Responding to these actions may be costly and time- consuming, disrupt our operations, divert the attention of our board of directors, management and employees and interfere with the execution of our strategic plan. A contested election could also require us to incur substantial legal and public relations fees and proxy solicitation expenses. The perceived uncertainty as to our future direction resulting from activist strategies could also affect the market price and volatility of our common stock. As described in Part I, Item 3 of this Annual Report on Form 10- K, certain ~~stockholders and~~ consumers have initiated class action lawsuits against us ~~and certain of our employees and directors~~ . Our defense against this litigation has caused and will continue to cause us to incur additional expenses and continue to divert management' s attention and resources from our business. Provisions in our corporate charter documents and under Delaware law may prevent or frustrate attempts by our stockholders to change our management and hinder efforts to acquire a controlling interest in us, and the market price of our common stock may be lower as a result. Provisions in our amended and restated certificate of incorporation and amended and restated bylaws may make it difficult for a third party to acquire, or attempt to acquire, control of our company, even if a change in control is considered favorable by you and other stockholders. For example, our board of directors has the authority to issue up to 5, 000, 000 shares of preferred stock. The board of directors can fix the price, rights, preferences, privileges, and restrictions of the preferred stock without any further vote or action by our stockholders. An issuance of shares of preferred stock may result in the loss of voting control to other stockholders, which could delay or prevent a change in control transaction. As a result, the market price of our common stock and the voting and other rights of our stockholders may be adversely affected. Our charter documents also contain other provisions that could have an anti- takeover effect, including: • our board of directors is divided into three classes, with each class serving three- year staggered terms, until our 2025 annual meeting of shareholders; • stockholders are not entitled to remove directors other than by a 66 2 / 3 % vote and only for cause; • stockholders are not permitted to take actions by written consent; • stockholders are not permitted to call a special meeting of stockholders; • our board of directors is allowed to adopt, amend or repeal our bylaws; and • stockholders are required to give us advance notice of their intention to nominate directors or submit proposals for consideration at stockholder meetings. In addition, we are subject to the anti- takeover provisions of Section 203 of the Delaware General Corporation Law (" DGCL "), which regulates corporate acquisitions by prohibiting Delaware corporations from engaging in specified business combinations with particular stockholders of those companies. These provisions could discourage potential acquisition proposals and could delay or prevent a change in control transaction. They could also have the effect of discouraging others from making tender offers for our common stock, including transactions that may be in your best interests. These provisions may also prevent changes in our management or limit the price that investors are willing to pay for our stock. Our amended and restated certificate of incorporation provides that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware and the state and federal courts located within the State of Delaware are the exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to choose the judicial forum for disputes with us or our directors, officers, stockholders, or employees and, in turn, discourage lawsuits against our directors, officers, or employees. Our amended and restated certificate of incorporation provides that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, another state or federal court in the State of Delaware) will be the sole and exclusive forum for any derivative action or proceeding brought on our behalf; any action asserting a claim of breach of a fiduciary duty owed by any of our directors, stockholders, officers, or other employees to us or our stockholders; any action arising pursuant to any provision of the DGCL, our amended and restated certificate of incorporation, or our bylaws; and any action asserting a claim that is governed by the internal affairs doctrine. This exclusive forum provision would not apply to any action brought to enforce a duty or liability created by the Exchange Act or any other claim for which the federal courts of the United States have exclusive jurisdiction. This exclusive forum provision may limit a stockholder' s ability to bring a claim in a judicial forum of its choosing for disputes with us or our current or former directors, officers, stockholders, or other employees, which may discourage such lawsuits against us and our current and former directors, officers, stockholders, and other employees. Alternatively, if a court were to find the exclusive forum provision in our amended and restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur further significant additional costs associated with resolving such action in other jurisdictions, all of which could have a material adverse effect on our business, financial condition, and results of operations. Concentration of ownership of our common stock among our existing executive officers, directors and large stockholders may prevent smaller stockholders from influencing significant corporate decisions. Our executive officers, directors and current beneficial owners of 5 % or more of our common stock and their respective affiliates, in the aggregate, beneficially own a substantial percentage of our outstanding common stock. These persons, acting together, are able to significantly influence all matters requiring stockholder approval, including the election and removal of directors, any merger, consolidation, sale of all or substantially all of our assets, or other significant corporate transaction. The interests of this group of stockholders may not coincide with our interests or the interests of other stockholders. 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. 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. In addition, the terms of our Term Loan Agreement preclude, and the terms of any future debt agreements are likely to similarly preclude, us from paying 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. General Risk Factors Increased scrutiny and changing expectations from investors, customers, employees, and others regarding our environmental, social and governance practices and reporting could cause us to incur additional costs, devote additional resources and expose us to additional risks, which could adversely impact our reputation, customer acquisition and retention, access to capital and employee retention. Companies across all industries are facing increasing scrutiny related to their environmental, social and governance, or ESG, practices and reporting. Investors, customers, employees and other stakeholders have focused increasingly on ESG practices and placed increasing importance on the implications and social cost of their investments, purchases and other interactions with companies. For example, many investment funds focus on positive ESG business practices and sustainability scores when making investments and may consider a company' s ESG or sustainability scores as a reputational or other factor in making an investment decision. In addition, investors, particularly institutional investors, use these scores to benchmark companies against their peers and if a company is perceived as lagging, these investors may engage with such company to improve ESG disclosure or performance and may also make voting decisions on this basis. With this increased focus and demand, public reporting regarding ESG practices is becoming more broadly expected. If our ESG practices and reporting do not meet investor, customer, or employee expectations, which continue to evolve, our brand and reputation may be negatively impacted. Any disclosure we make may include our policies and practices on a variety of ESG matters, including corporate governance, environmental compliance, employee health and safety practices, human capital management, and workforce inclusion and diversity. It is possible that stakeholders may not be satisfied with our ESG reporting, our ESG practices or our speed of adoption. We could also incur additional costs and devote additional resources to monitor, report and implement various ESG practices **, including resources required to comply with any final SEC rulemaking related to climate**

disclosures, the proposed rule for which was published by the SEC on March 21, 2022 . If we fail, or are perceived to be failing, to meet the standards included in any sustainability disclosure or the expectations of our various stakeholders, it could negatively impact our reputation, access to capital and employee retention. 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 fees and internal costs to further expand our accounting and finance functions and expend significant management efforts. We may in the future discover material weaknesses in our system of internal financial and accounting controls and procedures that could result in a material misstatement of our financial statements. In addition, our internal control over financial reporting will not prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system' s objectives will be met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to errors or fraud will not occur or that all control issues and instances of fraud will be detected. 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 Securities and Exchange Commission, or SEC, or other regulatory authorities. Our results of operations could be adversely affected by natural disasters, public health crises, political crises, political or geopolitical crises, the physical effects of climate changes or other catastrophic events. Our business and operations could be materially and adversely affected in the event of droughts, floods, fires, telecommunications failures, blackouts or other power losses, break- ins, acts of terrorism, an outbreak of hostilities, political or geopolitical crises such as **conflicts in** ~~Russia' s recent invasion of the~~ Ukraine **and the Middle East** , inclement weather, the physical effects of climate change, public health crises, pandemics or endemics, or other catastrophic events. For example, the uncertain nature, magnitude, and duration of hostilities stemming from Russia' s ~~recent~~ military invasion of ~~the~~ Ukraine **or the conflict in the Middle East** , including the potential effects of sanctions and retaliatory cyber- attacks on the world economy and markets, have contributed to increased market volatility and uncertainty, which could negatively impact our results of operations. ~~42~~ **If floods, fire, inclement weather including extreme rain, wind, heat, or cold, or accidents due to human error were to occur and cause damage to our properties or other locations from which our employees are working, or if our operations or the operations of our service providers were interrupted by telecommunications failures, blackouts, acts of terrorism or outbreak of hostilities, political or geopolitical crises, or public health crises, our results of operations would suffer, especially if such events were to occur during peak periods. We may not be able to effectively shift our operations due to disruptions arising from the occurrence of such events, and our business could be affected adversely as a result. Further, risks related to rapid climate change may have an increasingly adverse impact on our business and those of our university clients and students in the longer term. Any of our primary locations and the locations of our university clients and students may be vulnerable to the adverse effects of climate change. Changing market dynamics, global policy developments, and the increasing frequency and impact of extreme weather events on critical infrastructure in the U. S., South Africa, and elsewhere have the potential to disrupt our business and the business of our university clients and students, and may cause us to experience higher attrition, losses, and additional costs to maintain our operations. Further, the effects of climate change may negatively impact regional and local economic activity, which could lead to an adverse effect on our university clients and students and impact the communities in which we operate. Overall, climate change, its effects, and the resulting, unknown impact could have a material adverse effect on our financial condition and results of operations.**