

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

Quarterly Report Pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934

For the quarterly period ended March 31, 2025

or

Transition Report Pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934

For the transition period from to

Commission File No. 0-21039

Strategic Education, Inc.

(Exact name of registrant as specified in this charter)

Maryland

(State or other jurisdiction of
incorporation or organization)

2303 Dulles Station Boulevard
Herndon, VA

(Address of principal executive offices)

52-1975978

(I.R.S. Employer
Identification No.)

20171

(Zip Code)

Registrant's telephone number, including area code: (703) 561-1600

Securities Registered Pursuant to Section 12(b) of the Exchange Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 par value	STRA	Nasdaq Global Select Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

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

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of April 11, 2025, there were outstanding 24,163,239 shares of Common Stock, par value \$0.01 per share, of the Registrant.

STRATEGIC EDUCATION, INC.
INDEX
FORM 10-Q

[PART I — FINANCIAL INFORMATION](#)

Item 1.	Financial Statements	
	Unaudited Condensed Consolidated Balance Sheets at December 31, 2024 and March 31, 2025	3
	Unaudited Condensed Consolidated Statements of Income for the three months ended March 31, 2024 and 2025	4
	Unaudited Condensed Consolidated Statements of Comprehensive Income for the three months ended March 31, 2024 and 2025	4
	Unaudited Condensed Consolidated Statements of Stockholders' Equity for the three months ended March 31, 2024 and 2025	5
	Unaudited Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2024 and 2025	6
	Notes to Unaudited Condensed Consolidated Financial Statements	7
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	24
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	32
Item 4.	Controls and Procedures	33

[PART II — OTHER INFORMATION](#)

Item 1.	Legal Proceedings	34
Item 1A.	Risk Factors	34
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	37
Item 3.	Defaults Upon Senior Securities	37
Item 4.	Mine Safety Disclosures	37
Item 5.	Other Information	37
Item 6.	Exhibits	39

SIGNATURES		40
----------------------------	--	--------------------

PART I — FINANCIAL INFORMATION**Item 1. Financial Statements**

STRATEGIC EDUCATION, INC.
UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

	<u>December 31, 2024</u>	<u>March 31, 2025</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 137,074	\$ 144,215
Marketable securities	46,949	38,424
Tuition receivable, net	76,127	90,314
Other current assets	44,793	55,334
Total current assets	<u>304,943</u>	<u>328,287</u>
Property and equipment, net	111,247	109,672
Right-of-use lease assets	103,673	100,293
Marketable securities, non-current	14,981	14,984
Intangible assets	245,098	245,452
Goodwill	1,206,883	1,209,710
Other assets	62,910	65,815
Total assets	<u>\$ 2,049,735</u>	<u>\$ 2,074,213</u>
LIABILITIES & STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 101,749	\$ 102,665
Income taxes payable	2,926	10,190
Contract liabilities	89,563	126,505
Lease liabilities	22,222	20,076
Total current liabilities	<u>216,460</u>	<u>259,436</u>
Deferred income tax liabilities	27,586	30,701
Lease liabilities, non-current	103,004	99,407
Other long-term liabilities	40,186	41,355
Total liabilities	<u>387,236</u>	<u>430,899</u>
Commitments and contingencies		
Stockholders' equity:		
Common stock, par value \$0.01; 32,000,000 shares authorized; 24,502,385 and 24,261,716 shares issued and outstanding at December 31, 2024 and March 31, 2025, respectively	245	243
Additional paid-in capital	1,532,414	1,502,852
Accumulated other comprehensive loss	(88,565)	(85,221)
Retained earnings	218,405	225,440
Total stockholders' equity	<u>1,662,499</u>	<u>1,643,314</u>
Total liabilities and stockholders' equity	<u>\$ 2,049,735</u>	<u>\$ 2,074,213</u>

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

STRATEGIC EDUCATION, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share data)

	For the three months ended March 31,	
	2024	2025
Revenues	\$ 290,250	\$ 303,590
Costs and expenses:		
Instructional and support costs	157,709	158,286
General and administration	96,695	103,596
Restructuring costs	(5,510)	1,914
Total costs and expenses	248,894	263,796
Income from operations	41,356	39,794
Other income	1,794	2,211
Income before income taxes	43,150	42,005
Provision for income taxes	13,448	12,261
Net income	\$ 29,702	\$ 29,744
Earnings per share:		
Basic	\$ 1.27	\$ 1.28
Diluted	\$ 1.23	\$ 1.24
Weighted average shares outstanding:		
Basic	23,391	23,320
Diluted	24,060	24,065

STRATEGIC EDUCATION, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)

	For the three months ended March 31,	
	2024	2025
Net income	\$ 29,702	\$ 29,744
Other comprehensive income (loss):		
Foreign currency translation adjustments	(26,650)	3,343
Unrealized gains on marketable securities, net of tax	143	1
Comprehensive income	\$ 3,195	\$ 33,088

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

STRATEGIC EDUCATION, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands, except share data)

	For the three months ended March 31, 2024					
	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
	Shares	Par Value				
Balance at December 31, 2023	24,406,816	\$ 244	\$ 1,517,650	\$ 168,871	\$ (34,247)	\$ 1,652,518
Stock-based compensation	—	—	5,329	—	—	5,329
Exercise of stock options	2,236	—	145	—	—	145
Issuance of restricted stock, net	198,887	2	(3,833)	—	—	(3,831)
Common stock dividends (\$0.60 per share)	—	—	—	(14,773)	—	(14,773)
Foreign currency translation adjustment	—	—	—	—	(26,650)	(26,650)
Unrealized gains on marketable securities, net of tax	—	—	—	—	143	143
Net income	—	—	—	29,702	—	29,702
Balance at March 31, 2024	24,607,939	\$ 246	\$ 1,519,291	\$ 183,800	\$ (60,754)	\$ 1,642,583

	For the three months ended March 31, 2025					
	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
	Shares	Par Value				
Balance at December 31, 2024	24,502,385	\$ 245	\$ 1,532,414	\$ 218,405	\$ (88,565)	\$ 1,662,499
Stock-based compensation	—	—	5,471	—	—	5,471
Exercise of stock options	762	—	43	—	—	43
Issuance of restricted stock, net	149,871	2	(9,317)	—	—	(9,315)
Repurchase of common stock	(391,302)	(4)	(25,759)	(7,937)	—	(33,700)
Common stock dividends (\$0.60 per share)	—	—	—	(14,772)	—	(14,772)
Foreign currency translation adjustment	—	—	—	—	3,343	3,343
Unrealized gains on marketable securities, net of tax	—	—	—	—	1	1
Net income	—	—	—	29,744	—	29,744
Balance at March 31, 2025	24,261,716	\$ 243	\$ 1,502,852	\$ 225,440	\$ (85,221)	\$ 1,643,314

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

STRATEGIC EDUCATION, INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	For the three months ended March 31,	
	2024	2025
Cash flows from operating activities:		
Net income	\$ 29,702	\$ 29,744
Adjustments to reconcile net income to net cash provided by operating activities:		
Gain on early termination of operating leases, net	(6,166)	—
Amortization of deferred financing costs	140	106
Amortization of investment discount/premium	(27)	(86)
Depreciation and amortization	11,069	11,195
Deferred income taxes	2,406	3,076
Stock-based compensation	5,329	5,471
Impairment of right-of-use lease assets	—	79
Changes in assets and liabilities:		
Tuition receivable, net	(7,183)	(13,385)
Other assets	(7,950)	(11,434)
Accounts payable and accrued expenses	6,218	492
Income taxes payable and income taxes receivable	8,586	7,234
Contract liabilities	36,035	37,815
Other liabilities	(529)	(2,651)
Net cash provided by operating activities	<u>77,630</u>	<u>67,656</u>
Cash flows from investing activities:		
Purchases of property and equipment	(9,188)	(10,318)
Purchases of marketable securities	—	(25,635)
Proceeds from marketable securities	8,220	34,342
Other investments	(34)	(90)
Net cash used in investing activities	<u>(1,002)</u>	<u>(1,701)</u>
Cash flows from financing activities:		
Common dividends paid	(14,734)	(14,797)
Net payments for stock awards	(3,686)	(9,273)
Repurchase of common stock	—	(32,025)
Net cash used in financing activities	<u>(18,420)</u>	<u>(56,095)</u>
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	<u>(2,305)</u>	<u>68</u>
Net increase in cash, cash equivalents, and restricted cash	55,903	9,928
Cash, cash equivalents, and restricted cash — beginning of period	181,925	146,656
Cash, cash equivalents, and restricted cash — end of period	<u>\$ 237,828</u>	<u>\$ 156,584</u>
Non-cash transactions:		
Non-cash additions to property and equipment	\$ 3,002	\$ 2,087
Right-of-use lease assets obtained in exchange for operating lease liabilities	\$ 3,616	\$ 677

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

STRATEGIC EDUCATION, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. Nature of Operations

Strategic Education, Inc. (“Strategic Education” or the “Company”), a Maryland corporation, is an education services company that provides access to high-quality education through campus-based and online post-secondary education offerings, as well as through programs to develop job-ready skills for high-demand markets. Strategic Education’s portfolio of companies is dedicated to closing the skills gap by placing adults on the most direct path between learning and employment.

The accompanying condensed consolidated financial statements and footnotes include the results of the Company’s three reportable segments: (1) U.S. Higher Education (“USHE”), which is primarily comprised of Capella University and Strayer University and is focused on providing flexible and affordable certificate and degree programs to working adults; (2) Education Technology Services, which primarily develops and maintains relationships with employers to build employee education benefits programs that provide employees access to affordable and industry-relevant training, certificate, and degree programs; and (3) Australia/New Zealand (“ANZ”), which through Torrens University and associated assets, provides certificate and degree programs in Australia and New Zealand. The Company’s reportable segments are discussed further in Note 15.

2. Significant Accounting Policies

Financial Statement Presentation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All intercompany accounts and transactions have been eliminated in the consolidated financial statements.

All information as of, and for the three months ended, March 31, 2024 and 2025 is unaudited but, in the opinion of management, contains all adjustments, consisting only of normal recurring adjustments, necessary to present fairly the condensed consolidated financial position, results of operations, and cash flows of the Company. The condensed consolidated balance sheet as of December 31, 2024 has been derived from the audited consolidated financial statements at that date. Certain amounts in the prior period have been reclassified to conform to the current period’s presentation. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) have been condensed or omitted. These unaudited condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2024. The results of operations for the three months ended March 31, 2025 are not necessarily indicative of the results to be expected for the full fiscal year.

Below is a description of the nature of the costs included in the Company’s operating expense categories.

Instructional and support costs generally contain items of expense directly attributable to activities that support students. This expense category includes salaries and benefits of faculty and academic administrators, as well as admissions and administrative personnel who support and serve student interests. Instructional and support costs also include course development costs and costs associated with delivering course content, including educational supplies, facilities, and all other physical plant and occupancy costs, with the exception of costs attributable to the corporate offices. Bad debt expense incurred on delinquent student account balances is also included in instructional and support costs.

General and administration expenses include salaries and benefits of management and employees engaged in finance, human resources, legal, regulatory compliance, marketing and other corporate functions. Also included are the costs of advertising and production of marketing materials. General and administration expense also includes the facilities occupancy and other related costs attributable to such functions.

Restructuring costs include severance and other personnel-related expenses from voluntary and involuntary employee terminations, asset impairment charges, gains on sale of real estate and early termination of leased facilities, and other costs associated with the Company’s restructuring activities. See Note 4 for additional information.

Foreign Currency Translation and Transaction Gains and Losses

The United States Dollar (“USD”) is the functional currency of the Company and its subsidiaries operating in the United States. The financial statements of its foreign subsidiaries are maintained in their functional currencies. The functional currency of each of the foreign subsidiaries is the currency of the economic environment in which the subsidiary primarily does business. Financial statements of foreign subsidiaries are translated into USD using the exchange rates applicable to the dates of the financial

statements. Assets and liabilities are translated into USD using the period-end spot foreign exchange rates. Income and expenses are translated at the weighted-average exchange rates in effect during the period. Equity accounts are translated at historical exchange rates. The effects of these translation adjustments are reported as a component of accumulated other comprehensive income (loss) within stockholders' equity.

For any transaction that is in a currency different from the entity's functional currency, the Company records a net gain or loss based on the difference between the exchange rate at the transaction date and the exchange rate at the transaction settlement date (or rate at period end, if unsettled) in the unaudited condensed consolidated statements of income.

Restricted Cash

In the United States, a significant portion of the Company's revenues are funded by various federal and state government programs. The Company generally does not receive funds from these programs prior to the start of the corresponding academic term. The Company may be required to return certain funds for students who withdraw from a U.S. higher education institution during the academic term. The Company had approximately \$1.8 million and \$1.9 million of these unpaid obligations as of December 31, 2024 and March 31, 2025, respectively. In Australia and New Zealand, advance tuition payments from international students are required to be restricted until a student commences his or her course. In addition, a portion of tuition prepayments from students enrolled in a vocational education and training program are held in trust by a third party law firm to adhere to tuition protection requirements. As of December 31, 2024 and March 31, 2025, the Company had approximately \$7.3 million and \$9.9 million, respectively, of restricted cash related to these requirements in Australia and New Zealand. These balances are recorded as restricted cash and included in other current assets in the unaudited condensed consolidated balance sheets.

As part of conducting operations in Pennsylvania, the Company is required to maintain a "minimum protective endowment" of at least \$0.5 million in an interest-bearing account as long as the Company operates its campuses in the state. The Company holds these funds in an interest-bearing account, which is included in other assets in the unaudited condensed consolidated balance sheets.

The following table illustrates the reconciliation of cash, cash equivalents, and restricted cash shown in the unaudited condensed consolidated statements of cash flows as of March 31, 2024 and 2025 (in thousands):

	As of March 31,	
	2024	2025
Cash and cash equivalents	\$ 222,116	\$ 144,215
Restricted cash included in other current assets	15,212	11,869
Restricted cash included in other assets	500	500
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows	\$ 237,828	\$ 156,584

Marketable Securities

Investments in marketable securities are carried at either amortized cost or fair value. Investments in marketable securities that the Company has the positive intent and ability to hold to maturity are carried at amortized cost and classified as held-to-maturity. Investments in marketable securities that are not classified as held-to-maturity are carried at fair value and classified as either trading or available-for-sale. Management determines the appropriate designation of marketable securities at the time of purchase and re-evaluates such designation as of each balance sheet date. All of the Company's marketable securities are designated as either held-to-maturity or available-for-sale.

The Company's held-to-maturity marketable securities consist of term deposits, U.S. treasury securities, and corporate debt securities, which are carried at amortized cost. The Company's available-for-sale marketable securities consist of corporate debt securities, which are carried at fair value as determined by quoted market prices or other inputs either directly or indirectly observable in the marketplace for identical or similar assets, with unrealized gains and losses, net of tax, recognized as a component of accumulated other comprehensive income (loss) within stockholders' equity. Management reviews the fair value of the portfolio at least quarterly, and evaluates individual securities with fair value below amortized cost at the balance sheet date for impairment. In order to determine whether there is an impairment, management evaluates whether the Company intends to sell the impaired security and whether it is more likely than not that the Company will be required to sell the security before recovering its amortized cost basis.

If management intends to sell an impaired debt security, or it is more likely than not the Company will be required to sell the security prior to recovering its amortized cost basis, an impairment is deemed to have occurred. The amount of an impairment related to a credit loss, or securities that management intends to sell before recovery, is recognized in earnings. The amount of an

impairment on debt securities related to other factors is recorded consistent with changes in the fair value of all other available-for-sale securities as a component of accumulated other comprehensive income (loss) within stockholders' equity.

The cost of securities sold is based on the specific identification method. Amortization of premiums, accretion of discounts, interest, dividend income and realized gains and losses are included in other income. The contractual maturity date of available-for-sale securities is based on the days remaining to the effective maturity. The Company classifies marketable securities as either current or non-current assets based on management's intent with regard to usage of those funds, which is dependent upon the security's maturity date and liquidity considerations based on current market conditions. If management intends to hold the securities for longer than one year as of the balance sheet date, they are classified as non-current.

Tuition Receivable and Allowance for Credit Losses

The Company records tuition receivable and contract liabilities for its students upon the start of the academic term or program. Tuition receivables are not collateralized; however, credit risk is minimized as a result of the diverse nature of the Company's student bases and through the participation of the majority of the students in federally funded financial aid programs. An allowance for credit losses is established based upon historical collection rates by age of receivable and adjusted for reasonable expectations of future collection performance, net of estimated recoveries. These collection rates incorporate historical performance based on a student's current enrollment status, likelihood of future enrollment, degree mix trends and changes in the overall economic environment. In the event that current collection trends differ from historical trends, an adjustment is made to the allowance for credit losses and bad debt expense.

The Company's current tuition receivable and allowance for credit losses were as follows as of December 31, 2024 and March 31, 2025 (in thousands):

	December 31, 2024	March 31, 2025
Tuition receivable	\$ 127,012	\$ 139,818
Allowance for credit losses	(50,885)	(49,504)
Tuition receivable, net	<u>\$ 76,127</u>	<u>\$ 90,314</u>

An additional \$7.0 million and \$6.2 million of tuition receivable, net, are included in other assets as of December 31, 2024 and March 31, 2025, respectively, because these amounts are expected to be collected after 12 months.

The following table illustrates changes in the Company's current and non-current allowance for credit losses for the three months ended March 31, 2024 and 2025 (in thousands).

	For the three months ended March 31,	
	2024	2025
Allowance for credit losses, beginning of period	\$ 47,605	\$ 46,185
Additions charged to expense	12,210	12,774
Write-offs, net of recoveries	(12,540)	(13,389)
Allowance for credit losses, end of period	<u>\$ 47,275</u>	<u>\$ 45,570</u>

Goodwill and Intangible Assets

Goodwill represents the excess of the purchase price of an acquired business over the amount assigned to the assets acquired and liabilities assumed in a business combination. Indefinite-lived intangible assets, which include trade names, are recorded at fair value on their acquisition date. An indefinite life was assigned to the trade names because they have the continued ability to generate cash flows indefinitely.

Goodwill and the indefinite-lived intangible assets are assessed at least annually for impairment on the first day of the fourth quarter, or more frequently if events occur or circumstances change between annual tests that would more likely than not reduce the fair value of the respective reporting unit or indefinite-lived intangible asset below its carrying amount. The Company identifies its reporting units by assessing whether the components of its operating segments constitute businesses for which discrete financial information is available, and management regularly reviews the operating results of those components.

Authorized Stock

The Company has authorized 32,000,000 shares of common stock, par value \$0.01, of which 24,502,385 and 24,261,716 shares

were issued and outstanding as of December 31, 2024 and March 31, 2025, respectively. The Company also has authorized 8,000,000 shares of preferred stock, none of which is issued or outstanding. Before any preferred stock may be issued, the Board of Directors must establish the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends, qualifications, and the terms or conditions of the redemption of the preferred stock.

In February 2025, the Company's Board of Directors declared a regular, quarterly cash dividend of \$0.60 per share of common stock. The dividend was paid on March 17, 2025.

Net Income Per Share

Basic earnings per share is computed by dividing net income by the weighted average number of shares of common stock outstanding during the periods. Diluted earnings per share reflects the potential dilution that could occur assuming conversion or exercise of all dilutive unexercised stock options, restricted stock, and restricted stock units ("stock awards"). The dilutive effect of stock awards was determined using the treasury stock method. Under the treasury stock method, the following are assumed to be used to repurchase shares of the Company's common stock: (1) the proceeds received from the exercise of stock options and (2) the amount of compensation cost associated with the stock awards for future service not yet recognized by the Company. Stock awards are excluded from the computation of diluted earnings per share when their effect would be anti-dilutive.

Set forth below is a reconciliation of shares used to calculate basic and diluted earnings per share for the three months ended March 31, 2024 and 2025 (in thousands):

	For the three months ended March 31,	
	2024	2025
Weighted average shares outstanding used to compute basic earnings per share	23,391	23,320
Incremental shares issuable upon the assumed exercise of stock options	6	2
Unvested restricted stock and restricted stock units	663	743
Shares used to compute diluted earnings per share	24,060	24,065
Anti-dilutive shares excluded from the diluted earnings per share calculation	—	95

Comprehensive Income

Comprehensive income includes net income and all changes in the Company's equity during a period from non-owner sources, which for the Company consists of unrealized gains and losses on available-for-sale marketable securities, net of tax, and foreign currency translation adjustments. As of December 31, 2024 and March 31, 2025, the balance of accumulated other comprehensive loss was \$88.6 million, net of tax of \$0.1 million, and \$85.2 million, net of tax of \$0.1 million, respectively. There were no reclassifications out of accumulated other comprehensive income (loss) to net income for the three months ended March 31, 2024 and 2025.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of expenses during the period reported. The most significant management estimates include allowances for credit losses, useful lives of property and equipment, incremental borrowing rates, potential sublease income and vacancy periods, accrued expenses, forfeiture rates and the likelihood of achieving performance criteria for stock-based awards, value of free courses earned by students that will be redeemed in the future, valuation of goodwill and intangible assets, and the provision for income taxes. Actual results could differ from those estimates.

Recently Issued Accounting Standards Not Yet Adopted

In December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures* ("ASU 2023-09"), which requires disclosure of specific categories in the effective tax rate reconciliation. Further, the standard requires certain disclosures of state versus federal income tax expense and taxes paid. ASU 2023-09 is effective for fiscal years beginning after December 15, 2024. Early adoption is permitted and the amendments should be applied on a prospective basis although retrospective application is permitted. The Company is currently evaluating the impact that ASU 2023-09 will have on its consolidated financial statement disclosures.

In November 2024, the FASB issued ASU 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses* (“ASU 2024-03”). ASU 2024-03 requires the disclosure of amounts related to purchases of inventory, employee compensation, depreciation, intangible asset amortization, and depletion within each income statement expense line item that contains any of these expenses. ASU 2024-03 is effective for fiscal years beginning after December 15, 2026, and for interim periods beginning after December 15, 2027. Early adoption is permitted and the amendments can be applied prospectively or retrospectively. The Company is currently evaluating the impact that ASU 2024-03 will have on its consolidated financial statement disclosures.

Other ASUs recently issued by the FASB but not yet effective are not expected to have a material effect on the Company’s consolidated financial statements.

3. Revenue Recognition

The Company’s revenues primarily consist of tuition revenue arising from educational services provided in the form of classroom instruction and online courses. Tuition revenue is deferred and recognized ratably over the period of instruction, which varies depending on the course format and chosen program of study. Capella University’s GuidedPath classes and Strayer University’s educational programs typically are offered on a quarterly basis, and such periods coincide with the Company’s quarterly financial reporting periods, while Capella University’s FlexPath courses are delivered over a twelve-week subscription period. Torrens University offers the majority of its education programs on a trimester system having three primary academic terms, which all occur within the calendar year.

The following table presents the Company’s revenues from contracts with customers disaggregated by material revenue category for the three months ended March 31, 2024 and 2025 (in thousands):

	For the three months ended March 31,	
	2024	2025
U.S. Higher Education Segment		
Tuition, net of discounts, grants and scholarships	\$ 209,731	\$ 211,746
Other ⁽¹⁾	9,505	9,262
Total U.S. Higher Education Segment	219,236	221,008
Australia/New Zealand Segment		
Tuition, net of discounts, grants and scholarships	45,634	46,446
Other ⁽¹⁾	1,741	1,814
Total Australia/New Zealand Segment	47,375	48,260
Education Technology Services Segment⁽²⁾	23,639	34,322
Consolidated revenue	\$ 290,250	\$ 303,590

⁽¹⁾ Other revenue is primarily comprised of academic fees, sales of course materials, placement fees and other non-tuition revenue streams.

⁽²⁾ Education Technology Services revenue is primarily derived from tuition revenue and administrative fees.

Revenues are recognized when control of the promised goods or services is transferred to customers in an amount that reflects the consideration the Company expects to be entitled to receive in exchange for those goods and services. The Company applies the five-step revenue model under Accounting Standards Codification (“ASC”) 606, *Revenue Recognition* (“ASC 606”) to determine when revenue is earned and recognized.

Arrangements with students may have multiple performance obligations. For such arrangements, the Company allocates net tuition revenue to each performance obligation based on its relative standalone selling price. The Company generally determines standalone selling prices based on the prices charged to customers and observable market prices. The standalone selling price of material rights to receive free classes or scholarships in the future is estimated based on class tuition prices or amounts of scholarships, and likelihood of redemption based on historical student attendance and completion behavior.

At the start of each academic term or program, a contract liability is recorded for academic services to be provided, and a tuition receivable is recorded for the portion of the tuition not paid in advance. Any cash received prior to the start of an academic term or program is recorded as a contract liability. Some students may be eligible for scholarship awards, the estimated value of which will be realized in the future and is deducted from revenue when earned, based on historical student attendance and completion behavior. Contract liabilities are recorded as a current or long-term liability in the unaudited condensed consolidated balance sheets based on when the benefits are expected to be realized.

Course materials are available to enable students to access electronically all required materials for courses in which they enroll during the quarter. Revenue derived from course materials is recognized ratably over the duration of the course as the Company provides the student with continuous access to these materials during the term. For sales of certain other course materials, the Company is considered the agent in the transaction, and as such, the Company recognizes revenue net of amounts owed to the vendor at the time of sale. Revenues also include certain academic fees recognized within the quarter of instruction, and certificate revenue and licensing revenue, which are recognized as the services are provided.

Contract Liabilities – Learn and Earn Scholarship

Strayer University offers the Learn and Earn Scholarship (formerly known as the Graduation Fund), which allows undergraduate students to earn tuition credits that are redeemable in the final year of a student's course of study if he or she successfully remains in the program. Students registering in credit-bearing courses in any undergraduate degree program receive one free course for every three courses that the student successfully completes. To be eligible, students must meet all of Strayer University's admission requirements and must be enrolled in a bachelor's degree program. Students who have more than one consecutive term of non-attendance lose any Learn and Earn Scholarship credits earned to date, but may earn and accumulate new credits if the student is reinstated or readmitted by Strayer University in the future.

Revenue from students participating in the Learn and Earn Scholarship is recorded in accordance with ASC 606. The Company defers the value of the related performance obligation associated with the credits estimated to be redeemed in the future based on the underlying revenue transactions that result in progress by the student toward earning the benefit. The Company's estimate of the benefits that will be redeemed in the future is based on its historical experience of student persistence toward completion of a course of study within this program and similar programs. Each quarter, the Company assesses its assumptions underlying these estimates, and to date, any adjustments to the estimates have not been material. The amount estimated to be redeemed in the next 12 months is \$15.9 million and is included as a current contract liability in the unaudited condensed consolidated balance sheets. The remainder is expected to be redeemed within two to four years.

The table below presents activity in the contract liability related to the Learn and Earn Scholarship (in thousands):

	For the three months ended March 31,	
	2024	2025
Balance at beginning of period	\$ 44,480	\$ 37,118
Revenue deferred	3,134	5,334
Benefit redeemed	(5,527)	(4,746)
Balance at end of period	\$ 42,087	\$ 37,706

Contract Liabilities – Tuition Cap

Students in certain programs at Capella University may be eligible for tuition cap pricing, wherein their tuition is waived once the student has reached the designated dollar cap threshold for their program. The Company defers the value of the related performance obligation associated with this tuition benefit estimated to be redeemed in the future based on the underlying revenue transactions that result in progress by the student towards reaching the tuition cap. The Company's estimate of the benefits that will be redeemed in the future is based on its historical experience of student persistence toward completion of a course of study within these programs or similar programs. Each quarter, the Company assesses its assumptions underlying these estimates. As of December 31, 2024 and March 31, 2025, the Company had \$14.7 million and \$15.6 million, respectively, of contract liabilities in the unaudited condensed consolidated balance sheets related to tuition cap benefits that are estimated to be redeemed in the future. The amount estimated to be redeemed in the next 12 months is \$5.9 million and is included as a current contract liability in the unaudited condensed consolidated balance sheets.

Costs to Obtain a Contract

Certain commissions earned by third party international agents are considered incremental and recoverable costs of obtaining a contract with customers in the Australia/New Zealand segment. These costs are deferred and then amortized over the period of benefit which ranges from one year to two years.

4. Restructuring and Related Charges

The Company incurs severance and other employee separation costs related to employee terminations that are not tied to a formal restructuring plan. The Company incurred \$0.3 million and \$1.5 million of severance and other employee separation charges during the three months ended March 31, 2024 and 2025, respectively, related to the elimination of certain positions. These severance and other employee separation charges are included in Restructuring costs on the unaudited condensed consolidated statements of income.

The following details the changes in the Company's severance and other employee separation costs restructuring liabilities during the three months ended March 31, 2024 and 2025 (in thousands):

	Severance Restructuring Liability
Balance as of December 31, 2023	\$ 795
Restructuring and other charges	259
Payments	(937)
Balance as of March 31, 2024	<u>\$ 117</u>
Balance as of December 31, 2024 ⁽¹⁾	\$ 534
Restructuring and other charges	1,537
Payments	(1,285)
Balance as of March 31, 2025 ⁽¹⁾	<u>\$ 786</u>

⁽¹⁾ Restructuring liabilities are included in accounts payable and accrued expenses in the unaudited condensed consolidated balance sheets.

The Company evaluates its owned and leased real estate portfolio on an ongoing basis, which has resulted in the consolidation and sale of underutilized facilities. The Company recorded approximately \$0.1 million of right-of-use lease asset charges during the three months ended March 31, 2025 related to facilities that were consolidated during the period. The Company also recorded fixed asset impairment charges of approximately \$0.1 million during the three months ended March 31, 2025. There were no right-of-use lease asset charges or fixed asset impairment charges during the three months ended March 31, 2024. The Company recorded a net benefit related to the early termination and related extinguishment of lease liabilities of approximately \$6.2 million during the three months ended March 31, 2024. These right-of-use lease asset and fixed asset impairment charges and net benefits from early lease terminations are included in Restructuring costs on the unaudited condensed consolidated statements of income.

5. Marketable Securities

The following is a summary of available-for-sale securities, which are carried at fair value, as of December 31, 2024 (in thousands):

	Amortized Cost	Gross Unrealized Gain	Gross Unrealized (Losses)	Estimated Fair Value
Balance as of December 31, 2024				
Corporate debt securities	\$ 500	\$ —	\$ (1)	\$ 499
Total	<u>\$ 500</u>	<u>\$ —</u>	<u>\$ (1)</u>	<u>\$ 499</u>

The Company did not have any marketable securities classified as available-for-sale as of March 31, 2025.

The following is a summary of held-to-maturity securities, which are carried at amortized cost, as of December 31, 2024 and March 31, 2025 (in thousands):

	Amortized Cost	Gross Unrealized Gain	Gross Unrealized (Losses)	Estimated Fair Value
Balance as of December 31, 2024				
Term deposits	\$ 21,653	\$ —	\$ —	\$ 21,653
U.S. treasury securities	19,778	18	—	19,796
Corporate debt securities	20,000	—	(26)	19,974
Total	<u>\$ 61,431</u>	<u>\$ 18</u>	<u>\$ (26)</u>	<u>\$ 61,423</u>
Balance as of March 31, 2025				
Term deposits	\$ 23,543	\$ —	\$ —	\$ 23,543
U.S. treasury securities	9,865	30	—	9,895
Corporate debt securities	20,000	5	(15)	19,990
Total	<u>\$ 53,408</u>	<u>\$ 35</u>	<u>\$ (15)</u>	<u>\$ 53,428</u>

The unrealized gains and losses on the Company's investments in marketable securities as of December 31, 2024 and March 31, 2025 were caused by changes in market values primarily due to interest rate changes. As of March 31, 2025, there were no securities which were in an unrealized loss position for a period longer than twelve months. The Company does not intend to sell these securities, and it is not more likely than not that the Company will be required to sell these securities prior to the recovery of their amortized cost basis, which may be at maturity. As such, no impairment charges were recorded during the three months ended March 31, 2024 and 2025. The Company has no allowance for credit losses related to its marketable securities as all investments are in investment grade securities.

The following table summarizes the maturities of the Company's marketable securities as of December 31, 2024 and March 31, 2025 (in thousands):

	December 31, 2024		March 31, 2025	
	Available-for-sale securities	Held-to-maturity securities	Available-for-sale securities	Held-to-maturity securities
Due within one year	\$ 499	\$ 46,450	\$ —	\$ 38,424
Due after one year through five years	—	14,981	—	14,984
Total	<u>\$ 499</u>	<u>\$ 61,431</u>	<u>\$ —</u>	<u>\$ 53,408</u>

The following table summarizes the purchases of and proceeds from marketable securities for the three months ended March 31, 2024 and 2025 (in thousands):

	For the three months ended March 31,	
	2024	2025
Purchases of marketable securities		
Purchases of held-to-maturity securities	\$ —	\$ 25,635
Total purchases of marketable securities	<u>\$ —</u>	<u>\$ 25,635</u>
Proceeds from marketable securities		
Maturities of available-for-sale securities	\$ —	\$ 500
Maturities of held-to-maturity securities	8,220	33,842
Total proceeds from marketable securities	<u>\$ 8,220</u>	<u>\$ 34,342</u>

The Company did not sell any available-for-sale or held-to-maturity securities during the three months ended March 31, 2024 and 2025. The Company did not record any gross realized gains or losses in net income during the three months ended March 31, 2024 and 2025.

6. Fair Value Measurement

Assets measured at fair value on a recurring basis consist of the following as of December 31, 2024 (in thousands):

	December 31, 2024	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Money market funds	\$ 92,416	\$ 92,416	\$ —	\$ —
<u>Available-for-sale securities:</u>				
Corporate debt securities	499	—	499	—
Total assets at fair value on a recurring basis	\$ 92,915	\$ 92,416	\$ 499	\$ —

Assets measured at fair value on a recurring basis consist of the following as of March 31, 2025 (in thousands):

	March 31, 2025	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Money market funds	\$ 87,543	\$ 87,543	\$ —	\$ —
Total assets at fair value on a recurring basis	\$ 87,543	\$ 87,543	\$ —	\$ —

The Company measures the above items on a recurring basis at fair value as follows:

- Money market funds – Classified in Level 1 is excess cash the Company holds in money market funds, which are included in cash and cash equivalents in the accompanying unaudited condensed consolidated balance sheets. The Company's other cash and cash equivalents at December 31, 2024 and March 31, 2025 approximate fair value and are not disclosed in the above tables because of the short-term nature of the financial instruments.
- Available-for-sale securities – Classified in Level 2 and valued using readily available pricing sources for comparable instruments utilizing observable inputs from active markets. The Company does not hold securities in inactive markets. The Company records any net unrealized gains and losses for changes in fair value as a component of accumulated other comprehensive income (loss) in stockholders' equity.

The Company's held-to-maturity marketable securities, which consist of term deposits, U.S. treasury securities, and corporate debt securities, are not included in the tables above as they are carried at amortized cost and not measured at fair value on a recurring basis. The estimated fair value of the Company's held-to-maturity marketable securities at December 31, 2024 and March 31, 2025 was \$61.4 million and \$53.4 million, respectively. These securities are valued using readily available pricing sources for comparable instruments utilizing observable inputs from active markets and are classified in Level 2 of the fair value hierarchy.

The Company did not change its valuation techniques associated with recurring fair value measurements from prior periods and did not transfer assets or liabilities between levels of the fair value hierarchy during the three months ended March 31, 2024 and 2025.

7. Goodwill and Intangible Assets

Goodwill

The following table presents changes in the carrying value of goodwill by segment for the three months ended March 31, 2024 (in thousands):

	U.S. Higher Education	Australia / New Zealand	Education Technology Services	Total
Balance as of December 31, 2023	\$ 632,075	\$ 519,813	\$ 100,000	\$ 1,251,888
Additions	—	—	—	—
Impairments	—	—	—	—
Currency translation adjustments	—	(22,006)	—	(22,006)
Balance as of March 31, 2024	\$ 632,075	\$ 497,807	\$ 100,000	\$ 1,229,882

The following table presents changes in the carrying value of goodwill by segment for the three months ended March 31, 2025 (in thousands):

	U.S. Higher Education	Australia / New Zealand	Education Technology Services	Total
Balance as of December 31, 2024	\$ 632,075	\$ 474,808	\$ 100,000	\$ 1,206,883
Additions	—	—	—	—
Impairments	—	—	—	—
Currency translation adjustments	—	2,827	—	2,827
Balance as of March 31, 2025	\$ 632,075	\$ 477,635	\$ 100,000	\$ 1,209,710

The Company assesses goodwill at least annually for impairment during the fourth quarter, or more frequently if events occur or circumstances change between annual tests that would more likely than not reduce the fair value of the respective reporting unit below its carrying amount. No events or circumstances occurred in the three months ended March 31, 2025 to indicate an impairment to goodwill at any of the Company's segments. There were no impairment charges related to goodwill recorded during the three months ended March 31, 2024 and 2025.

Intangible Assets

Indefinite-lived intangible assets not subject to amortization consist of trade names. The Company assigned an indefinite useful life to its trade name intangible assets, as it is believed these assets have the ability to generate cash flows indefinitely. In addition, there are no legal, regulatory, contractual, economic, or other factors to limit the useful life of the trade name intangibles.

The following table presents changes in the carrying value of indefinite-lived intangible assets (in thousands):

	For the three months ended March 31,	
	2024	2025
Balance at beginning of period	\$ 251,623	\$ 245,098
Additions	—	—
Impairments	—	—
Currency translation adjustments	(2,768)	354
Balance at end of period	\$ 248,855	\$ 245,452

The Company assesses indefinite-lived intangible assets at least annually for impairment during the fourth quarter, or more frequently if events occur or circumstances change between annual tests that would more likely than not reduce the fair value of the respective indefinite-lived intangible asset below its carrying amount. No events or circumstances occurred in the three months ended March 31, 2025 to indicate an impairment to indefinite-lived intangible assets. There were no impairment charges related to indefinite-lived intangible assets recorded during the three months ended March 31, 2024 and 2025.

8. Other Current Assets

Other current assets consist of the following as of December 31, 2024 and March 31, 2025 (in thousands):

	December 31, 2024	March 31, 2025
Prepaid expenses	\$ 20,841	\$ 29,047
Restricted cash	9,082	11,869
Cloud computing arrangements	9,402	8,650
Other	5,468	5,768
Other current assets	<u>\$ 44,793</u>	<u>\$ 55,334</u>

9. Other Assets

Other assets consist of the following as of December 31, 2024 and March 31, 2025 (in thousands):

	December 31, 2024	March 31, 2025
Cloud computing arrangements, net of current portion	\$ 18,328	\$ 21,951
Prepaid expenses, net of current portion	15,678	15,806
Equity method investments	13,428	13,514
Tuition receivable, net, non-current	7,040	6,216
Other investments	2,786	2,786
Other	5,650	5,542
Other assets	<u>\$ 62,910</u>	<u>\$ 65,815</u>

Cloud Computing Arrangements

The Company defers implementation costs incurred in cloud computing arrangements and amortizes these costs over the term of the arrangement.

Prepaid Expenses

Long-term prepaid expenses primarily relate to payments that have been made for future services to be provided after one year. In 2020, pursuant to the terms of the perpetual license agreement associated with the Jack Welch Management Institute, the Company made a final one-time cash payment of approximately \$25.3 million for the right to continue to use the Jack Welch name and likeness. As of December 31, 2024 and March 31, 2025, \$14.7 million and \$14.3 million, respectively, of this payment is included in the prepaid expenses, net of current portion balance, as the payment is being amortized over an estimated useful life of 15 years.

Equity Method Investments

The Company holds investments in certain limited partnerships that invest in various innovative companies in the health care and education-related technology fields. The Company has commitments to invest up to an additional \$2.0 million across these partnerships through 2031. The Company's investments range from 3%-5% of any partnership's interest and are accounted for under the equity method.

The following table illustrates changes in the Company's limited partnership investments for the three months ended March 31, 2024 and 2025 (in thousands):

	For the three months ended March 31,	
	2024	2025
Limited partnership investments, beginning of period	\$ 16,068	\$ 13,428
Capital contributions	34	90
Pro-rata share in the net income (loss) of limited partnerships	(213)	(4)
Distributions	—	—
Limited partnership investments, end of period	<u>\$ 15,889</u>	<u>\$ 13,514</u>

Tuition Receivable

Non-current tuition receivable, net, represents tuition that the Company expects to collect, but not within the next 12 months.

Other Investments

The Company holds investments in education technology start-ups focused on transformational technologies that improve student success. These investments are accounted for at cost less impairment as they do not have readily determinable fair value.

Other

Other is comprised primarily of deferred financing costs associated with the Company's credit facility, deferred contract costs related to commissions paid in the Australia/New Zealand segment to third party international recruitment agents, and refundable security deposits associated with the Company's leased campus and office space.

10. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of the following as of December 31, 2024 and March 31, 2025 (in thousands):

	December 31, 2024	March 31, 2025
Trade payables	\$ 55,733	\$ 57,975
Accrued compensation and benefits	38,843	37,576
Accrued student obligations and other	7,173	7,114
Accounts payable and accrued expenses	<u>\$ 101,749</u>	<u>\$ 102,665</u>

11. Long-Term Debt

On October 18, 2024, the Company entered into an amended credit facility ("Amended Credit Facility"), which provides for a senior secured revolving credit facility (the "Revolving Credit Facility") in an aggregate principal amount of up to \$250 million. The Amended Credit Facility provides the Company with an option, subject to obtaining additional loan commitments and satisfaction of certain conditions, to increase the commitments under the Revolving Credit Facility or establish one or more incremental term loans (each, an "Incremental Facility") in the future in an aggregate amount of up to the sum of (x) the greater of (A) \$300 million and (B) 100% of the Company's consolidated EBITDA (earnings before interest, taxes, depreciation, amortization, and noncash charges, such as stock-based compensation) calculated on a trailing four-quarter basis and on a pro forma basis, and (y) if such Incremental Facility is incurred in connection with a permitted acquisition or other permitted investment, any amounts so long as the Company's leverage ratio (calculated on a trailing four-quarter basis) on a pro forma basis will be no greater than 1.75:1.00. In addition, the Amended Credit Facility provides for a subfacility for borrowings in certain foreign currencies in an amount equal to the U.S. dollar equivalent of \$150 million. The maturity date of the Amended Credit Facility is October 18, 2029. The Company paid approximately \$1.7 million in debt financing costs associated with the Amended Credit Facility, and these costs are being amortized on a straight-line basis over the five-year term of the Amended Credit Facility.

Borrowings under the Revolving Credit Facility bear interest at a per annum rate equal to Term SOFR or a base rate, plus a margin ranging from 1.50% to 2.00% depending on the Company's leverage ratio. The Company also is subject to a quarterly unused commitment fee ranging from 0.20% to 0.30% per annum depending on the Company's leverage ratio, times the daily unused amount under the Revolving Credit Facility.

The Amended Credit Facility is guaranteed by all domestic subsidiaries, subject to certain exceptions, and secured by substantially all of the assets of the Company and its subsidiary guarantors. The Amended Credit Facility contains customary affirmative and negative covenants, representations, warranties, events of default, and remedies upon default, including acceleration and rights to foreclose on the collateral securing the Amended Credit Facility. In addition, the Amended Credit Facility requires that the Company satisfy certain financial maintenance covenants, including:

- A leverage ratio of not greater than 2.00 to 1.00. Leverage ratio is defined as the ratio of total debt (net of unrestricted cash in an amount not to exceed \$150 million) to trailing four-quarter EBITDA.
- A coverage ratio of not less than 1.75 to 1.00. Coverage ratio is defined as the ratio of trailing four-quarter EBITDA and rent expense to trailing four-quarter interest and rent expense.

As of December 31, 2024 and March 31, 2025, the Company was in compliance with all covenants of the Amended Credit Facility and had no borrowings outstanding under the Revolving Credit Facility.

During the three months ended March 31, 2024 and 2025, the Company paid \$1.2 million and \$0.1 million, respectively, of interest and unused commitment fees related to its Revolving Credit Facility.

12. Other Long-Term Liabilities

Other long-term liabilities consist of the following as of December 31, 2024 and March 31, 2025 (in thousands):

	December 31, 2024	March 31, 2025
Contract liabilities, net of current portion	\$ 34,505	\$ 35,401
Asset retirement obligations	3,876	3,927
Other	1,805	2,027
Other long-term liabilities	<u>\$ 40,186</u>	<u>\$ 41,355</u>

Contract Liabilities

In connection with its student tuition contracts, the Company has an obligation to provide free classes in the future should certain eligibility conditions be maintained. Long-term contract liabilities represent the amount of revenue under these arrangements that the Company expects will be realized after one year.

Asset Retirement Obligations

Certain of the Company's lease agreements require the leased premises to be returned in a predetermined condition.

13. Equity Awards

The following table sets forth the amount of stock-based compensation expense recorded in each of the expense line items for the three months ended March 31, 2024 and 2025 (in thousands):

	For the three months ended March 31,	
	2024	2025
Instructional and support costs	\$ 1,233	\$ 2,287
General and administration	3,960	3,077
Restructuring costs	136	107
Stock-based compensation expense included in operating expense	5,329	5,471
Tax benefit	1,425	1,435
Stock-based compensation expense, net of tax	<u>\$ 3,904</u>	<u>\$ 4,036</u>

During the three months ended March 31, 2024 and 2025, the Company recognized shortfall tax impacts of approximately \$1.3 million and windfall tax impacts of approximately \$0.5 million, respectively, related to share-based payment arrangements, which were adjustments to the provision for income taxes.

14. Income Taxes

During the three months ended March 31, 2024 and 2025, the Company recorded income tax expense of \$13.4 million and \$12.3 million, respectively. Income tax expense for the three months ended March 31, 2024 and 2025 include shortfall tax impacts of approximately \$1.3 million and windfall tax impacts of approximately \$0.5 million, respectively, related to share-based payment arrangements.

The Company had no unrecognized tax benefits as of December 31, 2024 and March 31, 2025. Interest and penalties, including those related to uncertain tax positions, are included in the provision for income taxes in the unaudited condensed consolidated statements of income.

The Company paid \$2.4 million and \$1.9 million in income taxes during the three months ended March 31, 2024 and 2025, respectively.

The tax years since 2021 remain open for federal tax examination, the tax years since 2020 remain open to examination by certain states, and the tax years since 2019 remain open to examination by foreign taxing jurisdictions in which the Company is subject to taxation.

15. Segment Reporting

Strategic Education is an educational services company that provides access to high-quality education through campus-based and online post-secondary education offerings, as well as through programs to develop job-ready skills for high-demand markets. Strategic Education's portfolio of companies is dedicated to closing the skills gap by placing adults on the most direct path between learning and employment. The Company's organizational structure includes three operating and reportable segments: U.S. Higher Education, Education Technology Services, and Australia/New Zealand.

The USHE segment provides flexible and affordable certificate and degree programs to working adults primarily through Capella University and Strayer University, including the Jack Welch Management Institute MBA, which is a unit of Strayer University. USHE also operates non-degree web and mobile application development courses through Hackbright Academy and Devmountain, which are units of Strayer University.

The Education Technology Services segment primarily develops and maintains relationships with employers to build employee education benefits programs that provide employees access to affordable and industry-relevant training, certificate, and degree programs. The employer relationships developed by the Education Technology Services segment are an important source of student enrollment for Capella University and Strayer University, and a significant portion of the revenue attributed to the Education Technology Services segment is driven by the volume of enrollment derived from these employer relationships. Education Technology Services also supports employer partners through Workforce Edge, a platform which provides employers a full-service education benefits administration solution, and Sophia Learning, which offers low-cost online general education-level courses recommended by the American Council on Education for credit at other colleges and universities.

The Australia/New Zealand segment is comprised of Torrens University, Think Education, and Media Design School in Australia and New Zealand, which collectively offer certificate and degree programs in business, design, education, hospitality, healthcare, and technology through campuses in Australia, New Zealand, and online.

The Company's Chief Operating Decision Maker ("CODM") is the Chief Executive Officer.

Revenue and operating expenses are generally directly attributable to the segments. Inter-segment revenues are not presented separately, as these amounts are immaterial. The Company's CODM does not evaluate operating segments using asset information. The Company's CODM assesses the segments' performance by using each segment's income from operations, which includes certain enterprise shared services allocations attributable to each of the segments. The Company's CODM uses income from operations for each segment in the annual budget and forecasting process. On a monthly basis, the CODM reviews budget-to-actual, latest forecast-to-actual, and year-over-year actual variances when reviewing segment performance and making decisions about the allocation of resources to each segment.

A summary of financial information by reportable segment for the three months ended March 31, 2024 is presented in the following table (in thousands):

	U.S. Higher Education	Australia/New Zealand	Education Technology Services	Total
Revenues	\$ 219,236	\$ 47,375	\$ 23,639	\$ 290,250
Segment expenses				
Direct segment expenses	175,695	45,209	12,429	233,333
Enterprise shared services allocation	15,528	4,421	1,122	21,071
Segment income (loss) from operations	\$ 28,013	\$ (2,255)	\$ 10,088	\$ 35,846
Unallocated expenses				
Restructuring costs				5,510
Consolidated income from operations				\$ 41,356
Other income				1,794
Consolidated income before income taxes				\$ 43,150

A summary of financial information by reportable segment for the three months ended March 31, 2025 is presented in the following table (in thousands):

	U.S. Higher Education	Australia/New Zealand	Education Technology Services	Total
Revenues	\$ 221,008	\$ 48,260	\$ 34,322	\$ 303,590
Segment expenses				
Direct segment expenses	175,538	45,251	18,808	239,597
Enterprise shared services allocation	15,514	5,105	1,666	22,285
Segment income (loss) from operations	\$ 29,956	\$ (2,096)	\$ 13,848	\$ 41,708
Unallocated expenses				
Restructuring costs				(1,914)
Consolidated income from operations				\$ 39,794
Other income				2,211
Consolidated income before income taxes				\$ 42,005

The following table presents a schedule of significant non-cash items included in segment income (loss) from operations by reportable segment for the three months ended March 31, 2024 and 2025 (in thousands):

	For the three months ended March 31,	
	2024	2025
Depreciation and amortization		
U.S. Higher Education	\$ 7,828	\$ 7,625
Australia/New Zealand	2,446	2,338
Education Technology Services	795	1,114
Restructuring costs	—	118
Consolidated depreciation and amortization	\$ 11,069	\$ 11,195
Stock-based compensation		
U.S. Higher Education	\$ 3,910	\$ 4,380
Australia/New Zealand	894	355
Education Technology Services	389	629
Restructuring costs	136	107
Consolidated stock-based compensation	\$ 5,329	\$ 5,471

16. Litigation

The Company is involved in litigation and other legal proceedings arising out of the ordinary course of its business. There have been no material developments in the litigation and other legal proceedings that are described in our Annual Report on Form 10-K for the year ended December 31, 2024.

17. Regulation

The Company's higher education institutions are subject to uncertain and varying laws and regulations, and any changes to these laws or regulations or their application to us may materially adversely affect our business, financial condition, and results of operations. Other than as set forth below, there have been no material changes to the laws and regulations affecting the Company's higher education institutions that are described in our Annual Report on Form 10-K for the year ended December 31, 2024.

United States Regulation

State Authorization Reciprocity Agreement (SARA)

Capella University and Strayer University participate in the State Authorization Reciprocity Agreement (“SARA”), which allows the universities to enroll students in distance education programs in each SARA member state, including 49 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands. Each of the universities applies separately to non-SARA member states (i.e., California) for authorization to enroll students, if such authorization is required by the state. On January 21, 2025, SARA’s coordinating entity, the National Council for State Authorization Reciprocity Agreements (“NC-SARA”), initiated its 2025 policy manual modification process with a call for proposals for SARA policy changes. The call for proposals ended February 7, 2025 and yielded 32 proposed changes to NC-SARA policies, some of which, if adopted, could significantly alter the distance education reciprocity agreements. Such proposals included circumstances under which an institution may be denied participation in SARA or have its participation limited as a result of investigations or adverse actions against it related to the institution’s academic quality, financial stability, or student consumer protection issues. On April 25, 2025, NC-SARA will hold its public comment forum to seek input on these potential changes. In addition to the public comment forum, NC-SARA permitted submission of written comments in two rounds: between March 6, 2025 and April 7, 2025 (now closed), and between June 9, 2025 and July 7, 2025. NC-SARA’s regional compacts/regional steering committees and the NC-SARA board of directors will vote on each proposal presented by September 2, 2025, and October 23, 2025, respectively. We cannot predict whether NC-SARA will adopt any of these proposals. The adoption of certain proposals, including those described above to the extent they affect the ability of institutions to participate in the agreements, could have a material adverse effect on Capella University, Strayer University, and the Company.

Negotiated Rulemaking

On April 4, 2025, the Department announced its intention to host public hearings and convene one or more negotiated rulemaking committees to prepare proposed Title IV regulations. The Department is hosting public hearings on April 29, 2025 and May 1, 2025 and will accept written comments through May 5, 2025. The Department is seeking public comments on the following topics: (1) refining definitions of a qualifying employer for the purposes of determining eligibility for the Public Service Loan Forgiveness program; (2) Pay As You Earn (PAYE) and Income Contingent Repayment (ICR) plans; and (3) potential topics that would streamline current federal student financial assistance program regulations while maintaining or improving program integrity and institutional quality.

Title IX

On April 19, 2024, the U.S. Department of Education released its final rule regarding the implementation of Title IX, which prohibits discrimination on the basis of sex in education programs that receive funding from the federal government (the “2024 Title IX Rule”). The 2024 Title IX Rule applies to all forms of sex-based harassment (not only sexual harassment); clarifies that Title IX’s prohibition against sex discrimination includes discrimination on the basis of sex stereotypes, sex characteristics, pregnancy or related conditions, sexual orientation, and gender identity; and eliminates the requirement for live hearings with an opportunity for cross-examination at the post-secondary level. Multiple states have joined lawsuits against the Department challenging the 2024 Title IX Rule, and federal district courts have granted preliminary injunctions enjoining the Department from enforcing the final rule in Alabama, Alaska, Arkansas, Florida, Georgia, Idaho, Indiana, Iowa, Kansas, Kentucky, Louisiana, Mississippi, Missouri, Montana, Nebraska, North Dakota, Ohio, Oklahoma, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, West Virginia, and Wyoming. Certain courts have issued orders expanding the injunction to named schools, irrespective of where those schools are located; Capella University and Strayer University were named among nearly 700 schools in one such order on July 15, 2024. *Kansas v. U.S. Dep’t of Educ.*, No. 5:24-cv-4041 (D. Kan. 2024). Except where enjoined, the 2024 Title IX Rule otherwise became effective on August 1, 2024. On January 9, 2025, in *State of Tennessee et al v. Cardona*, 2:24-cv-00072, the U.S. District Court for the Eastern District of Kentucky granted summary judgment against the U.S. Department of Education, vacating the 2024 Title IX Rule as unlawful. The Department did not appeal this decision before the March 10, 2025 appeal deadline passed; however, a nonprofit legal organization is seeking to intervene in support of the 2024 Title IX Rule. On February 4, 2025, the Department’s Office for Civil Rights issued a Dear Colleague Letter (“DCL”) confirming that it will enforce Title IX under the 2020 Title IX Rule, and that open investigations initiated under the 2024 Title IX Rule should be reevaluated for consistency with the 2020 Title IX Rule.

On January 20, 2025, President Trump issued Executive Order 14168 “Defending Women From Gender Ideology Extremism and Restoring Biological Truth to the Federal Government” ordering, among other matters, all agencies to enforce laws governing sex-based rights, protections, opportunities, and accommodations consistent with definitions provided in the executive order. The executive order defines “sex” as a binary classification that does not include “gender identity” and requires agencies to take various actions consistent with that position.

On April 4, 2025, the Department and the U.S. Department of Justice jointly announced a “Title IX Special Investigations Team” (the “Title IX SIT”) in response to what the agencies describe as a “staggering” volume of Title IX complaints. The Title IX SIT is intended to streamline Title IX investigations conducted by the federal government by leveraging teams with personnel from both agencies to coordinate on investigation and enforcement.

Title VI

Under Title VI of the Civil Rights Act of 1964, institutions receiving federal financial assistance are prohibited from discriminating on the basis of race, color, or national origin. On January 21, 2025, President Trump issued Executive Order 14173 “Ending Illegal Discrimination and Restoring Merit-Based Opportunity” ordering, among other matters, all agencies to enforce civil rights laws and combat illegal private sector Diversity, Equity, and Inclusion (“DEI”) preferences, mandates, policies, programs and activities. The executive order further directed the U.S. Attorney General and the Secretary of Education to issue guidance to all institutions of higher education that receive federal financial assistance regarding measures and practices required to comply with the U.S. Supreme Court’s decision in *Students for Fair Admissions, Inc. v. President and Fellows of Harvard College*, 600 U.S. 181 (2023) (“*SFFA*”), in which the Court significantly altered the existing legal framework relevant to race-conscious admissions to achieve student body diversity. On February 5, 2025, the U.S. Attorney General issued a memorandum to all Department of Justice employees stating that the Department of Justice’s Civil Rights Division will investigate, eliminate, and penalize illegal DEI as well as diversity, equity, inclusion and accessibility (“DEIA”) preferences, mandates, policies, programs and activities in the private sector and educational institutions that receive federal funds. The Attorney General further stated that by March 1, 2025, the Civil Rights Division and Office of Legal Policy would jointly prepare a report containing recommendations for enforcement and address: key sectors of concern within the Department of Justice’s jurisdiction; the most egregious illegal DEI/DEIA practitioners in each sector of concern; plans to deter the use of illegal DEI/DEIA, including proposals for criminal investigations and up to nine potential civil compliance investigations of publicly traded corporations and certain other organizations; potential litigation activities, regulatory actions, and sub-regulatory guidance; and other strategies to end illegal DEI and DEIA discrimination and preferences and comply with federal civil rights laws. Litigation challenging Executive Order 14173 was brought in federal district court; after a preliminary injunction was granted enjoining portions of the executive order, an appeals court stayed the injunction pending appeal.

On February 14, 2025, the Department of Education issued a DCL setting forth the anti-discrimination obligations of institutions that receive federal financial assistance. The DCL asserts that the *SFFA* decision applies more broadly to prohibit using race in decisions related to admissions, hiring, promotion, compensation, financial aid, scholarships, prizes, administrative support, discipline, housing, graduation ceremonies, and all other aspects of student, academic, and campus life. The DCL further states that programs and activities that treat students differently on the basis of race to achieve “nebulous” diversity, racial balancing, social justice, or equity goals are illegal. The Department informed institutions that the Department intended to take appropriate measures to assess compliance with the applicable statutes and regulations beginning February 28, 2025. The DCL further noted that institutions that fail to comply with federal civil rights law may, consistent with applicable law, face potential loss of federal funding. On February 28, 2025, the Department issued additional guidance in a Frequently Asked Questions (“FAQs”) document clarifying aspects of the DCL. Multiple lawsuits have been filed seeking to enjoin and vacate the DCL and FAQs alleging that they are unconstitutional, violate the Administrative Procedure Act, and are vague and disrupt educational practices, including by limiting academic freedom. Capella University and Strayer University are not parties to the lawsuits. The Company is unable to predict the ultimate outcome of the litigation.

On March 14, 2025, the Department announced that its Office for Civil Rights has opened investigations into dozens of higher education institutions for alleged Title VI violations.

Item 2: Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations is a supplement to and should be read in conjunction with our unaudited condensed consolidated financial statements and the related notes and other financial information included elsewhere in this Quarterly Report on Form 10-Q and the audited consolidated financial statements and the related notes and other financial information included in our Annual Report on Form 10-K for the year ended December 31, 2024.

Cautionary Notice Regarding Forward-Looking Statements

Certain of the statements included in this “Management’s Discussion and Analysis of Financial Condition and Results of Operations” as well as elsewhere in this Quarterly Report on Form 10-Q are forward-looking statements made pursuant to the Private Securities Litigation Reform Act of 1995 (“Reform Act”). Such statements may be identified by the use of words such as “expect,” “estimate,” “assume,” “believe,” “anticipate,” “may,” “will,” “forecast,” “outlook,” “plan,” “project,” “potential” or similar words, and include, without limitation, statements relating to future enrollment, revenues, revenues per student, earnings growth, operating expenses, and capital expenditures. These statements are based on the Company’s current expectations and are subject to a number of assumptions, risks and uncertainties. In accordance with the Safe Harbor provisions of the Reform Act, the Company has identified important factors that could cause the actual results to differ materially from those expressed in or implied by such statements. The assumptions, risks and uncertainties include the pace of student enrollment, our continued compliance with Title IV of the Higher Education Act, and the regulations thereunder, as well as other federal laws and regulations, institutional accreditation standards and state regulatory requirements, legislation and other actions by the U.S. Congress, actions by the current administration, rulemaking and other action by the U.S. Department of Education or other governmental entities, including without limitation action related to Title IV programs, U.S. Department of Education staffing levels, borrower defense to repayment applications, gainful employment, 90/10, increased focus by governmental entities on for-profit education institutions, and including actions by governmental entities in Australia and New Zealand, competitive factors, risks associated with the opening of new campuses, risks associated with the offering of new educational programs and adapting to other changes, risks associated with the acquisition of existing educational institutions including our acquisition of Torrens University and associated assets in Australia and New Zealand, the risk that the benefits of our acquisition of Torrens University and associated assets in Australia and New Zealand may not be fully realized or may take longer to realize than expected, the risk that our acquisition of Torrens University and associated assets in Australia and New Zealand may not advance our business strategy and growth strategy, risks related to the timing of regulatory approvals, our ability to implement our growth strategy, the risk that the combined company may experience difficulty integrating employees or operations, risks associated with the ability of our students to finance their education in a timely manner, and general economic and market conditions. You should not put undue reliance on any forward-looking statements. Further information about these and other relevant risks and uncertainties may be found in Part II, “Item 1A. Risk Factors” of this Quarterly Report on Form 10-Q, Part I, “Item 1A. Risk Factors” of the Company’s Annual Report on Form 10-K and in the Company’s other filings with the Securities and Exchange Commission. The Company undertakes no obligation to update or revise forward-looking statements, except as required by law.

Additional Information

We maintain a website at <http://www.strategiceducation.com>. The information on our website is not incorporated by reference in this Quarterly Report on Form 10-Q, and our web address is included as an inactive textual reference only. We make available, free of charge through our website, our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission.

Background

Strategic Education, Inc. (“SEI,” “we,” “us,” “our,” or “the Company”) is an education services company that provides access to high-quality education through campus-based and online post-secondary education offerings, as well as through programs to develop job-ready skills for high-demand markets. We operate primarily through our wholly-owned subsidiaries Capella University and Strayer University, both accredited post-secondary institutions of higher education located in the United States, and Torrens University, an accredited post-secondary institution of higher education located in Australia. Our operations also include the Education Technology Services segment, which primarily develops and maintains relationships with employers to build employee education benefits programs that provide employees access to affordable and industry-relevant training, certificate, and degree programs.

Segments Overview

As of March 31, 2025, we had the following reportable segments:

U.S. Higher Education (“USHE”) Segment

- The USHE segment provides flexible and affordable certificate and degree programs to working adults primarily through Capella University and Strayer University, including the Jack Welch Management Institute MBA, which is a unit of Strayer University. USHE also operates non-degree web and mobile application development courses through Hackbright Academy and Devmountain, which are units of Strayer University.
- Capella University is accredited by the Higher Learning Commission and Strayer University is accredited by the Middle States Commission on Higher Education, both higher education institutional accrediting agencies recognized by the U.S. Department of Education. The USHE segment provides academic offerings both online and in physical classrooms, helping working adult students develop specific competencies they can apply in their workplace.
- In the first quarter of 2025, USHE enrollment increased to 87,854 compared to 87,731 for the same period in 2024.
- Trailing 4-quarter student persistence within USHE was 87.2% in the fourth quarter of 2024 compared to 87.0% for the same period in 2023. Student persistence is calculated as the rate of students continuing from one quarter to the next, adjusted for graduates, on a trailing 4-quarter basis. Student persistence is reported one quarter in arrears. The table below summarizes USHE trailing 4-quarter student persistence for the past 8 quarters.

Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024
87.4 %	87.3 %	87.4 %	87.0 %	86.9 %	87.0 %	86.9 %	87.2 %

- Trailing 4-quarter government provided grants and loans per credit earned within USHE decreased 4.7% as of the end of the fourth quarter of 2024. Government provided grants and loans per credit earned includes all Federal loans and grants for students (Title IV hereafter) in our USHE institutions, and is calculated on a trailing 4-quarter basis and reported one quarter in arrears. Title IV per credit earned has been declining as employer-affiliated enrollment has grown, and as more students earn credit through Sophia Learning and other affordable alternative pathways. The table below summarizes the percentage change in USHE trailing 4-quarter Title IV per credit earned for the past 8 quarters.

Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024
(7.2)%	(7.4)%	(8.3)%	(7.4)%	(5.0)%	(3.8)%	(2.5)%	(4.7)%

Education Technology Services Segment

- Our Education Technology Services segment primarily develops and maintains relationships with employers to build employee education benefits programs that provide employees access to affordable and industry-relevant training, certificate, and degree programs. The employer relationships developed by the Education Technology Services segment are an important source of student enrollment for Capella University and Strayer University, and a significant portion of the revenue attributed to the Education Technology Services segment is driven by the volume of enrollment derived from these employer relationships. Enrollments attributed to the Education Technology Services segment are determined based on a student’s employment status and the existence of a corporate partnership arrangement with SEI. All enrollments attributed to the Education Technology Services segment continue to be attributed to the segment until the student graduates or withdraws, even if his or her employment status changes or if the partnership contract expires.
- In the first quarter of 2025, employer affiliated enrollment as a percentage of USHE enrollment was 31.2% compared to 29.2% for the same period in 2024.
- Education Technology Services also supports employer partners through Workforce Edge, a platform which provides employers a full-service education benefits administration solution, and Sophia Learning, which offers low-cost online general education-level courses recommended by the American Council on Education for credit at other colleges and universities.

Australia/New Zealand (“ANZ”) Segment

- Torrens University is the only investor-funded university in Australia. Torrens University offers undergraduate, graduate, higher degree by research, and specialized degree courses primarily in five fields of study: business, design and creative technology, health, hospitality, and education. Courses are offered both online and at physical campuses. Torrens University is registered with the Tertiary Education Quality and Standards Agency (“TEQSA”), the regulator for higher

education providers and universities throughout Australia, as an Australian University that is authorized to self-accredit its courses.

- Think Education is a vocational registered training organization and accredited higher education provider in Australia. Think Education delivers education services at several campuses in Sydney, Melbourne, Brisbane, and Adelaide as well as through online study. Think Education and its colleges are accredited in Australia by the TEQSA and the Australian Skills Quality Authority, the regulator for vocational education and training organizations that operate in Australia.
- Media Design School is a private tertiary institution for creative and technology qualifications in New Zealand. Media Design School offers industry-endorsed courses in 3D animation and visual effects, game art, game programming, graphic and motion design, digital media, artificial intelligence, and creative advertising. Media Design School is accredited in New Zealand by the New Zealand Qualifications Authority, the organization responsible for the quality assurance of non-university tertiary training providers.
- In the first quarter of 2025, Australia/New Zealand enrollment decreased 0.6% to 20,082 compared to 20,197 for the same period in 2024.

We believe we have the right operating strategies in place to provide the most direct path between learning and employment for our students. We are constantly innovating to differentiate ourselves in our markets and drive growth by supporting student success, producing affordable degrees, optimizing our comprehensive marketing strategy, serving a broader set of our students' professional needs, and establishing new growth platforms. The talent of our faculty and employees, supported by market leading technology, enable these strategies. We believe our strategy will allow us to continue to deliver high quality, affordable education, resulting in continued growth over the long-term. We will continue to invest in this strategy to strengthen the foundation and future of our business.

Critical Accounting Policies and Estimates

“Management’s Discussion and Analysis of Financial Condition and Results of Operations” discusses our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”). The preparation of these consolidated financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and the related disclosures of contingent assets and liabilities. On an ongoing basis, management evaluates its estimates and judgments related to its allowance for credit losses; income tax provisions; the useful lives of property and equipment; redemption rates for scholarship programs and valuation of contract liabilities; fair value of right-of-use lease assets for facilities that have been vacated; incremental borrowing rates; valuation of deferred tax assets, goodwill, and intangible assets; forfeiture rates and achievability of performance targets for stock-based compensation plans; and accrued expenses. Management bases its estimates and judgments on historical experience and various other factors and assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments regarding the carrying values of assets and liabilities that are not readily apparent from other sources. Management regularly reviews its estimates and judgments for reasonableness and may modify them in the future. Actual results may differ from these estimates under different assumptions or conditions.

Management believes that the following critical accounting policies are its more significant judgments and estimates used in the preparation of its consolidated financial statements.

Revenue recognition — Capella University and Strayer University offer educational programs primarily on a quarter system having four academic terms, which generally coincide with our quarterly financial reporting periods. Torrens University offers the majority of its education programs on a trimester system having three primary academic terms, which all occur within the calendar year. Approximately 94% of our revenues during the three months ended March 31, 2025 consisted of tuition revenue. Capella University offers monthly start options for new students, who then transition to a quarterly schedule. Capella University also offers its FlexPath program, which allows students to determine their 12-week billing session schedule after they complete their first course. Tuition revenue for all students is recognized ratably over the period of instruction as the universities provide academic services, whether delivered in person at a physical campus or online. Tuition revenue is shown net of any refunds, withdrawals, discounts, and scholarships. The universities also derive revenue from other sources such as textbook-related income, certificate revenue, certain academic fees, licensing revenue, accommodation revenue, and food and beverage fees, which are all recognized when earned. In accordance with Accounting Standards Codification 606, *Revenue Recognition*, materials provided to students in connection with their enrollment in a course are recognized as revenue when control of those materials transfers to the student. At the start of each academic term or program, a contract liability is recorded for academic services to be provided, and a tuition receivable is recorded for the portion of the tuition not paid in advance. Any cash received prior to the start of an academic term or program is recorded as a contract liability.

Students at Capella University and Strayer University finance their education in a variety of ways, and historically a majority of our students have participated in one or more financial aid programs provided through Title IV of the Higher Education Act. In addition, many of our working adult students finance their own education or receive full or partial tuition reimbursement from their employers. Those students who are veterans or active duty military personnel have access to various additional government-funded educational benefit programs.

In Australia, domestic students may finance their education themselves or by taking a loan through the national Higher Education Loan Program provided by the Australian government to support higher education. In New Zealand, domestic students may utilize government loans to fund tuition and may be eligible for a period of “fees free” study funded by the government. International students are not eligible for funding from the Australian or New Zealand governments.

A typical class is offered in weekly increments over a six- to twelve-week period, depending on the university and course type, and is followed by an exam. Student attendance is based on physical presence in class for on-ground classes. For online classes, attendance consists of logging into one’s course shell and performing an academically-related activity (e.g., engaging in a discussion post or taking a quiz).

If a student withdraws from a course prior to completion, a portion of the tuition may be refundable depending on when the withdrawal occurs. We use the student’s withdrawal date or last date of attendance for this purpose. Our specific refund policies vary across the universities and non-degree programs. For students attending Capella University, our refund policy varies based on course format. GuidedPath students are allowed a 100% refund through the first five days of the course, a 75% refund from six to twelve days, and 0% refund for the remainder of the period. FlexPath students receive a 100% refund through the 12th calendar day of the course for their first billing session only and a 0% refund after that date and for all subsequent billing sessions. For students attending Strayer University, our refund policy typically permits students who complete less than half of a course to receive a partial refund of tuition for that course. For domestic students attending an ANZ institution, refunds are typically provided to students that withdraw within the first 20% of a course term. For international students attending an ANZ institution, refunds are provided to students that withdraw prior to the course commencement date. In limited circumstances, refunds to students attending an ANZ institution may be granted after these cut-offs subject to an application for special consideration by the student and approval of that application by the institution. Refunds reduce the tuition revenue that otherwise would have been recognized for that student. Since the academic terms coincide with our financial reporting periods for most programs, nearly all refunds are processed and recorded in the same quarter as the corresponding revenue. For certain programs where courses may overlap a quarter-end date, we estimate a refund or withdrawal rate and do not recognize the related revenue until the uncertainty related to the refund is resolved. The portion of tuition revenue refundable to students may vary based on the student’s state of residence.

For U.S. students who receive funding under Title IV and withdraw, funds are subject to return provisions as defined by the Department of Education. The university is responsible for returning Title IV funds to the Department and then may seek payment from the withdrawn student of prorated tuition or other amounts charged to him or her. Loss of financial aid eligibility during an academic term is rare and would normally coincide with the student’s withdrawal from the institution. In Australia and New Zealand, government funding for eligible students is provided directly to the institution on an estimated basis annually. The amount of government funding provided is based on a course-by-course forecast of enrollments that the institution submits for the upcoming calendar year. Using the enrollment forecast provided as well as the requesting institution’s historical enrollment trends, the government approves a fixed amount, which is then funded to the institution evenly on a monthly basis. Periodic reconciliation and true-ups are undertaken between the relevant government authority and the institution based on actual eligible enrollments, which may result in a net amount being due to or from the government.

Students at Strayer University registering in credit-bearing courses in any undergraduate program qualify for the Learn and Earn Scholarship (formerly known as the Graduation Fund), whereby qualifying students earn tuition credits that are redeemable in the final year of a student’s course of study if he or she successfully remains in the program. Students must meet all of Strayer University’s admission requirements and not be eligible for any previously offered scholarship program. To maintain eligibility, students must be enrolled in a bachelor’s degree program. Students who have more than one consecutive term of non-attendance lose any Learn and Earn Scholarship credits earned to date, but may earn and accumulate new credits if the student is reinstated or readmitted by Strayer University in the future. In their final academic year, qualifying students will receive one free course for every three courses that the student successfully completed in prior years. Strayer University’s performance obligation associated with free courses that may be redeemed in the future is valued based on a systematic and rational allocation of the cost of honoring the benefit earned to each of the underlying revenue transactions that result in progress by the student toward earning the benefit. The estimated value of awards under the Learn and Earn Scholarship that will be recognized in the future is based on historical experience of students’ persistence in completing their course of study and earning a degree and the tuition rate in effect at the time it was associated with the transaction. Estimated redemption rates of eligible students vary based on their term of enrollment. As of March 31, 2025, we had deferred \$37.7 million for estimated redemptions earned under the Learn and Earn

Scholarship, as compared to \$37.1 million at December 31, 2024. Each quarter, we assess our assumptions underlying our estimates for persistence and estimated redemptions based on actual experience. To date, any adjustments to our estimates have not been material. However, if actual persistence or redemption rates change, adjustments to the reserve may be necessary and could be material.

Tuition receivable — We record estimates for our allowance for credit losses related to tuition receivable from students primarily based on our historical collection rates by age of receivable and adjusted for reasonable expectations of future collection performance, net of recoveries. Our experience is that payment of outstanding balances is influenced by whether the student returns to the institution, as we require students to make payment arrangements for their outstanding balances prior to enrollment. Therefore, we monitor outstanding tuition receivable balances through subsequent terms, increasing the reserve on such balances over time as the likelihood of returning to the institution diminishes and our historical experience indicates collection is less likely. We periodically assess our methodologies for estimating credit losses in consideration of actual experience. If the financial condition of our students were to deteriorate based on current or expected future events resulting in evidence of impairment of their ability to make required payments for tuition payable to us, additional allowances or write-offs may be required. Our bad debt expense was 4.2% of revenue in the first quarter of 2025 and 2024. A change in our allowance for credit losses of 1% of gross tuition receivable as of March 31, 2025 would have changed our income from operations by approximately \$1.4 million.

Goodwill and intangible assets — Goodwill represents the excess of the purchase price of an acquired business over the amount assigned to the assets acquired and liabilities assumed. Indefinite-lived intangible assets, which include trade names, are recorded at fair market value on their acquisition date. At the time of acquisition, goodwill and indefinite-lived intangible assets are allocated to reporting units. Management identifies its reporting units by assessing whether the components of its operating segments constitute businesses for which discrete financial information is available and management regularly reviews the operating results of those components. Goodwill and indefinite-lived intangible assets are assessed at least annually for impairment. No events or circumstances occurred in the three months ended March 31, 2025 to indicate an impairment to goodwill or indefinite-lived intangible assets. Accordingly, no impairment charges related to goodwill or indefinite-lived intangible assets were recorded during the three months ended March 31, 2025.

Other estimates — We record estimates for income tax liabilities and estimate the useful lives of our property and equipment. We also periodically review our assumed forfeiture rates and ability to achieve performance targets for stock-based awards and adjust them as necessary. Should actual results differ from our estimates, revisions to the carrying amount of property and equipment and intangible assets, stock-based compensation expense, and income tax liabilities may be required.

Results of Operations

In the first quarter of 2025, we generated \$303.6 million in revenue compared to \$290.3 million for the same period in 2024. Our income from operations was \$39.8 million in the first quarter of 2025 compared to \$41.4 million for the same period in 2024, due to higher restructuring costs and operating expenses, partially offset by higher revenue in our Education Technology Services segment, which was primarily driven by an increase in Workforce Edge revenue from new employer partnerships and growth in Sophia Learning subscriptions. Net income in the first quarter of 2025 and 2024 was \$29.7 million, and diluted earnings per share was \$1.24 in the first quarter of 2025 compared to \$1.23 for the same period in 2024.

Three Months Ended March 31, 2025 Compared to the Three Months Ended March 31, 2024

Revenues. Consolidated revenue increased to \$303.6 million in the first quarter of 2025 compared to \$290.3 million in the first quarter of 2024, primarily due to higher revenue in our Education Technology Services segment, which was driven by an increase in Workforce Edge revenue from new employer partnerships and growth in Sophia Learning subscriptions. In the USHE segment for the three months ended March 31, 2025, total enrollment increased to 87,854 from 87,731 for the same period in 2024. USHE segment revenue increased 0.8% to \$221.0 million in the first quarter of 2025 compared to \$219.2 million in the first quarter of 2024, primarily due to higher revenue per student. In the Australia/New Zealand segment for the three months ended March 31, 2025, total enrollment decreased 0.6% to 20,082 from 20,197 for the same period in 2024. Australia/New Zealand segment revenue increased 1.9% to \$48.3 million in the first quarter of 2025 compared to \$47.4 million in the first quarter of 2024, primarily due to higher revenue per student, partially offset by unfavorable foreign currency exchange impacts. Education Technology Services segment revenue increased 45.2% to \$34.3 million in the first quarter of 2025 compared to \$23.6 million in the first quarter of 2024, primarily due to an increase in Workforce Edge revenue from new employer partnerships, growth in Sophia Learning subscriptions, and higher employer affiliated enrollment.

Instructional and support costs. Consolidated instructional and support costs increased to \$158.3 million in the first quarter of 2025 compared to \$157.7 million in the first quarter of 2024, principally due to increases in stock-based compensation expense, technology-related costs, depreciation expense, and bad debt expense, partially offset by lower student material and facility expenses, and favorable foreign currency exchange impacts. Consolidated instructional and support costs as a percentage of

revenues decreased to 52.1% in the first quarter of 2025 from 54.3% in the first quarter of 2024.

General and administration expenses. Consolidated general and administration expenses increased to \$103.6 million in the first quarter of 2025 compared to \$96.7 million in the first quarter of 2024, principally due to increased investments in branding initiatives and partnerships with brand ambassadors and higher personnel-related costs, partially offset by lower stock-based compensation expense and favorable foreign currency exchange impacts. Consolidated general and administration expenses as a percentage of revenues increased to 34.1% in the first quarter of 2025 from 33.3% in the first quarter of 2024.

Restructuring costs. Restructuring costs increased to \$1.9 million in the first quarter of 2025 compared to a \$5.5 million net benefit in the first quarter of 2024, primarily due to a \$6.2 million gain related to the early termination of operating leases in the first quarter of 2024, a \$1.1 million increase in severance and other personnel-related expenses from employee terminations and a \$0.2 million increase in asset impairment charges.

Income from operations. Consolidated income from operations decreased to \$39.8 million in the first quarter of 2025 compared to \$41.4 million in the first quarter of 2024, due to higher restructuring costs and operating expenses, partially offset by higher revenue in our Education Technology Services segment, which was primarily driven by an increase in Workforce Edge revenue from new employer partnerships and growth in Sophia Learning subscriptions. USHE segment income from operations increased 6.9% to \$30.0 million in the first quarter of 2025 compared to \$28.0 million in the first quarter of 2024, primarily driven by higher revenue due to an increase in revenue per student, lower student material costs and lower personnel-related costs, partially offset by increased investments in branding initiatives, higher bad debt expense, and higher stock-based compensation expense. Australia/New Zealand segment loss from operations decreased to \$2.1 million in the first quarter of 2025 compared to a loss from operations of \$2.3 million in the first quarter of 2024, primarily driven by higher revenue due to an increase in revenue per student and lower stock-based compensation expense, partially offset by higher personnel-related costs and increased investments in branding initiatives. Education Technology Services segment income from operations increased 37.3% to \$13.8 million in the first quarter of 2025 compared to \$10.1 million in the first quarter of 2024, primarily due to higher revenue as a result of an increase in Workforce Edge revenue from new employer partnerships, growth in Sophia Learning subscriptions, and higher employer affiliated enrollment, partially offset by higher personnel-related costs and increased investments in branding initiatives.

Other income. Other income increased to \$2.2 million in the first quarter of 2025 compared to \$1.8 million in the first quarter of 2024, primarily due to a \$1.1 million decrease in interest expense, partially offset by a \$0.6 million decrease in interest income. We incurred \$0.3 million of interest expense in the three months ended March 31, 2025 compared to \$1.4 million in the three months ended March 31, 2024.

Provision for income taxes. Income tax expense was \$12.3 million in the first quarter of 2025, compared to \$13.4 million in the first quarter of 2024. Income tax expense for the three months ended March 31, 2024 and 2025 include shortfall tax impacts of approximately \$1.3 million and windfall tax impacts of approximately \$0.5 million, respectively, related to share-based payment arrangements. Our effective tax rate for the first quarter of 2025 was 29.2% compared to 31.2% in the first quarter of 2024.

Net income. Net income was \$29.7 million in the first quarter of 2025 and 2024 due to the factors discussed above.

Non-GAAP Financial Measures

We use certain financial measures including Adjusted Revenue, Adjusted Total Costs and Expenses, Adjusted Income from Operations, Adjusted Operating Margin, Adjusted Income Before Income Taxes, Adjusted Net Income, and Adjusted Diluted Earnings per Share that are not required by or prepared in accordance with GAAP. These measures, which are considered “non-GAAP financial measures” under SEC rules, are defined by us to exclude the following:

- severance costs, asset impairment charges, gains on sale of real estate and early termination of leased facilities, and other costs associated with our restructuring activities;
- income/loss from partnership and other investments that are not part of our core operations; and
- discrete tax adjustments related to stock-based compensation and other adjustments.

To illustrate currency impacts to operating results, Adjusted Revenue, Adjusted Total Costs and Expenses, Adjusted Income from Operations, Adjusted Operating Margin, Adjusted Income Before Income Taxes, Adjusted Net Income, and Adjusted Diluted Earnings per Share for the three months ended March 31, 2025 are also presented on a constant currency basis.

When considered together with GAAP financial results, we believe these measures provide management and investors with an additional understanding of our business and operating results, including underlying trends associated with our ongoing operations.

Non-GAAP financial measures are not defined in the same manner by all companies and may not be comparable with other similarly titled measures of other companies. Non-GAAP financial measures may be considered in addition to, but not as a substitute for or superior to, GAAP results. A reconciliation of these measures to the most directly comparable GAAP measures is provided below.

Adjusted income from operations was \$41.7 million in the first quarter of 2025 compared to \$35.8 million for the same period in 2024. Adjusted net income was \$31.2 million in the first quarter of 2025 compared to \$26.7 million for the same period in 2024, and adjusted diluted earnings per share was \$1.30 in the first quarter of 2025 compared to \$1.11 for the same period in 2024.

The tables below reconcile our reported results of operations to adjusted results:

Reconciliation of Reported to Adjusted Results of Operations for the three months ended March 31, 2025 (in thousands, except per share data)

	As Reported (GAAP)	Non-GAAP Adjustments			As Adjusted (Non-GAAP)
		Restructuring costs ⁽¹⁾	Loss from other investments ⁽²⁾	Tax adjustments ⁽³⁾	
Revenues	\$ 303,590	\$ —	\$ —	\$ —	\$ 303,590
Total costs and expenses	\$ 263,796	\$ (1,914)	\$ —	\$ —	\$ 261,882
Income from operations	\$ 39,794	\$ 1,914	\$ —	\$ —	\$ 41,708
<i>Operating margin</i>	<i>13.1%</i>				<i>13.7%</i>
Income before income taxes	\$ 42,005	\$ 1,914	\$ 4	\$ —	\$ 43,923
Net income	\$ 29,744	\$ 1,914	\$ 4	\$ (477)	\$ 31,185
Diluted earnings per share	\$ 1.24				\$ 1.30
Weighted average diluted shares outstanding	24,065				24,065

Reconciliation of Reported to Adjusted Results of Operations for the three months ended March 31, 2024 (in thousands, except per share data)

	As Reported (GAAP)	Non-GAAP Adjustments			As Adjusted (Non-GAAP)
		Restructuring costs ⁽¹⁾	Loss from other investments ⁽²⁾	Tax adjustments ⁽³⁾	
Revenues	\$ 290,250	\$ —	\$ —	\$ —	\$ 290,250
Total costs and expenses	\$ 248,894	\$ 5,510	\$ —	\$ —	\$ 254,404
Income from operations	\$ 41,356	\$ (5,510)	\$ —	\$ —	\$ 35,846
<i>Operating margin</i>	<i>14.2%</i>				<i>12.4%</i>
Income before income taxes	\$ 43,150	\$ (5,510)	\$ 212	\$ —	\$ 37,852
Net income	\$ 29,702	\$ (5,510)	\$ 212	\$ 2,282	\$ 26,686
Diluted earnings per share	\$ 1.23				\$ 1.11
Weighted average diluted shares outstanding	24,060				24,060

- (1) Reflects severance costs, asset impairment charges, gains on sale of real estate and early termination of leased facilities, and other costs associated with the Company's restructuring activities.
- (2) Reflects income/loss recognized from the Company's investments in partnership interests and other investments.
- (3) Reflects tax impacts of the adjustments described above and discrete tax adjustments related to stock-based compensation and other adjustments, utilizing adjusted effective tax rates of 29.0% and 29.5% for the three months ended March 31, 2025 and 2024, respectively.

The table below presents our adjusted results of operations on a constant currency basis for the three months ended March 31, 2025 (in thousands, except per share data):

	For the three months ended March 31, 2025		
	As Adjusted (Non-GAAP)	Constant currency adjustment ⁽¹⁾	As Adjusted with Constant Currency (Non-GAAP)
Revenues	\$ 303,590	\$ 2,153	\$ 305,743
Total costs and expenses	\$ 261,882	\$ 2,274	\$ 264,156
Income from operations	\$ 41,708	\$ (121)	\$ 41,587
<i>Operating margin</i>	<i>13.7%</i>		<i>13.6%</i>
Income before income taxes	\$ 43,923	\$ (93)	\$ 43,830
Net income	\$ 31,185	\$ (66)	\$ 31,119
Diluted earnings per share	\$ 1.30		\$ 1.29
Weighted average diluted shares outstanding	24,065		24,065

(1) Reflects an adjustment to translate foreign currency results for the three months ended March 31, 2025 at a constant exchange rate of 0.66 Australian Dollars to U.S. Dollars, which was the average exchange rate for the same period in 2024.

Liquidity and Capital Resources

At March 31, 2025, we had cash, cash equivalents, and marketable securities of \$197.6 million compared to \$199.0 million at December 31, 2024 and \$253.6 million at March 31, 2024. We maintain our cash and cash equivalents primarily in money market funds and demand deposit bank accounts at high credit quality financial institutions, which are included in cash and cash equivalents at March 31, 2025 and 2024. We also hold marketable securities, which primarily include corporate debt securities, U.S. treasury securities with maturities greater than three months, and term deposits. During the three months ended March 31, 2025 and 2024, we earned interest income of \$2.5 million and \$3.1 million, respectively.

We are party to a credit facility (“Amended Credit Facility”), which provides for a senior secured revolving credit facility (the “Revolving Credit Facility”) in an aggregate principal amount of up to \$250 million. The Amended Credit Facility provides us with an option, subject to obtaining additional loan commitments and satisfaction of certain conditions, to increase the commitments under the Revolving Credit Facility or establish one or more incremental term loans (each, an “Incremental Facility”) in an amount up to the sum of (x) the greater of (A) \$300 million and (B) 100% of the Company’s consolidated EBITDA (earnings before interest, taxes, depreciation, amortization, and noncash charges, such as stock-based compensation) calculated on a trailing four-quarter basis and on a pro forma basis, and (y) if such Incremental Facility is incurred in connection with a permitted acquisition or other permitted investment, any amounts so long as the Company’s leverage ratio (calculated on a trailing four-quarter basis) on a pro forma basis will be no greater than 1.75:1.00. In addition, the Amended Credit Facility provides for a subfacility for borrowings in certain foreign currencies in an amount equal to the U.S. dollar equivalent of \$150 million. Borrowings under the Revolving Credit Facility bear interest at a per annum rate equal to Term SOFR or a base rate, plus a margin ranging from 1.50% to 2.00%, depending on our leverage ratio. An unused commitment fee ranging from 0.20% to 0.30% per annum, depending on our leverage ratio, accrues on unused amounts. We were in compliance with all applicable covenants related to the Amended Credit Facility as of March 31, 2025. We had no borrowings outstanding under the Revolving Credit Facility as of March 31, 2025 and \$61.3 million outstanding under our Revolving Credit Facility as of March 31, 2024. During the three months ended March 31, 2025 and 2024, we paid \$0.1 million and \$1.2 million, respectively, of interest and unused commitment fees related to our Revolving Credit Facility.

Our net cash provided by operating activities for the three months ended March 31, 2025 decreased to \$67.7 million, compared to \$77.6 million for the same period in 2024. The decrease in net cash from operating activities was primarily driven by unfavorable changes in working capital.

Our net cash used in investing activities for the three months ended March 31, 2025 increased to \$1.7 million, compared to \$1.0 million for the same period in 2024. The increase in net cash used in investing activities was primarily driven by a \$25.6 million increase in purchases of marketable securities and a \$1.1 million increase in capital expenditures, partially offset by a \$26.1 million increase in cash proceeds from marketable securities and other investments. Capital expenditures increased to \$10.3 million for the three months ended March 31, 2025, compared to \$9.2 million for the same period in 2024, primarily due to the timing of capital projects.

Our net cash used in financing activities for the three months ended March 31, 2025 increased to \$56.1 million, compared to \$18.4 million for the same period in 2024. The increase in net cash used in financing activities was primarily driven by \$32.0 million of share repurchases during the three months ended March 31, 2025 and a \$5.6 million increase in net payments for employee stock awards.

The Board of Directors declared a regular, quarterly cash dividend of \$0.60 per share of common stock in the first quarter of 2025. During the three months ended March 31, 2025, we paid a total of \$14.8 million in cash dividends on our common stock, compared to \$14.7 million for the same period in 2024. During the three months ended March 31, 2025, we paid \$32.0 million to repurchase shares of common stock in the open market under our repurchase program. As of March 31, 2025, we had \$196.5 million remaining in share repurchase authorization to use through December 31, 2025.

For the first quarter of 2025 and 2024, bad debt expense as a percentage of revenue was 4.2%.

Our recurring cash requirements consist primarily of general operating expenses, capital expenditures, discretionary dividend payments, income tax payments, and contractual obligations related to our lease agreements, limited partnership investments, and Revolving Credit Facility. We believe that the combination of our existing cash, cash equivalents, and marketable securities, cash generated from operating activities, and if necessary, cash available under our Amended Credit Facility will be sufficient to meet our cash requirements for the next 12 months and beyond.

Item 3: Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

We are subject to the impact of interest rate changes and may be subject to changes in the market values of our future investments. We invest our excess cash in money market mutual funds, bank overnight deposits, U.S. treasury bills, and marketable securities. We have not used derivative financial instruments in our investment portfolio. Earnings from investments in money market mutual funds, bank overnight deposits, U.S. treasury bills, and marketable securities may be adversely affected in the future should interest rates decline, although such a decline may reduce the interest rate payable on any borrowings under our Revolving Credit Facility. Our future investment income may fall short of expectations due to changes in interest rates or we may suffer losses in principal if forced to sell securities that have declined in market value due to changes in interest rates. As of March 31, 2025, a 1% increase or decrease in interest rates would not have a material impact on our future earnings, fair values, or cash flows related to investments in cash equivalents or interest earning marketable securities.

We had no outstanding debt under our Amended Credit Facility as of March 31, 2025. Borrowings under the Amended Credit Facility bear interest at Term SOFR or a base rate, plus a margin ranging from 1.50% to 2.00%, depending on our leverage ratio. An unused commitment fee ranging from 0.20% to 0.30%, depending on our leverage ratio, accrues on unused amounts under the Amended Credit Facility. An increase in Term SOFR would affect interest expense on any outstanding balance of the Revolving Credit Facility. For every 100 basis points increase in Term SOFR, we would incur an incremental \$2.5 million in interest expense per year assuming the entire \$250 million Revolving Credit Facility was utilized.

Foreign Currency Risk

The United States Dollar (“USD”) is our reporting currency. The functional currency of each of our foreign subsidiaries is the currency of the economic environment in which the subsidiary primarily does business. Revenues denominated in currencies other than the USD accounted for 15.9% of our consolidated revenues for the three months ended March 31, 2025. We therefore have foreign currency risk related to these currencies, which is primarily the Australian dollar. Accordingly, changes in exchange rates, and in particular a weakening of foreign currencies relative to the USD may negatively affect our revenue and operating income as expressed in the USD. For the three months ended March 31, 2025, a hypothetical 10% adverse change in the average foreign currency exchange rates would have decreased our consolidated revenues by approximately \$4.8 million. In addition, the effect of exchange rate changes on cash, cash equivalents, and restricted cash for the three months ended March 31, 2025 was an increase of \$0.1 million. We do not use foreign exchange contracts or derivatives to hedge any foreign currency exposures.

Item 4: Controls and Procedures

- a) *Disclosure Controls and Procedures.* The Company’s management, with the participation of its Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company’s disclosure controls and procedures as of March 31, 2025. Based upon such review, the Chief Executive Officer and Chief Financial Officer have concluded that the Company had in place, as of March 31, 2025, effective disclosure controls and procedures designed to ensure that information required to be disclosed by the Company (including consolidated subsidiaries) in the reports it files or submits under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and the rules thereunder, is recorded, processed, summarized and reported within the time periods specified in the Commission’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in reports it files or submits under the Exchange Act is accumulated and communicated to the Company’s management, including its principal executive officer or officers and principal financial officer or officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.
- b) *Internal Control Over Financial Reporting.* There have not been any changes in the Company’s internal control over financial reporting during the quarter ended March 31, 2025 that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

We are involved in litigation and other legal proceedings arising out of the ordinary course of our business. From time to time, certain matters may arise that are other than ordinary and routine. The outcome of such matters will not, individually or in the aggregate, have a material adverse effect on our consolidated financial position, results of operations or cash flows. However, depending on the amount and timing, an unfavorable resolution of some or all of these matters could materially affect future results of operations in a particular period. See Note 16, Litigation, in the condensed consolidated financial statements appearing in Part I, Item 1 of this report for additional information regarding our legal proceedings and related matters, which information is incorporated herein by reference.

Item 1A. Risk Factors

You should carefully consider the factors discussed in Part I, “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2024, which could materially affect our business, adversely affect the market price of our common stock and could cause you to suffer a partial or complete loss of your investment. There have been no material changes to the risk factors previously described in Part I, “Item 1A. Risk Factors” included in our Annual Report on Form 10-K for the year ended December 31, 2024, other than as set forth below. The risks described below and in our Annual Report on Form 10-K are not the only risks facing the Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also could materially adversely affect our business. See “Cautionary Notice Regarding Forward-Looking Statements.”

If either Capella University or Strayer University fails to maintain any of its state authorizations, the University would lose its ability to operate in that state and to participate in Title IV programs there.

Capella University is registered as a private institution with the Minnesota Office of Higher Education, as required for most post-secondary private institutions that grant degrees at the associate level or above in Minnesota and as required by the Higher Education Act to participate in Title IV programs. The loss of state authorization would, among other things, limit Capella University’s ability to operate in that state, render Capella University ineligible to participate in Title IV programs, and could have a material adverse effect on our business.

Each Strayer University campus is authorized to operate and to grant degrees, diplomas, or certificates by the applicable education agency or agencies of the state where the campus is located. Such state authorization is required for students at the campus to participate in Title IV programs. The loss of state authorization would, among other things, limit Strayer University’s ability to operate in that state, render Strayer University ineligible to participate in Title IV programs at least at those state campus locations, and could have a material adverse effect on our business.

Effective July 1, 2011, Department of Education regulations provide that an institution is considered legally authorized by a state if the state has a process to review and appropriately act on complaints concerning the institution, including enforcing applicable state laws, and the institution complies with any applicable state approval or licensure requirements consistent with the new rules. If a state in which Capella University or Strayer University is located fails to comply in the future with the provisions of the new rule or fails to provide the University with legal authorization, it could limit the University’s ability to operate in that state and to participate in Title IV programs at least for students in that state and could have a material adverse effect on our operations.

On December 19, 2016, the Department of Education published final regulations addressing, among other issues, state authorization of programs offered through distance education. The final regulations, which became effective on May 26, 2019, require an institution offering distance education programs to be authorized by each state in which the institution enrolls students (other than the state(s) in which the institution is physically located), if such authorization is required by the state, in order to award Title IV aid to such students. An institution could obtain such authorization directly from the state or (except in California) through a state authorization reciprocity agreement. Under those rules, if one of our universities should fail to obtain or maintain required state authorization to provide post-secondary distance education in a specific state in which the institution is not physically located, the institution could lose its ability to provide distance education in that state and to award Title IV aid to online students in that state. The 2016 rules require that schools disclose all applicable prerequisites for licensure for professional programs and whether the school’s programs satisfy those prerequisites in each state where enrolled students reside. The institution must make direct disclosures to students and prospective students if the institution determines that a program does not meet a state’s professional licensure requirements. If an institution has not made these determinations, it must make a general disclosure to the public to that effect. The disclosure rules have been modified by U.S. Department of Education regulations effective July 1, 2024, as described below. An institution must also notify students within 14 days if it determines that a program does not meet a state’s requirements. If one of our universities failed to make any of these disclosures, the Department of

Education could limit, suspend, or terminate its participation in Title IV programs or impose other penalties such as requiring our universities to make refunds, pay liabilities, or pay an administrative fine upon a material finding of noncompliance.

Capella University and Strayer University participate in the State Authorization Reciprocity Agreement (“SARA”), which originated after the 2016 rulemaking and allows the universities to enroll students in distance education programs in each SARA member state. Capella University and Strayer University apply separately to non-SARA member states (i.e., California) for authorization to enroll students, if such authorization is required by the state. If Capella University or Strayer University fails to comply with the requirements to participate in SARA or state licensing or authorization requirements to provide distance education in a non-SARA state, the University could lose its ability to participate in SARA or may be subject to the loss of state licensure or authorization to provide distance education in that non-SARA state, respectively.

On November 1, 2019, the Department released final regulations on accreditation and state authorization of distance education, which became effective July 1, 2020. The rules maintain the requirement from the 2016 rule that institutions offering post-secondary education through distance education or correspondence courses to students located in a state in which the institution is not located meet state requirements in that state or participate in a state authorization reciprocity agreement. In addition, an institution must make disclosures readily available to enrolled and prospective students regarding whether programs leading to professional licensure or certification meet state educational requirements, and provide a direct disclosure to students in writing if the program leading to professional licensure or certification does not meet state educational requirements in the state in which the student is located, or if no determination for such state has been made by the institution. The disclosure rules have been modified by U.S. Department of Education regulations effective July 1, 2024, as described below.

SARA’s coordinating entity, the National Council for State Authorization Reciprocity Agreements (“NC-SARA”), conducts an annual process to consider potential changes to NC-SARA policies. From time to time, changes have been proposed that, if adopted, would have significantly altered the distance education reciprocity agreements, including a proposal that NC-SARA permit states to apply more stringent standards to for-profit institutions or to eliminate the ability of for-profit institutions to participate in the agreements altogether. Although such proposals were not adopted, the process demonstrates the possibility that the adoption of certain NC-SARA proposals in the future, including those described above, could have a material adverse effect on Capella University, Strayer University, and the Company. For example, if excluded from the ability to participate in the agreements, Capella University and Strayer University would need to seek authorization in each state, which would increase costs and present the risk that certain jurisdictions would decline authorization.

On January 21, 2025, NC-SARA initiated its 2025 policy manual modification process with a call for proposals for SARA policy changes. The call for proposals ended February 7, 2025 and yielded 32 proposed changes to NC-SARA policies, some of which, if adopted, could significantly alter the distance education reciprocity agreements. Such proposals included circumstances under which an institution may be denied participation in SARA or have its participation limited as a result of investigations or adverse actions against it related to the institution’s academic quality, financial stability, or student consumer protection issues. On April 25, 2025, NC-SARA will hold its public comment forum to seek input on these potential changes. In addition to the public comment forum, NC-SARA permitted submission of written comments in two rounds: between March 6, 2025 and April 7, 2025 (now closed), and between June 9, 2025 and July 7, 2025. NC-SARA’s regional compacts/regional steering committees and the NC-SARA board of directors will vote on each proposal presented by September 2, 2025, and October 23, 2025, respectively. We cannot predict whether NC-SARA will adopt any of these proposals. The adoption of certain proposals, including those described above, to the extent they affect the ability of institutions to participate in the agreements, could have a material adverse effect on Capella University, Strayer University, and the Company.

Pursuant to new U.S. Department of Education regulations, beginning July 1, 2024, in each state where an institution is located, students enrolled by the institution are located, or students attest that they intend to seek employment, the institution must determine that each program eligible for Title IV: (i) is programmatically accredited if the state or a Federal agency requires such accreditation, including as a condition for employment in the occupation for which the program prepares the student and (ii) satisfies the applicable educational requirements for professional licensure or certification requirements in the state so that a student who enrolls in the program, and seeks employment in that state after completing the program, qualifies to take any licensure or certification exam that is needed for the student to practice or find employment in an occupation that the program prepares students to enter; and (iii) complies with all state laws related to closure, including record retention, teach-out plans or agreements, and tuition recovery funds or surety bonds. Institutions may not enroll for Title IV purposes a student located in a state in which the program does not meet such requirements, unless at the time of initial enrollment the student attests their intent to seek employment in another state that would satisfy such requirements.

The failure by Capella University or Strayer University to comply with the Clery Act or Title IX could result in sanctions and other liability.

Capella University and Strayer University must comply with the campus safety and security reporting requirements as well as other requirements in the Clery Act, including changes made to the Clery Act by the Violence Against Women Reauthorization Act of 2013. On October 20, 2014, the Department of Education promulgated final regulations implementing amendments to the Clery Act. In addition, the Department of Education has interpreted Title IX, which prohibits discrimination on the basis of sex in education programs that receive funding from the federal government, to categorize sexual violence as a form of prohibited sex discrimination and to require institutions to follow certain disciplinary procedures with respect to such offenses. Failure to comply with the Clery Act or Title IX requirements or regulations thereunder could result in action by the Department of Education to require corrective action, fine the University, or limit or suspend its participation in Title IV programs, which could lead to litigation and could harm the University's reputation. In addition, individuals alleging sex discrimination may sue an institution under Title IX for corrective action and monetary damages.

On May 6, 2020, the Department of Education published final rules related to implementation of Title IX, which prohibits discrimination on the basis of sex in education programs that receive funding from the federal government (the "2020 Title IX Rule"). The 2020 Title IX Rule defines what constitutes sexual harassment for purposes of Title IX in the administrative enforcement context, describes what actions trigger an institution's obligation to respond to incidents of alleged sexual harassment, and specifies how an institution must respond to allegations of sexual harassment. Among other matters, the 2020 Title IX Rule includes a requirement for live hearings on Title IX sexual harassment claims, which includes direct and cross-examination of parties, university-provided advisors (in the event a student or party does not provide an advisor), rulings on questions of relevance by decision-makers, and the creation and maintenance of a record of the live hearing proceedings. The final rule became effective August 14, 2020. On August 24, 2021, the Department of Education Office for Civil Rights issued guidance indicating it would cease enforcement of the rules' prohibition against consideration of statements made by individuals failing to submit to cross-examination at a live hearing.

On June 23, 2022, the Department of Education released proposed Title IX regulations for public comment, and on October 4, 2022, the Department of Education's Office for Civil Rights released a resource document for students and institutions addressing pregnancy and related conditions. On April 19, 2024, the Department of Education released its final rule regarding the implementation of Title IX (the "2024 Title IX Rule"). The 2024 Title IX Rule applies to all forms of sex-based harassment (not only sexual harassment); clarifies that Title IX's prohibition against sex discrimination includes discrimination on the basis of sex stereotypes, sex characteristics, pregnancy or related conditions, sexual orientation, and gender identity; and eliminates the requirement for live hearings with an opportunity for cross-examination at the post-secondary level. Multiple states have joined lawsuits against the Department challenging the 2024 Title IX Rule, and federal district courts have granted preliminary injunctions enjoining the Department from enforcing the final rule in Alabama, Alaska, Arkansas, Florida, Georgia, Idaho, Indiana, Iowa, Kansas, Kentucky, Louisiana, Mississippi, Missouri, Montana, Nebraska, North Dakota, Ohio, Oklahoma, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, West Virginia, and Wyoming. Certain courts have issued orders expanding the injunction to named schools, irrespective of where those schools are located; Capella University and Strayer University were named among nearly 700 schools in one such order on July 15, 2024. *Kansas v. U.S. Dep't of Educ.*, No. 5:24-cv-4041 (D. Kan. 2024). Except where enjoined, the 2024 Title IX Rule otherwise became effective on August 1, 2024. On January 9, 2025, in *State of Tennessee et al v. Cardona*, 2:24-cv-00072, the U.S. District Court for the Eastern District of Kentucky granted summary judgment against the U.S. Department of Education, vacating the 2024 Title IX Rule as unlawful. The Department did not appeal this decision before the March 10, 2025 appeal deadline passed; however, a nonprofit legal organization is seeking to intervene in support of the 2024 Title IX Rule. On February 4, 2025, the Department's Office for Civil Rights issued a Dear Colleague Letter confirming that it will enforce Title IX under the 2020 Title IX Rule, and that open investigations initiated under the 2024 Title IX Rule should be reevaluated for consistency with the 2020 Title IX Rule.

On January 20, 2025, President Trump issued Executive Order 14168 "Defending Women From Gender Ideology Extremism and Restoring Biological Truth to the Federal Government" ordering, among other matters, all agencies to enforce laws governing sex-based rights, protections, opportunities, and accommodations consistent with definitions provided in the executive order. The executive order defines "sex" as a binary classification that does not include "gender identity" and requires agencies to take various actions consistent with that position.

On April 4, 2025, the Department and the U.S. Department of Justice jointly announced a "Title IX Special Investigations Team" (the "Title IX SIT") in response to what the agencies describe as a "staggering" volume of Title IX complaints. The Title IX SIT is intended to streamline Title IX investigations conducted by the federal government by leveraging teams with personnel from both agencies to coordinate on investigation and enforcement.

Failure to comply with these final rules and the resulting sanctions could have a material adverse effect on our business.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

During the three months ended March 31, 2025, the Company paid \$32.0 million to repurchase shares of common stock under its repurchase program. The remaining authorization for common stock repurchases was \$196.5 million as of March 31, 2025, and is available for use through December 31, 2025. A summary of the Company's share repurchases during the three months ended March 31, 2025 is set forth below:

Period	Total number of shares purchased ⁽¹⁾	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Approximate dollar value of shares that may yet be purchased under the plans or programs (\$ mil)
January 1 to January 31, 2025	—	\$ —	—	\$ 228.5
February 1 to February 28, 2025	—	—	—	228.5
March 1 to March 31, 2025	391,302	81.84	391,302	196.5
Total	<u>391,302</u>	<u>\$ 81.84</u>	<u>391,302</u>	<u>\$ 196.5</u>

⁽¹⁾ The Company's repurchase program was announced on November 3, 2003 for repurchases up to an aggregate amount of \$15 million in value of common stock through December 31, 2004. The Board of Directors amended the program on various dates increasing the amount authorized and extending the authorization date. On November 6, 2024, the Board of Directors authorized an extension of the repurchase program through December 31, 2025. The total amount authorized remained \$235.0 million (including amounts expended since the program commenced).

Item 3. Defaults Upon Senior Securities

None

Item 4. Mine Safety Disclosures

Not applicable

Item 5. Other Information*Director and Officer Trading Arrangements*

On March 4, 2025, Daniel Jackson, the Company's Chief Financial Officer, adopted a trading arrangement for the sale of securities of the Company's common stock (a "Rule 10b5-1 Trading Plan") that is intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act. Mr. Jackson's Rule 10b5-1 Trading Plan, which terminates on February 26, 2027, provides for the sale of up to 59,612 shares of common stock pursuant to the terms of the plan.

On March 5, 2025, Karl McDonnell, the Company's Chief Executive Officer, adopted a Rule 10b5-1 Trading Plan. Mr. McDonnell's Rule 10b5-1 Trading Plan, which terminates on February 26, 2027, provides for the sale of up to 101,664 shares of common stock pursuant to the terms of the plan.

No other director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K, during the three months ended March 31, 2025.

Submission of Matters to a Vote of Security Holders

The Company held its 2025 Annual Meeting of Stockholders on April 23, 2025. There were 24,654,185 shares of common stock outstanding and eligible to be voted at the Annual Meeting and 22,009,265 shares were presented by proxy at the meeting which constituted a quorum to conduct business.

There were four proposals submitted to the Company's stockholders at the Annual Meeting. All proposals were passed. The final results of voting on each of the proposals are as follows:

Proposal 1: Elect thirteen directors to the Board of Directors.

Nominee	Votes For	Votes Against	Abstain	Broker Non-Vote
Robert S. Silberman	20,002,842	751,121	3,327	1,251,975
Viet D. Dinh	19,171,819	1,554,820	30,652	1,251,974
Dr. Charlotte F. Beason	19,930,522	791,143	35,626	1,251,974
Rita D. Brogley	20,580,204	173,122	3,966	1,251,973
Gregory W. Cappelli	20,661,091	87,968	8,233	1,251,973
Robert R. Grusky	19,937,891	788,638	30,762	1,251,974
Jerry L. Johnson	20,612,359	141,017	3,915	1,251,974
Karl McDonnell	20,526,903	227,225	3,162	1,251,975
Dr. Michael A. McRobbie	20,643,006	110,261	4,025	1,251,973
Dr. Benjamin E. Sasse	19,978,325	748,313	30,652	1,251,975
William J. Slocum	20,612,503	140,873	3,915	1,251,974
Michael J. Thawley	20,613,500	139,876	3,915	1,251,974
G. Thomas Waite, III	19,881,254	872,122	3,915	1,251,974

Proposal 2: Ratify the appointment of Deloitte & Touche LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2025.

Votes For	Votes Against	Abstain
21,936,673	68,421	4,171

There were no broker non-votes with respect to this proposal.

Proposal 3: Approval on an advisory basis of the compensation of the named executive officers.

Votes For	Votes Against	Abstain	Broker Non-Vote
20,482,865	257,112	17,313	1,251,975

Proposal 4: Approval of an amendment to the Strategic Education, Inc. 2018 Equity Compensation Plan to increase the number of shares available for issuance.

Votes For	Votes Against	Abstain	Broker Non-Vote
20,428,339	322,632	6,320	1,251,974

Item 6. Exhibits

3.1	Amended and Restated Articles of Incorporation of the Company (incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K filed with the Commission on August 1, 2018).
3.2	Amended and Restated Bylaws of the Company (incorporated by reference to Exhibit 3.2 of the Company's Quarterly Report on Form 10-Q filed with the Commission on July 29, 2021).
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934.
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934.
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	INS Inline XBRL Instance Document
101	SCH Inline XBRL Schema Document
101	CAL Inline XBRL Calculation Linkbase Document
101	DEF Inline XBRL Definition Linkbase Document
101	LAB Inline XBRL Label Linkbase Document
101	PRE XBRL Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

STRATEGIC EDUCATION, INC.

By: /s/ Daniel W. Jackson

Daniel W. Jackson

Executive Vice President and Chief Financial Officer

Date: April 24, 2025

CERTIFICATIONS

I, Karl McDonnell, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Strategic Education, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 24, 2025

/s/ Karl McDonnell

Karl McDonnell
Chief Executive Officer

CERTIFICATIONS

I, Daniel W. Jackson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Strategic Education, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions)
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 24, 2025

/s/ Daniel W. Jackson

Daniel W. Jackson
Executive Vice President and
Chief Financial Officer

**CERTIFICATION PURSUANT TO RULE 13a – 14(b) OF THE SECURITIES EXCHANGE
ACT AND 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE
SARBANES – OXLEY ACT OF 2002**

In connection with the Quarterly Report of Strategic Education, Inc. (the “Company”) on Form 10-Q for the period ended March 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Karl McDonnell, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Karl McDonnell

Karl McDonnell
Chief Executive Officer

April 24, 2025

**CERTIFICATION PURSUANT TO RULE 13a – 14(b) OF THE SECURITIES EXCHANGE
ACT AND 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE
SARBANES – OXLEY ACT OF 2002**

In connection with the Quarterly Report of Strategic Education, Inc. (the “Company”) on Form 10-Q for the period ended March 31, 2025 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Daniel W. Jackson, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Daniel W. Jackson

Daniel W. Jackson
Executive Vice President and
Chief Financial Officer

April 24, 2025