

REFINITIV

DELTA REPORT

10-Q

PRDO - PERDOCEO EDUCATION CORP

10-Q - JUNE 30, 2024 COMPARED TO 10-Q - MARCH 31, 2024

The following comparison report has been automatically generated

TOTAL DELTAS 1205

█ CHANGES 102
█ DELETIONS 430
█ ADDITIONS 673

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark)

(Mark one)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED MARCH 31,

JUNE 30, 2024

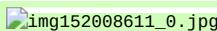
OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM TO

Commission File Number: 0-23245



PERDOCEO EDUCATION CORPORATION

(Exact)

(Exact name of registrant as specified in its charter)

Delaware	36-3932190
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1750 E. Golf Road	60173
Schaumburg	
,	
Illinois	
(Address of principal executive offices)	(Zip Code)

Registrant's

Delaware

36-3932190

(State or other jurisdiction of incorporation or organization)

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

1750 E. Golf Road

Schaumburg, Illinois

60173

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (847) 781-3600

Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report: N/A

Securities registered pursuant to Section 12(b) of the Act:

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

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 par value	PRDO	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 ((s) (\$ 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" "large accelerated filer," "accelerated" "accelerated filer," "smaller" "smaller reporting company" and "emerging" "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	Accelerated filer
Non-accelerated filer	Smaller reporting company
Emerging growth company	

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

Number of shares of registrant's common stock, par value \$0.01, outstanding as of April 26, 2024 July 26, 2024: 65,602,629

65,673,430

PERDOCEO EDUCATION CORPORATION

FORM 10-Q

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PART I-FINANCIAL INFORMATION

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PERDOCEO EDUCATION CORPORATION AND SUBSIDIARIES

CONDENSED **CONSOLIDATED**

CONSOLIDATED BALANCE SHEETS

	March 31, (In Thousands, Except Share and Per Share Amounts)	December 31, 2024	2023
	ASSETS	(unaudited)	
CURRENT ASSETS:			
Cash and cash equivalents, unrestricted	\$ 125,807	\$ 118,009	
Restricted cash	1,024	1,012	
Total cash, cash equivalents and restricted cash	126,831	119,021	
Short-term investments	515,602	485,135	
Total cash and cash equivalents, restricted cash and short-term investments	642,433	604,156	
Student receivables, gross	77,410	64,011	
Allowance for credit losses	()	()	
	35,468	34,613	
Student receivables, net	41,942	29,398	
Receivables, other	5,289	4,539	
Prepaid expenses	11,912	11,712	
Inventories	4,251	5,004	
Other current assets	196	155	
Total current assets	706,023	654,964	
NON-CURRENT ASSETS:			
Property and equipment, net of accumulated depreciation of \$ 60,694	20,938	21,371	
and \$ 58,785			
as of March 31, 2024 and December 31, 2023, respectively			
Right of use asset, net	13,963	19,096	
Goodwill	241,162	241,162	
Intangible assets, net of amortization of \$ 24,720	35,110	36,219	
and \$ 23,612			
as of March 31, 2024 and December 31, 2023, respectively			
Student receivables, gross	7,946	7,028	
Allowance for credit losses	()	()	
	3,086	3,169	
Student receivables, net	4,860	3,859	
Deferred income tax assets, net	23,063	23,804	

Other assets	6,846	6,841
TOTAL ASSETS	\$ 1,051,965	\$ 1,007,316
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Lease liability-operating	\$ 5,989	\$ 5,701
Accounts payable	11,830	10,766
Accrued expenses:		
Payroll and related benefits	18,726	32,684
Advertising and marketing costs	6,810	7,196
Income taxes	16,543	3,974
Other	21,112	13,503
Deferred revenue	61,498	37,215
Total current liabilities	142,508	111,039
NON-CURRENT LIABILITIES:		
Lease liability-operating	16,701	21,346
Other liabilities	26,650	33,510
Total non-current liabilities	43,351	54,856
Commitments and Contingencies		
(Note 8)		
STOCKHOLDERS' EQUITY:		
Preferred	-	-
stock, \$		
0.01		
par value;		
1,000,000		
shares authorized;		
none		
issued or outstanding		
Common stock, \$	909	903
0.01		
par value;		
300,000,000		
shares authorized;		
90,907,065		
and		
90,270,306		
shares issued,		
65,602,629		
and		
65,544,539		
shares		
outstanding as of March 31, 2024 and December 31, 2023, respectively		
Additional paid-in capital	698,619	694,798
Accumulated other comprehensive loss	()	()
	1,620	666
Retained earnings	512,622	480,606
Treasury stock, at cost;	()	()
25,304,436	344,424	334,220
and		
24,725,767		
shares as of March 31, 2024		
and December 31, 2023, respectively		
Total stockholders' equity	866,106	841,421
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 1,051,965	\$ 1,007,316

(In Thousands, Except Share and Per Share Amounts)	ASSETS	June 30, 2024 (unaudited)	December 31, 2023
CURRENT ASSETS:			
Cash and cash equivalents, unrestricted	\$ 127,852	\$ 118,009	\$ 118,009
Restricted cash	1,037	1,012	1,012
Total cash, cash equivalents and restricted cash	<u>128,889</u>	<u>119,021</u>	<u>119,021</u>
Short-term investments	546,273	485,135	485,135
Total cash and cash equivalents, restricted cash and short-term investments	<u>675,162</u>	<u>604,156</u>	<u>604,156</u>
Student receivables, gross	69,237	64,011	64,011
Allowance for credit losses	(34,382)	(34,613)	(34,613)
Student receivables, net	<u>34,855</u>	<u>29,398</u>	<u>29,398</u>
Receivables, other	4,982	4,539	4,539
Prepaid expenses	12,558	11,712	11,712
Inventories	4,467	5,004	5,004
Other current assets	457	155	155
Total current assets	<u>732,481</u>	<u>654,964</u>	<u>654,964</u>
NON-CURRENT ASSETS:			
Property and equipment, net of accumulated depreciation of \$62,654 and \$58,785 as of June 30, 2024 and December 31, 2023, respectively	19,087	21,371	21,371
Right of use asset, net	16,455	19,096	19,096
Goodwill	241,162	241,162	241,162
Intangible assets, net of amortization of \$25,828 and \$23,612 as of June 30, 2024 and December 31, 2023, respectively	34,002	36,219	36,219
Student receivables, gross	8,156	7,028	7,028
Allowance for credit losses	(2,889)	(3,169)	(3,169)
Student receivables, net	<u>5,267</u>	<u>3,859</u>	<u>3,859</u>
Deferred income tax assets, net	23,242	23,804	23,804
Other assets	6,545	6,841	6,841
TOTAL ASSETS	\$ 1,078,241	\$ 1,007,316	\$ 1,007,316
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Lease liability-operating	\$ 5,397	\$ 5,701	\$ 5,701
Accounts payable	13,267	10,766	10,766
Accrued expenses:			
Payroll and related benefits	25,295	32,684	32,684
Advertising and marketing costs	6,984	7,196	7,196
Income taxes	6,502	3,974	3,974
Other	22,023	13,503	13,503
Deferred revenue	55,390	37,215	37,215
Total current liabilities	<u>134,858</u>	<u>111,039</u>	<u>111,039</u>
NON-CURRENT LIABILITIES:			
Lease liability-operating	18,443	21,346	21,346
Other liabilities	25,416	33,510	33,510
Total non-current liabilities	<u>43,859</u>	<u>54,856</u>	<u>54,856</u>
Commitments and Contingencies (Note 8)			

STOCKHOLDERS' EQUITY:

Preferred stock, \$0.01 par value; 1,000,000 shares authorized; none issued or outstanding	-	-
Common stock, \$0.01 par value; 300,000,000 shares authorized; 90,977,866		
and 90,270,306 shares issued, 65,673,430 and 65,544,539 shares		
outstanding as of June 30, 2024 and December 31, 2023, respectively	910	903
Additional paid-in capital	701,153	694,798
Accumulated other comprehensive loss	(1,721)	(666)
Retained earnings	543,606	480,606
Treasury stock, at cost; 25,304,436 and 24,725,767 shares as of June 30, 2024		
and December 31, 2023, respectively	(344,424)	(334,220)
Total stockholders' equity	899,524	841,421
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 1,078,241	\$ 1,007,316

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

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PERDOCEO EDUCATION CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

For the Quarter Ended March 31,		
(In Thousands, Except Per Share Amounts)	2024	2023
REVENUE:		
Tuition and fees, net	\$ 166,998	\$ 193,319
Other	1,266	2,279
Total revenue	168,264	195,598
OPERATING EXPENSES:		
Educational services and facilities	29,858	33,851
General and administrative	87,482	112,686
Depreciation and amortization	3,016	5,155
Asset impairment	1,630	570
Total operating expenses	121,986	152,262
Operating income	46,278	43,336
OTHER INCOME:		
Interest income	6,793	3,818
Interest expense	()	()
	335	95
Miscellaneous income (expense)	115	()
	6	
Total other income	6,573	3,717

PRETAX INCOME	52,851	47,053
Provision for income taxes	13,409	12,569
NET INCOME	39,442	34,484
 NET INCOME PER SHARE - BASIC:	 \$ 0.60	 \$ 0.51
 NET INCOME PER SHARE - DILUTED:	 \$ 0.59	 \$ 0.50
 WEIGHTED AVERAGE SHARES OUTSTANDING:		
Basic	65,555	67,235
Diluted	66,841	68,514

(In Thousands, Except Per Share Amounts)	For the Quarter Ended June 30,		For the Year to Date Ended June 30,	
	2024	2023	2024	2023
REVENUE:				
Tuition and fees, net	\$ 165,404	\$ 184,520	\$ 332,402	\$ 377,839
Other	1,336	2,044	2,602	4,323
Total revenue	166,740	186,564	335,004	382,162
OPERATING EXPENSES:				
Educational services and facilities	27,516	32,748	57,374	66,599
General and administrative	89,311	100,588	176,793	213,274
Depreciation and amortization	3,069	4,369	6,085	9,524
Asset impairment	838	765	2,468	1,335
Total operating expenses	120,734	138,470	242,720	290,732
Operating income	46,006	48,094	92,284	91,430
OTHER INCOME:				
Interest income	7,190	4,531	13,983	8,349
Interest expense	(112)	(96)	(447)	(191)
Miscellaneous (expense) income	(70)	22,074	45	22,068
Total other income	7,008	26,509	13,581	30,226
PRETAX INCOME	53,014	74,603	105,865	121,656
Provision for income taxes	14,585	19,930	27,994	32,499
NET INCOME	38,429	54,673	77,871	89,157
 NET INCOME PER SHARE - BASIC:	 \$ 0.59	 \$ 0.81	 \$ 1.19	 \$ 1.32
 NET INCOME PER SHARE - DILUTED:	 \$ 0.57	 \$ 0.80	 \$ 1.16	 \$ 1.30
WEIGHTED AVERAGE SHARES OUTSTANDING:				
Basic	65,611	67,421	65,583	67,328
Diluted	67,077	68,533	66,956	68,512

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(UNAUDITED)

	For the Quarter Ended March 31,	
(In Thousands)	2024	2023
NET INCOME	\$ 39,442	\$ 34,484
OTHER COMPREHENSIVE (LOSS) INCOME, net of tax:		
Foreign currency translation adjustments	()	26
	31	
Unrealized (loss) gain on investments	()	1,300
	923	
Total other comprehensive (loss) income	()	1,326
	954	
COMPREHENSIVE INCOME	\$ 38,488	\$ 35,818

(In Thousands)	For the Quarter Ended June 30,		For the Year to Date Ended June 30,	
	2024	2023	2024	2023
NET INCOME	\$ 38,429	\$ 54,673	\$ 77,871	\$ 89,157
OTHER COMPREHENSIVE LOSS, net of tax:				
Foreign currency translation adjustments	(8)	(3)	(39)	23
Unrealized loss on investments	(93)	(1,497)	(1,016)	(197)
Total other comprehensive loss	(101)	(1,500)	(1,055)	(174)
COMPREHENSIVE INCOME	\$ 38,328	\$ 53,173	\$ 76,816	\$ 88,983

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

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PERDOCEO EDUCATION CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (UNAUDITED)

(In Thousands)	Common		Treasury		Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total
	Stock	Stock	Stock	Stock				
	Shares	Par	Shares	Cost				
	Value				Capital	Comprehensive		
BALANCE,	90,270	\$ 903	()	\$ ()	\$ 694,798	\$ ()	\$ 480,606	\$ 841,421
January			24,726	334,220			666	
1, 2024								
Net	-	-	-	-	-	-	39,442	39,442
income								
Foreign	-	-	-	-	-	()	-	()
currency	-	-	-	-	-	31	-	31
translation	-	-	-	-	-	()	-	()
Unrealized	-	-	-	-	-	()	-	()

(In Thousands)	Common Stock		Treasury Stock			Accumulated			
						Additional		Other	
	Issued Shares	Value	Shares	Cost	Capital	Paid-in	Comprehensive	Retained	Total
BALANCE, April 1, 2024	90,907	\$ 909	(25,304)	\$ (344,424)	\$ 698,619	\$ (1,620)	\$ 512,622	\$ 866,106	
Net income	-	-	-	-	-	-	-	38,429	38,429
Foreign currency translation	-	-	-	-	-	(8)	-	(8)	
Unrealized loss on investments, net of tax	-	-	-	-	-	(93)	-	(93)	
Dividends to shareholders, per share \$0.11	-	-	-	-	-	-	(7,445)	(7,445)	
Share-based compensation expense	-	-	-	-	2,250	-	-	2,250	
Common stock issued	71	1	-	-	284	-	-	-	285
BALANCE, June 30, 2024	90,978	\$ 910	(25,304)	\$ (344,424)	\$ 701,153	\$ (1,721)	\$ 543,606	\$ 899,524	
(In Thousands)	Common Stock		Treasury Stock			Accumulated			
						Additional		Other	
	Issued Shares	Value	Shares	Cost	Capital	Paid-in	Comprehensive	Retained	Total
BALANCE, April 1, 2023	89,924	\$ 899	(22,446)	\$ (304,648)	\$ 686,719	\$ (4,121)	\$ 382,323	\$ 761,172	
Net income	-	-	-	-	-	-	-	54,673	54,673
Foreign currency translation	-	-	-	-	-	(3)	-	(3)	
Unrealized loss on investments, net of tax	-	-	-	-	-	(1,497)	-	(1,497)	
Treasury stock purchased	-	-	(161)	(1,914)	-	-	-	(1,914)	
Treasury stock acquired upon sale of asset	-	-	(1,800)	(22,086)	-	-	-	(22,086)	
Share-based compensation expense	-	-	-	-	2,021	-	-	2,021	
Common stock issued	92	1	-	-	65	-	-	-	66
BALANCE, June 30, 2023	90,016	\$ 900	(24,407)	\$ (328,648)	\$ 688,805	\$ (5,621)	\$ 436,996	\$ 792,432	
(In Thousands)	Common Stock		Treasury Stock			Accumulated			
						Additional		Other	
	Issued Shares	Value	Shares	Cost	Capital	Paid-in	Comprehensive	Retained	Total
BALANCE, January 1, 2024	90,270	\$ 903	(24,726)	\$ (334,220)	\$ 694,798	\$ (666)	\$ 480,606	\$ 841,421	
Net income	-	-	-	-	-	-	-	77,871	77,871
Foreign currency translation	-	-	-	-	-	(39)	-	(39)	
Unrealized loss on investments, net of tax	-	-	-	-	-	(1,016)	-	(1,016)	
Dividends to shareholders, per share \$0.22	-	-	-	-	-	-	(14,871)	(14,871)	
Treasury stock purchased	-	-	(385)	(6,769)	-	-	-	(6,769)	
Share-based compensation expense	-	-	-	-	4,557	-	-	4,557	
Common stock issued	708	7	(193)	(3,435)	1,798	-	-	-	(1,630)
BALANCE, June 30, 2024	90,978	\$ 910	(25,304)	\$ (344,424)	\$ 701,153	\$ (1,721)	\$ 543,606	\$ 899,524	
(In Thousands)	Common Stock		Treasury Stock			Accumulated			
						Additional		Other	
Issued Shares	Value	Shares	Cost	Capital	Paid-in	Comprehensive	Retained	Earnings	Total

BALANCE, January 1, 2023	89,396	\$	894	(22,221)	\$	(301,624)	\$	684,183	\$	(5,447)	\$	347,839	\$	725,845
Net income	-		-	-		-		-		-		89,157		89,157
Foreign currency translation	-		-	-		-		-		23		-		23
Unrealized loss on investments, net of tax	-		-	-		-		-		(197)		-		(197)
Treasury stock purchased	-		-	(221)		(2,729)		-		-		-		(2,729)
Treasury stock acquired upon sale of asset	-		-	(1,800)		(22,086)		-		-		-		(22,086)
Share-based compensation expense	-		-	-		-		4,315		-		-		4,315
Common stock issued	620		6	(165)		(2,209)		307		-		-		(1,896)
BALANCE, June 30, 2023	90,016	\$	900	(24,407)	\$	(328,648)	\$	688,805	\$	(5,621)	\$	436,996	\$	792,432

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

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PERDOCEO EDUCATION CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	For the Quarter Ended March 31,	
(In Thousands)	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income		
Net income	\$ 39,442	\$ 34,484
Adjustments to reconcile net income to net cash provided by operating activities:		
Asset impairment	1,630	570
Depreciation and amortization expense	3,016	5,155
Bad debt expense	6,556	10,757
Compensation expense related to share-based awards	2,307	2,294
Deferred income taxes	741	304
Changes in operating assets and liabilities	800	()
	48,992	4,572
Net cash provided by operating activities	54,492	4,572
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of available-for-sale investments	()	()
	104,558	83,777
Sales of available-for-sale investments	74,955	64,344
Purchases of property and equipment	()	()
	1,198	1,925
Net cash used in investing activities	()	()
	30,801	21,358
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of common stock	1,520	247

Purchase of treasury stock	()	()
	6,769	815
Payments of employee tax associated with stock compensation	()	()
	3,435	2,209
Payments of cash dividends	()	-
	7,197	
Net cash used in financing activities	()	()
	15,881	2,777
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	7,810	()
		19,563
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, beginning of the period	119,021	118,884
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, end of the period	\$ 126,831	\$ 99,321

	For the Year to Date Ended June 30,	
(In Thousands)	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income		
Net income	\$ 77,871	\$ 89,157
Adjustments to reconcile net income to net cash provided by operating activities:		
Asset impairment	2,468	1,335
Gain on sale of asset	-	(22,086)
Depreciation and amortization expense	6,085	9,524
Bad debt expense	12,631	18,927
Compensation expense related to share-based awards	4,557	4,315
Deferred income taxes	562	2,975
Changes in operating assets and liabilities	(11,157)	(37,927)
Net cash provided by operating activities	<u>93,017</u>	<u>66,220</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of available-for-sale investments	(204,060)	(159,183)
Sales of available-for-sale investments	145,945	132,325
Purchases of property and equipment	(2,022)	(3,612)
Net cash used in investing activities	<u>(60,137)</u>	<u>(30,470)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of common stock	1,805	313
Purchase of treasury stock	(6,769)	(2,729)
Payments of employee tax associated with stock compensation	(3,435)	(2,209)
Payments of cash dividends and dividend equivalents	(14,613)	-
Net cash used in financing activities	<u>(23,012)</u>	<u>(4,625)</u>
NET INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	9,868	31,125
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, beginning of the period	119,021	118,884
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, end of the period	\$ 128,889	\$ 150,009

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

PERDOCEO EDUCATION CORPORATION AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. DESCRIPTION OF THE COMPANY

Perdoceo's

Perdoceo's accredited academic institutions offer a quality postsecondary education primarily online to a diverse student population, along with campus-based and blended learning programs. The Company's Company's academic institutions - Colorado Technical University ("

("CTU

(") and the American InterContinental University System ("

("AIUS

(" or "

"AIU System

") -") - provide degree programs from the associate through doctoral level as well as non-degree seeking and professional development programs. Our academic institutions offer students industry-relevant and career-focused academic programs that are designed to meet the educational needs of today's today's busy adults. CTU and AIUS continue to show innovation in higher education, advancing personalized learning technologies like their intellipath(R) intellipath® learning platform and using data analytics and technology to serve and educate students while enhancing overall learning and academic experiences. Perdoceo's institutions are committed to providing quality education that closes the gap between learners who seek to advance their careers and employers needing a qualified workforce.

As used in this Quarterly Report on Form 10-Q, the terms "we," "us," "our," "the" "we," "us," "our," "the Company," "Perdoceo" "Perdoceo" and "PEC" "PEC" refer to Perdoceo Education Corporation and our wholly-owned subsidiaries.

2. BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") U.S. Generally Accepted Accounting Principles (GAAP) for interim financial information and with the instructions to rules and regulations for reporting the Quarterly Report on Form 10-Q and Article 10 of Regulation S-X. (Form 10-Q). Accordingly, the financial statements they do not include all of the information and notes footnotes required by GAAP for complete financial statements. The condensed consolidated balance sheet at December 31, 2023 has been derived from the audited consolidated financial statements at that date, but does not include all of the information and footnotes required by GAAP for complete financial statements. This report should be read in conjunction with our 2023 Form 10-K. In the our opinion, of management, these financial statements include all adjustments, including normal and recurring accruals, considered adjustments necessary for a fair presentation have been included. presentation.

Operating results for the quarter and year to date ended March 31, 2024 June 30, 2024 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2024.

The unaudited condensed consolidated financial statements presented herein include the accounts of Perdoceo Education Corporation and our wholly-owned subsidiaries. All intercompany transactions and balances have been eliminated.

Our reporting segments are determined in accordance with Financial Accounting Standards Board ("FASB" ("FASB") Accounting Standards Codification ("ASC") ("ASC") Topic 280 -

- Segment Reporting and are based upon how the Company analyzes performance and makes decisions. Each segment represents a postsecondary education provider that offers a variety of academic programs. We organize our business across two reporting segments: CTU and AIUS.

3. RECENT ACCOUNTING PRONOUNCEMENTS

Recent accounting guidance not yet adopted

In December 2023, the FASB issued Accounting Standard Update ("ASU") No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. The amendments in this ASU require that public business entities on an annual basis 1) disclose specific categories in the rate reconciliation, and 2) provide additional information for reconciling items that meet a quantitative threshold. The amendments require disclosure about income taxes paid by federal, state and foreign taxes, and by individual jurisdictions in which income taxes paid is equal or greater than 5 percent of total income taxes paid. The ~~amendment~~ amendments also require entities to disclose income or loss from continuing operations before income tax expense disaggregated between domestic and foreign and income tax expense or benefit from continuing operations disaggregated by federal, state and foreign. For all public business entities, ASU 2023-09 is effective for annual periods beginning after December 15, 2024; early adoption is permitted. We are currently evaluating this guidance and believe the adoption will not significantly impact the presentation of our financial condition, results of operations and disclosures.

In November 2023, the FASB issued ASU No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. The amendments in this ASU improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. The amendments in this update require that a public entity disclose on an annual and interim basis, 1) significant segment expenses that are regularly provided to the chief operating decision maker ("CODM") and included within each reported measure of segment profit or loss, 2) an amount for other segment items by reportable segment and a description of its composition. The other segment items category is the difference between segment revenue less the segment expenses disclosed under the significant expense principle and each reported measure of segment profit or loss, and 3) disclose the title and

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position of the CODM and an explanation of how the CODM uses the reported measure(s) of segment profit or loss in assessing segment performance and deciding how to allocate resources. For all public business entities, ASU 2023-07 is effective for annual periods after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024; early adoption is permitted. We are currently evaluating this guidance and believe the adoption will not significantly impact the presentation of our financial condition, results of operations and disclosures.

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In June 2022, the FASB issued ASU No. 2022-03, *Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions*. The amendments in this ASU clarify that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, is not considered in measuring fair value. The amendments also clarify that an entity cannot, as a separate unit of account, recognize and measure a contractual sale restriction. For all public business entities, ASU 2022-03 is effective for annual periods and interim periods beginning after December 15, 2024; early adoption is permitted. We are currently evaluating this guidance and believe the adoption will not significantly impact the presentation of our financial condition, results of operations and disclosures.

4. FINANCIAL INSTRUMENTS

Investments consist of the following as of ~~March 31, 2024~~ June 30, 2024 and December 31, 2023 (dollars in thousands):

	March 31, 2024			
	Gross Unrealized			
	Cost	Gain	(Loss)	Fair Value
Short-term investments (available for sale):				
Non-governmental debt securities	\$ 240,241	\$ 227	\$ ()	\$ 239,581
			887	
Treasury and federal agencies	276,887	79	()	276,021
			945	
Total short-term investments (available for sale)	\$ 517,128	\$ 306	\$ ()	\$ 515,602
			1,832	

	December 31, 2023			
	Gross Unrealized			
	Cost	Gain	(Loss)	Fair Value
Short-term investments (available for sale):				
Non-governmental debt securities	245,886	719	()	245,713
			892	
Treasury and federal agencies	239,859	393	()	239,422
			830	
Total short-term investments (available for sale)	\$ 485,745	\$ 1,112	\$ ()	\$ 485,135
			1,722	

	June 30, 2024			
	Gross Unrealized			
	Cost	Gain	(Loss)	Fair Value
Short-term investments (available for sale):				
Non-governmental debt securities	\$ 244,985	\$ 80	\$ (847)	\$ 244,218
Treasury and federal agencies	302,912	19	(876)	302,055
Total short-term investments (available for sale)	\$ 547,897	\$ 99	\$ (1,723)	\$ 546,273
	December 31, 2023			
	Gross Unrealized			
	Cost	Gain	(Loss)	Fair Value
Short-term investments (available for sale):				
Non-governmental debt securities	245,886	719	(892)	245,713
Treasury and federal agencies	239,859	393	(830)	239,422
Total short-term investments (available for sale)	\$ 485,745	\$ 1,112	\$ (1,722)	\$ 485,135

In the table above, unrealized holding gains (losses) relate to short-term investments that have been in a continuous unrealized gain (loss) position for less than one year.

Our non-governmental debt securities primarily consist of corporate bonds, certificates of deposit and commercial paper. Our treasury and federal agencies primarily consist of U.S. Treasury bills and federal home loan debt securities.

Realized gains or loss resulting from sales of investments were zero during the quarters and years to date ended **March 31, 2024** **June 30, 2024** and **March 31, 2023** **June 30, 2023**.

Fair Value Measurements

FASB ASC Topic 820 -

- *Fair Value Measurements* establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs for which little or no market data exists, therefore requiring an entity to develop its own assumptions.

As of **March 31, 2024** **June 30, 2024**, we held investments that are required to be measured at fair value on a recurring basis. These investments (available for sale) consist of non-governmental debt securities and treasury and federal agencies securities. Available for sale securities included in Level 2 are estimated based on observable inputs other than quoted prices in active markets for identical assets and liabilities, such as quoted prices for identical or similar assets or liabilities in inactive markets or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

All of our available for sale investments were measured under Level 2 as of **March 31, 2024** **June 30, 2024** and December 31, 2023. Additionally, money market funds of \$

\$4.130.9 million and **\$30.3** million included within cash and cash equivalents on our condensed consolidated balance sheets as of **March 31, 2024** **June 30, 2024** and December 31, 2023, respectively, were measured under Level 1. Federal agency debt securities and

commercial paper

of \$

20.6

million and federal agency debt securities of \$

44.9 million included within cash and cash equivalents on our unaudited condensed consolidated balance sheets as of March 31, 2024

and December 31, 2023,

respectively, were measured under Level 2.

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Equity Method Investment

Our investment in an equity affiliate, which is recorded within other noncurrent assets on our condensed consolidated balance sheets, represents an international investment in a private company. As of March 31, 2024 June 30, 2024, our investment in an equity affiliate equated to 30.7

%, or \$

1.31.2 million.

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During the quarters ended

March 31, 2024 ended June 30, 2024 and 2023, we recorded approximately less than \$0.1 million of loss for each respective period, and during the years to date ended June 30, 2024 and 2023, we recorded less than \$0.1 million of gain and less than \$0.1 million of loss, respectively, related to our equity affiliate within miscellaneous (expense) income (expense) on our unaudited condensed consolidated statements of income.

We make periodic operating maintenance payments to our equity affiliate. The total fees recorded during the quarters and years to date ended March 31, 2024 June 30, 2024 and 2023 were as follows (dollars in thousands):

Maintenance Fee Payments

For the quarter ended March 31, 2024	\$ 444
For the quarter ended March 31, 2023	\$ 431

	Maintenance Fee Payments
For the quarter ended June 30, 2024	\$ 423
For the quarter ended June 30, 2023	\$ 414
For the year to date ended June 30, 2024	\$ 867
For the year to date ended June 30, 2023	\$ 845

Credit Agreement

On January 23, 2024, the Company and the subsidiary guarantors thereunder entered into a Second Amendment (the "Second Amendment") to their credit agreement, dated as of September 8, 2021 and as amended on April 1, 2022 (the "Existing Credit Agreement"), with the lenders from time to time parties thereto and Wintrust Bank N.A. ("Wintrust"), in its capacities as the sole lead arranger, sole bookrunner, administrative agent and letter of credit issuer thereunder (the Existing Credit Agreement, as further amended by the Second Amendment, the "Credit Agreement").

The Second Amendment, among other things: (i) extends the maturity date of the revolving credit facility to **January 31, 2027** **January 31, 2027**; (ii) lowers the **"Prime Rate"** **"Prime Rate"** floor from 4% to 3%

%;
%;(iii) replaces BMO Bank N.A. (formerly known as BMO Harris Bank N.A.) with Valley National Bancorp as one of the lenders that is party to the revolving credit facility; and (iv) modifies the relative commitments of the lenders that are parties to the revolving credit facility.

The credit agreement provides the Company with the benefit of a \$125.0 million senior secured revolving credit facility. The \$125.0 million revolving credit facility under the credit agreement is scheduled to mature on **January 31, 2027** **January 31, 2027**. So long as no default has occurred and other conditions have been met, the Company may request an increase in the aggregate commitment in an amount not to exceed \$50.0 million. The loans and letter of credit obligations under the credit agreement are secured by substantially all assets of the Company and the subsidiary guarantors.

The credit agreement and the ancillary documents executed in connection therewith contain customary affirmative, negative and financial maintenance covenants, including a requirement for the borrowers to maintain cash and cash equivalents in domestic accounts of at least \$156,250,000 at all times. Acquisitions to be undertaken by the Company must meet certain criteria, and the **Company's** **Company's** ability to make restricted payments, including payments in connection with a repurchase of shares of our common stock and quarterly dividend payments, is subject to an aggregate maximum of \$100.0 million per fiscal year. Upon the occurrence of certain regulatory events or if the **Company's** **Company's** unrestricted cash, cash equivalents and short term investments are less than 125% of the aggregate amount of the loan commitments then in effect, the Company is required to maintain cash in a segregated, restricted account in an amount not less than the aggregate loan commitments then in effect. The credit agreement also contains customary representations and warranties, events of default, and rights and remedies upon the occurrence of any event of default thereunder, including rights to accelerate the loans, terminate the commitments and realize upon the collateral securing the obligations under the credit agreement.

Under the credit agreement, outstanding principal amounts bear annual interest at a fluctuating rate equal to 1.0% less than the administrative **agent's** **agent's** prime commercial rate, subject to a 3.0% minimum rate. A higher rate may apply to late payments or if any event of default exists.

As of **March 31, 2024** **June 30, 2024** and December 31, 2023, there were no outstanding borrowings under the revolving credit facility.

5. REVENUE RECOGNITION

Disaggregation of Revenue

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The following tables disaggregate our revenue by major source for the quarters and years to date ended **March 31, 2024** **June 30, 2024** and 2023 (dollars in thousands):

For the Quarter Ended								
March 31, 2024				March 31, 2023				
CTU	AIUS	Corporate	Total	CTU	AIUS	Corporate	Total	
and Other				and Other				
Tuition,	\$ 107,440	\$ 51,829	\$ -	\$ 159,269	\$ 117,998	\$ 66,645	\$ -	\$ 184,643
net								
For the Quarter Ended June 30, 2024								
CTU	AIUS	Corporate	Total	CTU	AIUS	Corporate	Total	
and Other				and Other				
Tuition, net ⁽¹⁾	\$ 106,978	\$ 50,966	\$ -	\$ 157,944	\$ 112,864	\$ 63,136	\$ -	\$ 176,000

Technology and other fees	4,998	2,462	-	7,460	5,420	3,100	-	8,520
Total tuition and fees, net	<u>111,976</u>	<u>53,428</u>	<u>-</u>	<u>165,404</u>	<u>118,284</u>	<u>66,236</u>	<u>-</u>	<u>184,520</u>
Other revenue (2)	852	294	190	1,336	1,008	826	210	2,044
Total revenue	<u>\$ 112,828</u>	<u>\$ 53,722</u>	<u>\$ 190</u>	<u>\$ 166,740</u>	<u>\$ 119,292</u>	<u>\$ 67,062</u>	<u>\$ 210</u>	<u>\$ 186,564</u>
	For the Year to Date Ended June 30, 2024				For the Year to Date Ended June 30, 2023			
	CTU	AIUS	Corporate and Other	Total	CTU	AIUS	Corporate and Other	Total
Tuition, net (1)	<u>\$ 214,418</u>	<u>\$ 102,795</u>	<u>\$ -</u>	<u>\$ 317,213</u>	<u>\$ 230,862</u>	<u>\$ 129,781</u>	<u>\$ -</u>	<u>\$ 360,643</u>
Technology and other fees	10,338	4,851	-	15,189	10,843	6,353	-	17,196
Total tuition and fees, net	<u>224,756</u>	<u>107,646</u>	<u>-</u>	<u>332,402</u>	<u>241,705</u>	<u>136,134</u>	<u>-</u>	<u>377,839</u>
Other revenue (2)	1,641	581	380	2,602	2,079	1,768	476	4,323
Total revenue	<u>\$ 226,397</u>	<u>\$ 108,227</u>	<u>\$ 380</u>	<u>\$ 335,004</u>	<u>\$ 243,784</u>	<u>\$ 137,902</u>	<u>\$ 476</u>	<u>\$ 382,162</u>

(1) Tuition includes revenue earned for all degree-granting programs as well as revenue earned for non-degree and professional development programs.

Technology and other fees

5,340	2,389
-	7,729
5,423	3,253
-	8,676
other fees	
Total tuition	
112,780	54,218
-	166,998
123,421	69,898
-	193,319
and fees, net	
Other	
789	287
190	1,266
1,071	942
266	2,279
revenue	
(2)	
Total	\$
113,569	\$ 54,505
\$ 190	\$ 168,264
\$ 124,492	\$
70,840	\$
266	\$ 195,598
revenue	

(1)

(2) Other revenue primarily includes contract training revenue and miscellaneous non-student related revenue.

Performance Obligations

Our revenue, which is derived primarily from academic programs taught to students who attend our universities, is generally segregated into two categories: (1) tuition and fees, and (2) other. Tuition and fees represent costs to our students for educational services provided by our universities and are reflected net of scholarships and tuition discounts. Our universities charge tuition and fees at varying amounts, depending on the university, the type of program and specific curriculum. Our universities bill students a single charge that covers tuition, certain fees and required program materials, such as textbooks and supplies, which we treat as a single performance obligation. Generally, we bill student tuition at the beginning of each academic term for our degree programs and recognize the tuition as revenue on a straight-line basis over the academic term. As part of a student's course of instruction, certain fees, such as technology fees and graduation fees, are billed separately to students. These fees are generally earned over the applicable term and are not considered separate performance obligations. We generally bill student tuition upon enrollment for our non-degree professional development programs and recognize the tuition as revenue on a straight-line basis over the length of the offering.

Other revenue, which primarily consists of contract training revenue and miscellaneous non-student related revenue, is billed and recognized as goods are delivered or services are performed.

Contract Assets

For each term, the portion of tuition and fee payments received from students but not yet earned is recorded as deferred revenue and reported as a current liability on our condensed consolidated balance sheets, as we expect to earn these revenues within the next year. A contract asset is recorded for each student for the current term for which they are enrolled for the amount charged for the current term that has not yet been received as payment and to which we do not have the unconditional right to receive payment because the student has not reached the point in the **student's** current academic term at which the amount billed is no longer refundable to the student. On a student by student basis, the contract asset is offset against the deferred revenue balance for the current term and the net deferred revenue balance is reflected within current liabilities on our condensed consolidated balance sheets. For certain of our institutions, students are billed as they enroll in courses, including courses related to future periods. Any billings for future periods would meet the definition of a contract asset as we do not have the unconditional right to receive payment as the course has not yet started. Contract assets related to future periods are offset against the respective deferred revenue associated with the future period.

Due to the short-term nature of our academic terms, the contract asset balance which exists at the beginning of each quarter will no longer be a contract asset at the end of that quarter, with the exception of the contract assets associated with future periods. The decrease in contract asset balances are a result of one of the following: it becomes a student receivable balance once a student reaches the point in a **student's** academic term where the amount billed is no longer refundable to the student; a refund is made to withdrawn

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students for the portion entitled to be refunded under each **institutions'** refund policy; we receive funds to apply against the contract asset balance; or a student makes a change to the number of classes they are enrolled in which may cause an adjustment to their previously billed amount. As of the end of each quarter, a new contract asset is determined on a student by student basis based on the most recently started term and a **student's** progress within that term as compared to the date at which the student is no longer entitled to a refund under each **institution's** refund policy. Contract assets associated with future periods remain as contract assets until the course begins and the student reaches the point in that course that they are no longer entitled to a refund.

The amount of deferred revenue balances which are being offset with contract assets balances as of **March 31, 2024** **June 30, 2024** and December 31, 2023 were as follows (dollars in thousands):

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As of	
March 31, 2024	December 31, 2023
Gross deferred revenue	\$ 118,939
Gross contract assets	\$ ()
	57,441
Deferred revenue, net	\$ 61,498
	\$ 37,215

As of		
	June 30, 2024	December 31, 2023
Gross deferred revenue	\$ 90,785	\$ 63,970
Gross contract assets	\$ (35,395)	\$ (26,755)
Deferred revenue, net	\$ 55,390	\$ 37,215

Deferred Revenue

Changes in our deferred revenue balances for the quarters and years to date ended **March 31, 2024** **June 30, 2024** and 2023 were as follows (dollars in thousands):

	For the Quarter Ended			For the Quarter Ended		
	March 31, 2024			March 31, 2023		
	CTU	AIUS	Total	CTU	AIUS	Total
Gross deferred revenue, January 1	\$ 42,531	\$ 21,439	\$ 63,970	\$ 67,245	\$ 39,955	\$ 107,200
Revenue earned from prior balances	()	()	()	()	()	()
Billings during period	35,052	17,695	52,747	54,712	29,753	84,465
Billings during period	152,877	69,777	222,654	100,012	53,132	153,144
For the Quarter Ended June 30, 2024						
	CTU	AIUS	Total	CTU	AIUS	Total
Gross deferred revenue, April 1	\$ 82,320	\$ 36,619	\$ 118,939	\$ 42,372	\$ 23,460	\$ 65,832
Revenue earned from prior balances	(69,946)	(29,510)	(99,456)	(32,859)	(19,609)	(52,468)
Billings during period(1)	97,465	39,022	136,487	148,118	74,318	222,436
Revenue earned for new billings during the period	(42,030)	(23,918)	(65,948)	(85,425)	(46,627)	(132,052)
Other adjustments	71	692	763	496	459	955
Gross deferred revenue, June 30	\$ 67,880	\$ 22,905	\$ 90,785	\$ 72,702	\$ 32,001	\$ 104,703
For the Year to Date Ended June 30, 2024						
	CTU	AIUS	Total	CTU	AIUS	Total
Gross deferred revenue, January 1	\$ 42,531	\$ 21,439	\$ 63,970	\$ 67,245	\$ 39,955	\$ 107,200
Revenue earned from prior balances	(37,248)	(19,653)	(56,901)	(58,404)	(32,495)	(90,899)
Billings during period(1)	250,342	108,799	359,141	248,130	127,450	375,580
Revenue earned for new billings during the period	(187,508)	(87,993)	(275,501)	(183,301)	(103,639)	(286,940)
Other adjustments	(237)	313	76	(968)	730	(238)
Gross deferred revenue, June 30	\$ 67,880	\$ 22,905	\$ 90,785	\$ 72,702	\$ 32,001	\$ 104,703

(1) Billings during period includes adjustments for prior billings.

Revenue earned for new billings during the period	()	()
()	()	()
billings during the period	77,728	36,523
114,251	68,709	40,145
Other adjustments	()	()
()	271	()
adjustments	308	379
687	1,464	1,193
Gross deferred revenue, March 31	\$ 82,320	\$ 36,619
	\$ 42,372	\$ 23,460
		\$ 65,832

(1)

Tuition Refunds

If a student withdraws from one of our academic institutions prior to the completion of the academic term, we refund the portion of tuition and fees already paid that, pursuant to our refund policy and applicable federal and state law and accrediting agency standards, we are not entitled to retain. Generally, the amount to be refunded to a student is calculated based upon the percent of the term attended and the amount of tuition and fees paid by the student as of their withdrawal date. In certain circumstances, we have recognized revenue for students who have withdrawn that we are not entitled to retain. We have estimated a

reserve for these limited circumstances based on historical evidence in the amount of \$ 2.12.0 million and \$ 2.0 million for each period as of March 31, 2024 June 30, 2024 and December 31, 2023, respectively. Students are typically entitled to a partial refund until approximately halfway through their term. Pursuant to each university's university's policy, once a student reaches the point in the term where no refund is given, the student would not have a refund due if withdrawing from the university subsequent to that date.

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6. STUDENT RECEIVABLES

Student receivables represent funds owed to us in exchange for the educational services provided to a student. Student receivables are reflected net of an allowance for credit losses at the end of the reporting period. Student receivables, net, are reflected on our condensed consolidated balance sheets as components of both current and non-current assets.

Our students pay for their costs through a variety of funding sources, including federal loan and grant programs, institutional payment plans, employer tuition assistance, Veterans' Administration and other military funding and grants, private and institutional scholarships and cash payments, as well as private loans. Cash receipts from government related sources are typically received during the current academic term. We typically receive funds after the end of an academic term for students who receive employer tuition assistance. Students who have not applied for any type of financial aid or students whose financial aid may not fully cover the cost of their tuition and fees generally set up a payment plan with the institution and make payments on a monthly basis per the terms of the payment plan. For those balances that are not received during the academic term, the balance is typically due within the current academic year which is approximately 30 weeks in length. Generally, a student receivable balance is written off once a student is out of school and it reaches greater than 90 days past due.

Our standard student receivable allowance is based on an estimate of lifetime expected credit losses for student receivables. Our estimation methodology considers a number of quantitative and qualitative factors that, based on our collection experience, we believe have an impact on our repayment risk and ability to collect student receivables. Changes in the trends in any of these factors may impact our estimate of the allowance for credit losses. These factors include, but are not limited to: internal repayment history, changes in the current economic, legislative or regulatory environments, internal cash collection forecasts and the ability to complete the federal financial aid process with the student. These factors are monitored and assessed on a regular basis. Overall, our allowance estimation process for student receivables is validated by trend analysis and comparing estimated and actual performance.

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We have an immaterial amount of student receivables that are due greater than 12 months from the date of our condensed consolidated balance sheets. As of March 31, 2024 June 30, 2024 and December 31, 2023, the amount of non-current student receivables under payment plans that are longer than 12 months in duration, net of allowance for credit losses, was \$ 4.95.3 million and \$3.9 million, respectively.

Allowance for Credit Losses

We define student receivables as a portfolio segment under ASC Topic 326 - Financial Instruments - Credit Losses. Changes in our current and non-current allowance for credit losses related to our student receivable portfolio in accordance with the guidance under ASU 2016-13 for the quarters and years to date ended March 31, 2024 June 30, 2024 and 2023 were as follows (dollars in thousands):

For the Quarter Ended March 31,		
	2024	2023
Balance, beginning of period	\$ 37,782	\$ 43,141
Provision for credit losses	6,556	10,757

Amounts written-off	()	()
	6,232	10,528
Recoveries	448	574
Balance, end of period	\$ 38,554	\$ 43,944

	For the Quarter Ended June 30,		For the Year to Date Ended June 30,	
	2024		2023	
	\$		\$	
Balance, beginning of period	\$	38,554	\$	43,944
Provision for credit losses		6,075		8,170
Amounts written-off		(7,821)		(9,608)
Recoveries		463		549
Balance, end of period	\$	37,271	\$	43,055

Fair Value Measurements

The carrying amount reported in our condensed consolidated balance sheets for the current portion of student receivables approximates fair value because of the nature of these financial instruments as they generally have short maturity periods. It is not practicable to estimate the fair value of the non-current portion of student receivables, since observable market data is not readily available, and no reasonable estimation methodology exists.

7. LEASES

We lease most of our administrative and educational facilities under non-cancelable operating leases expiring at various dates through **2032**.

2033. Lease terms generally range from five to ten years with one to four renewal options for extended terms. In most cases, we are required to make additional payments under facility operating leases for taxes, insurance and other operating expenses incurred during the operating lease period, which are typically variable in nature.

We determine if a contract contains a lease when the contract conveys the right to control the use of identified property, plant or equipment for a period of time in exchange for consideration. Upon identification and commencement of a lease, we establish a right of use ("ROU"("ROU") asset and a lease liability.

Quantitative information related to leases is presented in the following table (dollars in thousands):

	For the Quarter Ended	For the Quarter Ended
	March 31, 2024	March 31, 2023

Lease expenses

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	For the Quarter Ended June		For the Year to Date Ended	
	30, 2024		June 30, 2024	
Lease expenses (1)				
Fixed lease expenses - operating	\$	1,122	\$	2,566
Variable lease expenses - operating		279		337
Total lease expenses	\$	1,401	\$	2,903
Other information				
Gross operating cash flows for operating leases (3)	\$	(2,016)	\$	(4,482)

	For the Quarter Ended June 30, 2023	For the Year to Date Ended June 30, 2023
Lease expenses (1)		
Fixed lease expenses - operating	\$ 1,638	\$ 3,334
Variable lease expenses - operating	380	961
Sublease income (2)	(189)	(500)
Total lease expenses	<u>\$ 1,829</u>	<u>\$ 3,795</u>
Other information		
Gross operating cash flows for operating leases (3)	\$ (2,717)	\$ (5,583)
Operating cash flows from subleases (3)	\$ 196	\$ 488
	As of June 30, 2024	As of June 30, 2023
Weighted average remaining lease term (in months) - operating leases	69	60
Weighted average discount rate - operating leases	5.1%	4.8%

(1) Lease expense and sublease income represent the amount recorded within our consolidated statements of income. Variable lease expenses represent expenses recognized as incurred which are not included in the lease liability. Fixed lease expenses and 10% of sublease income are recorded on a straight-line basis over the lease term and therefore are not necessarily representative of cash payments during the same period.

Variable lease

\$ 1,444
\$ sublease income
-
()
(2)
311
Total lease
\$ 1,502
\$ 1,966
expenses

Other information

Gross operating cash flows
\$ ()
\$ ()
for operating leases
2,466
2,866
(3)
Operating cash flows
\$ -
\$ 292
from subleases
(3)

As of March 31, 2024 As of March 31, 2023

Weighted average remaining lease 53

61
term (in months) -
operating leases
Weighted average
discount
4.9 %
4.8 %
rate - operating
leases

(1)

(2) Historically, for certain of our leased locations we had vacated the facility and had fully or partially subleased the space. As **March 31, 2024** **June 30, 2024**, we no longer have any subleased locations.

(3) Cash flows are presented on a consolidated basis and represent cash payments for fixed and variable lease costs.

8. CONTINGENCIES

An accrual for estimated legal fees of \$ **2.53.0** million and \$2.4 million at **March 31, 2024** **June 30, 2024** and December 31, 2023, respectively, is presented within other current liabilities on our condensed consolidated balance sheets.

We record a liability when we believe that it is both probable that a loss will be incurred and the amount of loss can be reasonably estimated. We evaluate, at least quarterly, developments in our legal matters that could affect the amount of liability that was previously accrued and make adjustments as further information develops, circumstances change or contingencies are resolved. Significant judgment is required to determine both probability and the estimated amount. We may be unable to estimate a possible loss or range of possible loss due to various reasons, including, among others: (1) if the damages sought are indeterminate; (2) if the proceedings are in early stages; (3) if there is uncertainty as to the outcome of pending appeals, motions or settlements; (4) if there are significant factual issues to be determined or resolved; and (5) if there are novel or unsettled legal theories presented. In such instances, there is considerable uncertainty regarding the ultimate resolution of such matters, including a possible eventual loss, if any.

United States of America, ex rel. Fiorisce LLC v. Perdoceo Education Corporation, Colorado Technical University, Inc. and American InterContinental University, Inc. On July 19, 2023, we became aware of an amended complaint filed in the U.S. District Court for the District of Colorado on May 19, 2023. The original complaint was filed under seal on February 25, 2021 by a former employee of Colorado Technical University through a limited liability company, on behalf of herself, any other interested parties affiliated with the LLC and the federal government. On July 18, 2023, the district court ordered the complaint unsealed and we were notified that the U.S. Department of Justice ("DOJ") had declined to intervene in the action on February 3, 2023. The company had previously received a Civil Investigative Demand on April 8, 2022 from the DOJ and had been cooperating with the DOJ in its review. After the federal government declined to intervene in this case, the relator elected to pursue the litigation on behalf of the federal government. If she is successful, she would receive a portion of the federal **government's** **government's** recovery. The amended complaint alleges

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violations of the False Claims Act related to the **company's** **company's** compliance with federal financial aid credit hour requirements in connection with its use of its learning management system. Relator claims that **defendants'** **defendants'** conduct caused the government to make payments of federal funds to defendants which the government would not have made if not for **defendants'** **defendants'** alleged violation of the law. Relator seeks treble damages plus civil penalties and **attorneys'** **attorneys'** fees. On January 4, 2024, the Court granted a motion to dismiss with respect to Perdoceo Education Corporation and American InterContinental University, Inc. which removes them as defendants in the case. The **Court's** **Court's** dismissal was "without prejudice" "without prejudice", which allows the relator in the case the opportunity to amend and refile a further amended complaint with respect to those two parties. The Relator has filed a motion, which is pending before the Court, that seeks permission to file a further amended complaint with respect to only Perdoceo Education Corporation.

Because of the many questions of fact and law that may arise, the outcome of this legal proceeding is uncertain at this point. Based on information available to us at present, we cannot reasonably estimate a range of potential loss, if any, for this action.

Accordingly, we have not recognized any liability associated with this action.

We receive from time-to-time requests from state attorneys general, federal and state government agencies and accreditors relating to our institutions, to specific complaints they have received from students or former students or to student loan forgiveness claims which seek information about students, our programs, and other matters relating to our activities. These requests can be broad and time consuming to respond to, and there is a risk that they could expand and/or lead to a formal action or claims of non-compliance. We are subject to a variety of other claims, lawsuits, arbitrations and investigations that arise from time to time out of the conduct of our business, including, but not limited to, matters involving prospective students, students or former students, alleged violations of the Telephone Consumer Protection Act, both individually and on behalf of a putative class, and employment matters. Periodically matters arise that we consider outside the scope of ordinary routine litigation incidental to our business. While we currently believe that these matters, individually or in aggregate, will not have a material adverse impact on our financial position, cash flows or results of operations, these matters are subject to inherent uncertainties, and management's view of these matters may change in the future. Were an unfavorable outcome to occur in any one or more of these matters, there exists the possibility of a material adverse impact on our business, reputation, financial position and cash flows.

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9. INCOME TAXES

The determination of the annual effective tax rate is based upon a number of significant estimates and judgments, including the estimated annual pretax income in each tax jurisdiction in which we operate and the ongoing development of tax planning strategies during the year. In addition, our provision for income taxes can be impacted by changes in tax rates or laws, the finalization of tax audits and reviews, as well as other factors that cannot be predicted with certainty. As such, there can be significant volatility in interim tax provisions.

The following is a summary of our provision for income taxes and effective tax rate:

(Dollars in Thousands)	For		For the Quarter Ended June 30,		For the Year to Date Ended June 30,	
	2024	2023	2024	2023	2024	2023
Pretax income	\$ 53,014	\$ 74,603	\$ 105,865	\$ 121,656		
Provision for income taxes	\$ 14,585	\$ 19,930	\$ 27,994	\$ 32,499		
Effective rate	27.5%	26.7%	26.4%	26.7%		

The effective tax rate for the Quarter Ended March 31,

(Dollars in Thousands) 2024 2023
Pretax income quarter and year to date ended June 30, 2024 was impacted by the tax effect of stock-based compensation and the release of previously recorded tax reserves, which decreased the effective tax rate for the quarter and year to date by 1.4% and 2.0%, respectively. The effective tax rate for the quarter and year to date ended June 30, 2023 was impacted by a \$ 52,851.3 million unfavorable discrete adjustment related to the \$ 47,053

Provision 22.1 million gain on the sale of the Le Cordon Bleu trademark, which was taxed at 24.1%. The effective tax rate for income taxes \$ 13,409 \$ 12,569

Effective the quarter and year to date ended June 30, 2023 also includes the tax effect of stock-based compensation and the release of previously recorded tax reserves, which decreased the effective tax rate 25.4 for the quarter and year to date by 0.6% 26.7 and 0.7%

As, respectively. Additionally, as of December 31, 2023 June 30, 2024, a valuation allowance of \$ 14,014.3 million was maintained with respect to our equity investment, available for sale short-term investments and state net operating losses. Due to an increase in the cumulative unrealized holding loss on available for sale short-term investments that is reflected in total other comprehensive loss, the deferred tax asset and valuation allowance with respect to this item was increased from

\$
0.2
million to \$
0.4
million during the current quarter, which increased the overall valuation
allowance from \$
14.0
million to \$
14.2
million. After considering both positive and negative evidence related to the
realization of the deferred tax assets, we have determined that it is
necessary to continue to maintain a \$
14.2
million valuation allowance against our equity investment, available for sale
short-term investments and state net operating losses as of March 31, 2024.
The effective tax rate for the quarter ended March 31, 2024 was benefitted by
the tax effect of stock-based compensation and the release of previously
recorded tax reserves, which reduced the effective tax rate by
2.5
%. The effective tax rate for the quarter ended March 31, 2023 was impacted by
the tax effect of stock-based compensation and the release of previously
recorded tax reserves, the net effect of which decreased the effective tax
rate by
0.8
%.

We estimate that it is reasonably possible that the gross liability for unrecognized tax benefits for a variety of uncertain tax positions will decrease by up to \$

2.7
milli
on 2.1 million in the next twelve months as a result of the expiration of the statute of limitations in several jurisdictions. The income tax rate for the quarter and year to date ended March 31, 2024 June 30, 2024 does not take into account the possible reduction of the liability for unrecognized tax benefits. The impact of a reduction to the liability will be treated as a discrete item in the period the reduction occurs. We recognize interest and penalties related to unrecognized tax benefits in tax expense. As of March 31, 2024 June 30, 2024, we had a
accrued \$
3.4
m
illion 3.7 million as an estimate for reasonably possible interest and accrued penalties.

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Our tax returns are routinely examined by federal, state and local tax authorities and these audits are at various stages of completion at any given time. The Internal Revenue Service has completed its examination of our U.S. income tax returns through our tax year ended December 31, 2014.

10. SHARE-BASED COMPENSATION

Overview

The Perdoceo Education Corporation Amended and Restated 2016 Incentive Compensation Plan (the "2016 Plan") became effective (as the Career Education Corporation 2016 Incentive Compensation Plan) on May 24, 2016, and the amendment and restatement of the 2016 Plan became effective on June 3, 2021, upon its approval by the Company's stockholders. Under the

2016 Plan, Perdoceo may grant to eligible participants awards of stock options, stock appreciation rights, restricted stock, restricted stock units, deferred stock, performance units, annual incentive awards, and substitute awards, which generally may be settled in cash or shares of our common stock. The vesting of all types of awards is subject to possible acceleration in certain circumstances. If a plan participant terminates employment for any reason other than by death or disability during the vesting period, the right to unvested awards is generally forfeited.

Restricted Stock Units

For the quarters ended **March 31, 2024** **June 30, 2024** and 2023, the Company granted less than 0.1 million restricted stock units in each period which are not "performance-based" and which have a grant-date fair value of approximately \$1.0 million and \$0.7 million, respectively. For the years to date ended **June 30, 2024** and 2023, the Company granted approximately 0.20.3 million and 0.4 million restricted stock units, respectively, which are not "performance-based" and which have a grant-date fair value of approximately \$ **4.35.3** million and \$ **5.35.9** million, respectively.

Additionally, for

For the quarters years to date ended **March 31, 2024** **June 30, 2024** and 2023, the Company granted approximately 0.2 million and 0.3 million restricted stock units, respectively, which are "performance-based" and which have a grant-date fair value of approximately \$3.5 million and \$4.1 million, respectively. The performance-based restricted stock units are subject to performance conditions which are **12**

determined at the time of grant and typically cover a three-year performance period. These performance conditions may result in all units being forfeited even if the requisite service period is met.

All restricted stock units granted in 2024 and 2023 are to be settled in shares of our common stock.

Stock Options

There were no stock options granted during each of the quarters or years to date ended **March 31, 2024** **June 30, 2024** and 2023.

Share-Based Compensation Expense

Total

For the quarters ended June 30, 2024 and 2023, the total share-based compensation expense for each of was approximately \$2.3 million and \$2.0 million, respectively. For the quarters years to date ended **March 31, 2024** **June 30, 2024** and 2023, the total share-based compensation expense was approximately \$ **2.3** million. **4.6** million and \$4.3 million, respectively.

As of **March 31, 2024** **June 30, 2024**, we estimate that total compensation expense of approximately \$ **20.319.5** million will be recognized over the next four years for all unvested share-based awards that have been granted to participants. This amount excludes any estimates of forfeitures.

11. STOCK REPURCHASE PROGRAM

On February 20, 2024, the Board of Directors of the Company approved a new stock repurchase program for up to \$50.0 million which commenced March 1, 2024 and expires **September 30, 2025** **September 30, 2025**. The new stock repurchase program replaced the previous stock repurchase program. The other terms of the new stock repurchase program are consistent with the Company's previous stock repurchase program.

The timing of purchases and the number of shares repurchased under the program will be determined by the Company's management and will depend on a variety of factors including stock price, trading volume and other general market and economic conditions, its assessment of alternative uses of capital, regulatory requirements and other factors. Repurchases will be made in open market transactions, including block purchases, conducted in accordance with Rule 10b-18 under the Exchange Act as well as may be made pursuant to trading plans established under Rule 10b5-1 under the Exchange Act, which would permit shares to be repurchased when the Company might otherwise be precluded from doing so under insider trading laws. The stock repurchase program does not

oblige the Company to purchase shares and the Company may, in its discretion, begin, suspend or terminate repurchases at any time, without any prior notice.

During the years to date ended June 30, 2024 and 2023, we repurchased approximately 0.4 million shares and 0.2 million shares of our common stock, respectively, for approximately \$6.8 million at an average price of \$17.60 per share during the year to date ended June 30, 2024 and for approximately \$2.7 million at an average price of \$12.35 per share during the year to date ended June 30, 2023. During the quarter ended March 31, 2024 June 30, 2024 we did not repurchase any shares of our common stock and during the quarter ended June 30, 2023, we repurchased approximately 0.40.2 million shares of our common stock for approximately \$6.81.9 million at an average price of \$17.6011.88 per share, of which approximately 0.2 million shares of our common stock for approximately \$3.9 million were purchased under the previous stock repurchase program. During the quarter ended March 31, 2023, we repurchased less than 0.1 million shares of our common stock for approximately \$0.8 million at an average price of \$13.61 per share.

As of March 31, 2024 June 30, 2024, approximately \$47.1 million was available under our new authorized stock repurchase program to repurchase outstanding shares of our common stock. Shares of stock repurchased under the program are held as treasury shares. These repurchased shares have reduced the weighted average number of shares of common stock outstanding for basic and diluted earnings per share calculations.

12. WEIGHTED AVERAGE COMMON SHARES

Basic net income per share is calculated by dividing net income by the weighted average number of common shares outstanding for the period. Diluted earnings per share is computed by dividing net income by the weighted average number of shares assuming dilution. Dilutive common shares outstanding is computed using the Treasury Stock Method and reflects the additional shares that would be outstanding if dilutive stock options were exercised and restricted stock units were settled for common shares during the period.

The weighted average number of common shares used to compute basic and diluted net income per share for the quarters and years to date ended March 31, 2024 June 30, 2024 and 2023 were as follows (shares in thousands):

	For the Quarter Ended March 31,	
	2024	2023
Basic common shares outstanding	65,555	67,235
Common stock equivalents	1,286	1,279
Diluted common shares outstanding	66,841	68,514

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	For the Quarter Ended June 30,		For the Year to Date Ended June 30,	
	2024	2023	2024	2023
Basic common shares outstanding	65,611	67,421	65,583	67,328
Common stock equivalents	1,466	1,112	1,373	1,184
Diluted common shares outstanding	67,077	68,533	66,956	68,512

For the quarters and years to date ended March 31, 2024 June 30, 2024 and 2023, certain unexercised stock option awards are excluded from our computations of diluted earnings per share, as these shares were out-of-the-money and their effect would have been anti-dilutive. The anti-dilutive options that were excluded from our computations of diluted earnings per share were less than 0.1 million shares and approximately 0.3 million shares, respectively, for each of the quarters ended March 31, 2024 June 30, 2024 and

2023, and less than 0.1 million shares and approximately 0.3 million shares, respectively, for the years to date ended June 30, 2024 and 2023.

13. SEGMENT REPORTING

Our segments are determined in accordance with FASB ASC Topic 280-280-Segment Reporting and are based upon how the Company analyzes performance and makes decisions. Each segment is comprised of an accredited postsecondary education institution that offers a variety of academic programs. As of March 31, 2024 June 30, 2024, our two segments are:

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♦Colorado Technical University (CTU) is committed to providing quality and industry-relevant higher education to a diverse student population, including serving non-traditional adult learners seeking career advancement and the military community. CTU utilizes innovative technology and experienced faculty, enabling the pursuit of personal and professional goals for learners. CTU offers academic programs in the career-oriented disciplines of business and management, nursing, healthcare management, computer science, engineering, information systems and technology, project management, cybersecurity and criminal justice. Students pursue their degrees through fully-online programs, local campuses and blended formats, which combine campus-based and online education. As of March 31, 2024 June 30, 2024, students enrolled at CTU represented approximately 73

75% of our total enrollments. Approximately 97% of CTU's students are enrolled in programs offered fully online. Students at CTU's ground-based campuses take both in-person and virtual classes.

f

♦The American InterContinental University System (AIUS or AIU System) is committed to providing quality and accessible higher education opportunities for a diverse student population, including non-traditional adult learners and the military community. AIUS places emphasis on the educational, professional and personal growth of each student. AIUS offers academic programs in the career-oriented disciplines of business studies, information technologies, education, health sciences and criminal justice. Students pursue their degrees through fully-online programs, local campuses and blended

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formats, which combine campus-based and online education. As of March 31, 2024 June 30, 2024, students enrolled at AIUS represented approximately 27 25% of our total enrollments. Approximately 97% of AIUS' students are enrolled in programs offered fully online. Students at AIUS' ground-based campus take both in-person and virtual classes.

Summary financial information by reporting segment is as follows (dollars in thousands):

For the Quarter Ended March 31,					
		Revenue		Operating Income (Loss)	
	2024	% of Total	2023	% of Total	2023
CTU	\$ 113,569	67.5 %	\$ 124,492	63.7 %	\$ 42,156
AIUS	54,505	32.4 %	70,840	36.2 %	9,286
Corporate and Other	190	0.1 %	266	0.1 %	()
				5,164	12,357
Total	\$ 168,264	100.0 %	\$ 195,598	100.0 %	\$ 46,278
					\$ 43,336

Total Assets as of

	For the Quarter Ended June 30,					
	Revenue				Operating Income (Loss)	
	2024	% of Total	2023	% of Total	2024	2023
CTU	\$ 112,828	67.7%	\$ 119,292	64.0%	\$ 42,890	\$ 40,451
AIUS	53,722	32.2%	67,062	35.9%	12,926	17,078
Corporate and Other	190	0.1%	210	0.1%	(9,810)	(9,435)
Total	\$ 166,740	100.0%	\$ 186,564	100.0%	\$ 46,006	\$ 48,094
For the Year to Date Ended June 30,						
	Revenue				Operating Income (Loss)	
	2024	% of Total	2023	% of Total	2024	2023
	\$ 226,397	67.6%	\$ 243,784	63.8%	\$ 85,046	\$ 84,141
CTU	108,227	32.3%	137,902	36.1%	22,212	29,081
AIUS	380	0.1%	476	0.1%	(14,974)	(21,792)
Total	\$ 335,004	100.0%	\$ 382,162	100.0%	\$ 92,284	\$ 91,430
Total Assets as of ⁽¹⁾						
	June 30, 2024			December 31, 2023		
	\$ 210,845			\$ 202,728		
	168,836			161,336		
Corporate and Other				698,560		643,252
Total	\$ 1,078,241			\$ 1,007,316		

(1) Total assets are presented on a condensed consolidated basis and do not include intercompany receivable or payable activity between institutions and corporate and investments in subsidiaries.

Mar 14
2024
December 31, 2023
CTU
\$ 208,317
\$ 202,728
AIUS
168,898
161,336
Corporate and Other
674,750
643,252
Total
\$ 1,051,965
\$ 1,007,316

(1)

14. SUBSEQUENT EVENTS

Agreement to acquire the University of St. Augustine for Health Sciences, LLC

Perdoceo Education Corporation signed a definitive agreement to acquire 100% ownership of the University of St. Augustine for Health Sciences, LLC ("USAHS"). The material terms of the transaction have been described in the Company's Form 8-K filed with the Securities and Exchange Commission on July 16, 2024. Completion of the acquisition is subject to customary closing conditions and satisfactory regulatory approvals from the Accrediting Commission for Senior Colleges and Universities of the Western Association of

Schools and Colleges ("WASC"), as well as other key regulatory bodies, and receipt of a preacquisition review response from the US Department of Education. The Company expects to complete the acquisition in December 2024.

Perdoceo expects to pay approximately \$142.0 million to \$144.0 million in cash at closing to acquire 100% ownership of USAHS. The actual cash paid will depend on adjustments for cash, debt and working capital based on the final closing balance sheet. The acquisition is not subject to a financing condition. Perdoceo plans to use cash on hand for the purchase.

Termination of credit agreement

On July 29, 2024, the Company gave notice of the termination of its credit agreement, dated as of September 8, 2021, as amended (the "Credit Agreement"), by and among the Company, as borrower, certain of its subsidiary guarantors thereunder, the lenders from time-to-time parties thereto and Wintrust Bank N.A. (the "Termination"). A description of the Credit Agreement is included in Note 4 "Financial Instruments" to our unaudited condensed consolidated financial statements in this Quarterly Report on Form 10-Q.

At the time of the Termination of the Credit Agreement, the Company was not in default under the Credit Agreement, nor did it have any amounts outstanding thereunder. The Credit Agreement was due to mature on January 31, 2027. The Company made the decision to terminate the Credit Agreement due to the Company's strong cash position and to avoid uncertainty under the Credit Agreement associated with newly effective Title IV financial responsibility requirements.

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The Termination was effective on July 30, 2024. Upon effectiveness of the Termination, all security interests and pledges granted to the secured parties under the Credit Agreement were terminated and released. The Company did not incur any material early termination penalties in connection with the Termination.

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ITEM 2. MANAGEMENT'S MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The discussion below and other items in this Quarterly Report on Form 10-Q contain "forward-looking" forward-looking statements, as defined in Section 21E of the Securities Exchange Act of 1934, as amended, that reflect our current expectations regarding our future growth, results of operations, cash flows, performance and business prospects and opportunities, as well as assumptions made by, and information currently available to, our management. We have tried to identify forward-looking statements by using words such as "anticipate,"

"believe," "expect," "plan," "may," "should," "will," "continue" "anticipate," "believe," "expect," "plan," "may," "should," "will," "continue to," "focused" on" "focused on" and similar expressions, but these words are not the exclusive means of identifying forward-looking statements. These statements are based on information currently available to us and are subject to various risks, uncertainties, and other factors, including, but not limited to, those matters discussed in Item 1A, "Risk" Risk Factors, in our Annual Report on Form 10-K for the year ended December 31, 2023 that could cause our actual growth, results of operations, financial condition, cash flows, performance, business prospects and opportunities to differ materially from those expressed in, or implied by, these statements. Except as expressly required by the federal securities laws, we undertake no obligation to update such factors or to publicly announce the results of any of the forward-looking statements contained herein to reflect future events, developments, or changed circumstances or for any other reason. Among the factors that could cause actual results to differ materially from those expressed in, or implied by, our forward-looking statements are the following:

- declines in enrollment or interest in our programs or our ability to market to and contact prospective students;
- our continued compliance with and eligibility to participate in Title IV Programs under the Higher Education Act of 1965, amended, and the regulations thereunder (including the terms of any potential changes to or conditions imposed on our continued participation in the Title IV programs under new program participation agreements, the new 90-10, financial

responsibility and administrative capability standards prescribed by the U.S. Department of Education (the "Department" "Department")), as well as applicable accreditation standards and state regulatory requirements;

- the impact of various versions of "borrower" "borrower" defense to "repayment" "repayment" regulations;
- the final outcome of various legal challenges to the Department's loan discharge and forgiveness efforts;
- rulemaking or changing interpretations of existing regulations, guidance or historical practices by the Department or any state or accreditor and increased focus by Congress and governmental agencies on, or increased negative publicity about, for-profit education institutions;
- the success of our initiatives to improve student experiences, retention and academic outcomes;
- our continued eligibility to participate in educational assistance programs for key employers, veterans and other military personnel;
- increased competition;
- our ability to pay dividends on our common stock and execute our stock repurchase program;
- the impact of management changes; and
- changes in the overall U.S. economy.

The following Management's Management's Discussion and Analysis of Financial Condition and Results of Operations ("

MD&A

") should be read in conjunction with the Company's Company's unaudited condensed consolidated financial statements and the notes thereto appearing elsewhere in this Quarterly Report on Form 10-Q. The MD&A is intended to help investors understand the results of operations, financial condition and present business environment. The MD&A is organized as follows:

- Overview
- Consolidated Results of Operations
- Segment Results of Operations
- Summary of Critical Accounting Policies and Estimates
- Liquidity, Financial Position and Capital Resources

OVERVIEW

Our accredited academic institutions offer a quality postsecondary education primarily online to a diverse student population, along with campus-based and blended learning programs. The Company's Company's academic institutions -- Colorado Technical University

("

CTU

") and the American InterContinental University System ("

AIUS

") or "

AIU System

") -- provide degree programs from the

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associate through doctoral level as well as non-degree seeking and professional development programs. Our academic institutions offer students industry-relevant and career-focused academic programs that are designed to meet the educational needs of today's busy adults. CTU and AIUS continue to show innovation in higher education, advancing personalized learning technologies like their **intellipath(R)** learning platform and using data analytics and technology to serve and educate students while enhancing overall learning and academic experiences. Perdoceo's institutions are committed to providing quality education that closes the gap between learners who seek to advance their careers and employers needing a qualified workforce.

Our reporting segments are determined in accordance with Financial Accounting Standards Board ("FASB" ("FASB")) Accounting Standards Codification ("ASC" ("ASC")) Topic 280 -

- *Segment Reporting* and are based upon how the Company analyzes performance and makes decisions. Each segment represents a postsecondary education provider that offers a variety of academic programs. We organize our business across two reporting segments: CTU and AIUS.

Regulatory Environment and Political Uncertainty

We operate in a highly regulated industry, which has significant impacts on our business and creates risks and uncertainties. In recent years, Congress, the Department, states, accrediting agencies, the Consumer Financial Protection Bureau, the Federal Trade Commission, state attorneys general, consumer advocacy groups and the media have all scrutinized the for-profit postsecondary education sector. Congressional hearings and roundtable discussions were held regarding various aspects of the education industry, including issues surrounding student debt as well as publicly reported student outcomes that may be used as part of an **institution's** recruiting and admissions practices, and reports were issued that are highly critical of for-profit colleges and universities. A group of influential U.S. senators, consumer advocacy groups and some media outlets have strongly and repeatedly encouraged the Department, the Department of Defense and the Department of Veterans Affairs and its state approving agencies to take action to limit or terminate the participation of institutions such as ours in existing tuition assistance programs. In several cases, these groups have received significant financial support from third parties critical of our sector and have aligned on messaging that negatively impacts our sector during policy and rulemaking discussions. In addition, the current administration has made student loan forgiveness one of its top domestic policy objectives, and it has been aggressively pursued by the Department in cooperation with special interest groups, other federal agencies, state attorneys general and others. These groups collectively have focused efforts relating to student debt forgiveness on for-profit colleges and universities, encouraging loan discharge applications and complaints by former students.

We continue to see one of the most challenging operating environments in recent memory as the Department has undertaken a complete overhaul of almost all of the major regulatory requirements associated with our participation in Title IV Programs and which disproportionately negatively impact the for-profit postsecondary education sector. Additionally, a number of the **Department's** regulatory initiatives are explicitly targeted at negatively impacting the proprietary sector of education. In many cases the new regulatory requirements are unclear, require further clarification as to their interpretation or applicability or are subject or will be subject to legal challenges. We expect to continue to need to operate nimbly in this uncertain environment, making necessary changes to the extent possible to comply with the myriad of new vague or unclear rules or interpretations as well as new interpretations of existing rules. For example, in 2023, we materially reduced prospective student enrollment, marketing and outreach processes at AIUS during the year to limit the volume of new federal funding that the institution would receive and to preserve available funding for existing students under the **Department's** new 90-10 Rule. Any actions that limit our participation in Title IV Programs or the amount of student financial aid for which our students are eligible would materially impact our student enrollments and profitability and could impact the continued viability of our business as currently conducted.

We encourage you to review Item 1, "Business," and Item 1A, "Risk Factors," in our Annual Report on Form 10-K to learn more about our highly regulated industry and related risks and uncertainties, in addition to the MD&A in our 2024 Quarterly Reports on Form 10-Q.

Note Regarding Non-GAAP measures

We believe it is useful to present non-GAAP financial measures which exclude certain significant and non-cash items as a means to understand the performance of our core business. As a general matter, we use non-GAAP financial measures in conjunction with results presented in accordance with GAAP to help analyze the performance of our core business, assist with preparing the annual operating plan, and measure performance for some forms of compensation. In addition, we believe that non-GAAP financial information is used by analysts and others in the investment community to analyze our historical results and to provide estimates of future performance.

We believe certain non-GAAP measures allow us to compare our current operating results with respective historical periods and with the operational performance of other companies in our industry because it does not give effect to potential differences caused by items we do not consider reflective of underlying operating performance. We believe the items we are adjusting for are not normal operating expenses reflective of our underlying business. In evaluating the use of non-GAAP measures, investors should be aware that in the future we may incur expenses similar to the adjustments presented below. Our presentation of non-GAAP measures should not be construed as an inference that our future results will be unaffected by expenses that are unusual, non-routine or non-recurring. A non-GAAP measure has limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for net income,

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operating income, earnings per diluted share, or any other performance measure derived in accordance with and reported under GAAP or as an alternative to cash flow from operating activities or as a measure of our liquidity.

Non-GAAP financial measures, when viewed in a reconciliation to respective GAAP financial measures, provide an additional way of viewing the Company's results of operations and the factors and trends affecting the Company's business. Non-GAAP financial measures should be considered as a supplement to, and not as a substitute for, or superior to, the respective financial results presented in accordance with GAAP.

2024 First Second Quarter Overview

During the **first** **second** quarter ended **March 31, 2024** **June 30, 2024** ("current quarter")**"),** we continued to experience **strong****high** levels of student retention and engagement at both **CTU** and **AIUS**, with student retention at multi-year highs. Our faculty and student support teams remain dedicated to educating and serving our students, and we anticipate that student retention should continue to trend at these levels through the remainder of our academic institutions as a result of our focus on our key objectives of enhancing student experiences, retention and academic outcomes.

2024.

Total student enrollments increased **9.0%****4.2%** at **March 31, 2024** **June 30, 2024** as compared to **March 31, 2023** **June 30, 2023**, with **CTU's****CTU's** increase of **28.5%****14.7%** being partially offset with **AIUS'****AIUS'** decrease of **22.9%****18.2%**. CTU's increase in total student enrollments was primarily driven by a positive timing impact from the academic calendar comparability resulting in more enrollment days for the current **quarter****year** to date as compared to the prior year **quarter****to date** as well as organic student enrollment growth due to strong

student retention and engagement. within our corporate engagement programs. The total student enrollment decrease at AIUS was expected as a result of and due to the operational changes made within prospective student enrollment, marketing and outreach processes by AIUS in the prior year to address regulatory changes which went into effect in July of 2023. AIUS had mostly reverted to normalized levels of operations during the fourth quarter of 2023 and as a result experienced growth in student enrollments for the current quarter when compared to the low point of the fourth quarter of 2023.

We view technology as a catalyst and differentiator for us and remain committed to making selective investments that deliver a more meaningful and relevant educational experience for our learners while continuing to improve the efficiency and effectiveness of our academic **institutions'** academic and **institutions'** student support functions. Additionally, we remained focused on investing in and improving processes that support our corporate engagement programs. These programs remain a focus and a priority for both academic institutions and we will continue to make necessary investments in staff and technology to further grow their programs in an efficient and effective manner. Lastly, marketing and admissions spend, and commensurately prospective student inquiry generation, was lower during the current quarter as compared to the prior year quarter. Aided by data analytics, we continue to adjust our marketing strategies to further improve our focus on identifying prospective students who are more likely to succeed at one of our universities, as well as comply with updated expectations from various federal agencies around prospective student outreach.

We expect the strong levels of student retention and engagement that we experienced in 2023 and through the current quarter, year to date, to continue through the remainder of 2024. Additionally, as AIUS had mostly reverted to normalized levels of operations in the fourth quarter of 2023, we expect AIUS to experience double digit total student enrollment growth during 2024 at December 31, 2024 as compared to December 31, 2023, the prior year end. Full year revenue is expected to be lower for 2024 primarily as a result of the academic calendar redesign at CTU which will result in lower revenue-earning days in 2024 as well as due to the lag impact on revenue of lower beginning total student enrollments at AIUS. Management expects AIUS as well as lower revenue due to optimize operating expenses throughout 2024 to mostly offset this expected decline in revenue. simplification of our professional development offerings at CTU.

Financial Highlights

Revenue for the current quarter decreased by 14.0% 10.6% or \$27.3 million \$19.8 million as compared to the prior year quarter, resulting from a decrease in revenue for CTU of 8.8% 5.4% or \$10.9 million \$6.5 million and a decrease for AIUS of 23.1% 19.9% or \$16.3 million. CTU's academic calendar may impact the comparability of revenue-earning days and enrollment results in any given quarter, with the impact on revenue and total student enrollments not necessarily having the same magnitude or directional impact. \$13.3 million. The decrease in revenue at CTU was due to less revenue-earning days during driven by changes within our professional development program offerings and the current quarter as compared to the prior year quarter. The decrease within AIUS was driven by a lag impact on revenue of the operational changes undertaken during 2023.

Operating income for the current quarter increased decreased to \$46.3 million \$46.0 million as compared to operating income of \$43.3 million \$48.1 million in the prior year quarter. The increase decrease in operating income for the current quarter was primarily due to a result of lower revenue which was only partially offset with lower operating expenses across most functional categories in the current quarter as compared to the prior year quarter which more than offset the decline in revenue.

quarter.

The Company believes it is useful to present non-GAAP financial measures, which exclude certain significant and non-cash items, as a means to understand the performance of its operations. (See tables below for a GAAP to non-GAAP reconciliation.) Adjusted operating income was \$49.5 million \$50.9 million for the current quarter as compared to \$53.1 million \$55.2 million for the prior year quarter.

Adjusted operating income and adjusted earnings per diluted share for the quarters and years to date ended March 31, 2024 June 30, 2024 and 2023 is presented below (dollars in thousands, unless otherwise noted):

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For the Quarter Ended March 31,		
Adjusted Operating Income	2024	2023
Operating income	\$ 46,278	\$ 43,336
Depreciation and amortization	3,016	5,155
Legal fee expense related to certain matters	230	4,619

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Adjusted Operating Income	For the Quarter Ended June 30,		For the Year to Date Ended June 30,	
	2024	2023	2024	2023

(1)	Adjusted Operating Income \$ 49,524	\$ 53,110	Legal fee expense associated with (i) responses to the Department of Education (the "Department") relating to borrower defense to repayment applications from former students, and (ii) acquisition efforts.
	For the Quarter Ended March 31,		
	Adjusted Earnings Per Diluted Share		
2024		2023	
	Reported Earnings Per Diluted Share \$ 0.59	\$ 0.50	
	Pre-tax adjustments included in operating expenses:		
	Amortization for acquired intangible assets 0.02	0.04	
	Legal fee expense related to certain matters - 0.07		
(1)			
	Total pre-tax adjustments \$ 0.02	\$ 0.11	
	Tax effect of adjustments (0.01)	(0.03)	
(2)			
	Total adjustments after tax 0.01	0.08	
	Adjusted Earnings Per Diluted Share \$ 0.60	\$ 0.58	
(1)			
(2)	Non-cash gain associated with the sale of the LCB trademark in exchange for outstanding shares of Perdooceo's stock		

Regulatory Updates

Borrower Defense to Repayment

Institutional Accreditation

On **February 28, 2023** **July 19, 2024**, the **Career Colleges & Schools of Texas ("**

CCST

") filed a lawsuit in the U.S. District Court for the Northern District of Texas challenging the Department's most recent versions of the borrower

defense Higher Learning Commission informed AIUS that it had acted at its meeting on July 16, 2024 to repayment (BDR) and closed

school loan discharge (CSLD) regulations that were to be effective July 1, 2023. CCST seeks to set aside these rules on the grounds that they violate the U.S. Constitution and the Administrative Procedure Act. On April 4, 2024, the Fifth Circuit reversed the district court's denial of CCST's motion for preliminary injunction and remanded the case back to the district court with instructions to postpone the effective date of these rules pending final judgment, effectively maintaining a nationwide injunction against these latest rules going into effect that had previously been entered by the Fifth Circuit. The Fifth Circuit's ruling included a detailed analysis of the likelihood of success of CCST's legal arguments against the Department and identified numerous reasons why, in its opinion, CCST is likely to be successful on the merits. Among other conclusions, the Fifth Circuit determined that the Higher Education Act likely does not grant the Department the authority to draft regulations providing affirmative claims that borrowers can assert against schools, in contrast to "defenses" to a creditor's effort to collect on student loans. The Fifth Circuit also determined that the new BDR rule raised constitutional questions about the Department's authority to adjudicate claims outside of the judicial system, and held that the new rule's standards for actionable misrepresentations or omissions or aggressive or deceptive recruiting tactics most likely do not comply with the specificity requirements of the enabling statute. Finally, the Fifth Circuit held that the new CSLD regulations exceeded the Department's authority by redefining a school "closure" to mean when the school ceased to provide programs in which most students were enrolled, and in authorizing automatic, full discharges of student loans without proof that the school closure was the reason that students were unable to complete their programs. On remand, the district court will decide the merits of CCST's legal challenges. We are unable to predict whether and to what extent this legal challenge will have on the newest or prior versions of the BDR regulations and any related effort by the Department to seek recoupment of approved claims from institutions.

See Item 1, "Business - Legislative Action and Recent Department Regulatory Initiatives" and "Compliance with Federal Regulatory Standards and Effect of Federal Regulatory Violations" in our Annual Report on Form 10-K for the year ended December 31, 2023 for an overview of BDR.

See Item 1A, "Risk Factors - Risks Related to the Highly Regulated Field in Which We Operate - Borrower defense to repayment' regulations, including closed school loan discharges, may subject us to significant repayment liability to the Department for discharged federal student loans and posting of substantial letters of credit that may limit our ability to make investments in our business which

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could negatively impact our future growth,' in our Annual Report on Form 10-K for the year ended December 31, 2023 for more information about risks associated with the BDR and closed school loan discharge regulations.

Department Information Requests

In connection with its administration next reaffirmation of Title IV Programs, the Department has broad powers to request information and review records of a participating institution. Since December 2021, the Company has responded to extensive requests for information from the Department's Investigation Group relating to

CTU and AIUS and may be asked to respond to further requests in the future. Most recently, this group made an inquiry that questions whether and to what extent the promotion of our flexible mobile app technology is incompatible or inconsistent with how we also inform students of technology equipment and internet access requirements and may violate Title IV regulations. We believe our discussions of these topics are in compliance with the applicable Title IV regulations and are preparing an appropriate response. Significant resources are required to respond to the requests and the Department's review of information provided could lead to additional requests for information or claims of noncompliance with the extensive regulatory requirements relating to the administration of Title IV Programs.

See Item 1A, "Risk Factors - Risks Related to the Highly Regulated Field in Which We Operate -

"Compliance with the extensive regulatory requirements applicable to our business can be costly and time consuming, and failure to comply could result in substantial financial penalties, severe restrictions on or closure of our operations, loss of federal and state financial aid funding for our students, or loss of our authorization to operate our institutions," and

"If the Department denies, or significantly conditions, recertification of either of our institutions to participate in Title IV Programs, that institution could not conduct its business as it is currently conducted,"

and other risk factors in our Annual Report on Form 10-K for additional information about the risks surrounding continued participation in Title IV Programs.

2033-2034.

CONSOLIDATED RESULTS OF OPERATIONS

The summary of selected financial data table below should be referenced in connection with a review of the following discussion of our results of operations for the quarters and years to date ended **March 31, 2024** **June 30, 2024** and 2023 (dollars in thousands):

For the Quarter Ended March 31,							For the Year to Date Ended June 30,						
2024	% of Total	2023	% of Total	2024 vs 2023			2024	% of Total	2023	% of Total	2024 vs 2023		
Revenue				Revenue			Revenue				% Change		
TOTAL	\$ 168,264	\$ 195,598										-14.0 %	
REVENUE													
OPERATING													
EXPENSES													
Educational services and facilities	29,858	17.7 %	33,851	17.3 %								-11.8 %	
For the Quarter Ended June 30,							For the Year to Date Ended June 30,						
2024 vs							2024 vs						
% of Total				% of Total			2023 %				% of Total		
2024	Revenue	2023	Revenue	Change			2024	Revenue	2023	Revenue	Change		
TOTAL REVENUE	\$ 166,740	\$ 186,564		-10.6 %				\$ 335,004		\$ 382,162			-12.3 %

OPERATING EXPENSES										
Educational services and facilities ⁽¹⁾	27,516	16.5%	32,748	17.6%	-16.0%	57,374	17.1%	66,599	17.4%	-13.9%
General and administrative: ⁽²⁾										
Advertising and marketing	23,132	13.9%	25,836	13.8%	-10.5%	47,371	14.1%	57,131	14.9%	-17.1%
Admissions	19,964	12.0%	23,325	12.5%	-14.4%	40,854	12.2%	49,313	12.9%	-17.2%
Administrative	40,140	24.1%	43,257	23.2%	-7.2%	75,937	22.7%	87,903	23.0%	-13.6%
Bad debt	6,075	3.6%	8,170	4.4%	-25.6%	12,631	3.8%	18,927	5.0%	-33.3%
Total general and administrative expense	89,311	53.6%	100,588	53.9%	-11.2%	176,793	52.8%	213,274	55.8%	-17.1%
Depreciation and amortization	3,069	1.8%	4,369	2.3%	-29.8%	6,085	1.8%	9,524	2.5%	-36.1%
Asset impairment	838	0.5%	765	0.4%	NM	2,468	0.7%	1,335	0.3%	NM
OPERATING INCOME	46,006	27.6%	48,094	25.8%	-4.3%	92,284	27.5%	91,430	23.9%	0.9%
PRETAX INCOME	53,014	31.8%	74,603	40.0%	-28.9%	105,865	31.6%	121,656	31.8%	-13.0%
PROVISION FOR INCOME TAXES	14,585	8.7%	19,930	10.7%	-26.8%	27,994	8.4%	32,499	8.5%	-13.9%
Effective tax rate	27.5%		26.7%			26.4%		26.7%		
NET INCOME	\$ 38,429	23.0%	\$ 54,673	29.3%	-29.7%	\$ 77,871	23.2%	\$ 89,157	23.3%	-12.7%

(1) Educational services and facilities expense includes costs attributable to the educational activities of our campuses, including General and benefits of faculty, academic administrators and student support personnel, and costs of educational supplies and administrative; such as rents on leased facilities. Also included in educational services and facilities expense are rents on leased (2) administrative facilities, such as our corporate headquarters, and costs of other goods and services provided by our campuses, Advertising costs of textbooks and laptop computers.

24,239
14.4 %
31,295
16.0 %
-22.5 %
and marketing
Admissions
20,890
12.4 %
25,988
13.3 %
-19.6 %
Administrative
35,797
21.3 %
44,646
22.8 %
-19.8 %
Bad
6,556
3.9 %
10,757
5.5 %
-39.1 %
debt
Total general and
87,482
52.0 %
112,686
57.6 %
-22.4 %
administrative expense
Depreciation and
3,016
1.8 %

5,155
2.6 %
-41.5 %
amortization
Asset
1,630
1.0 %
570
0.3 %
NM
impairment
OPERATING
46,278
27.5 %
43,336
22.2 %
6.8 %
INCOME
PRETAX
52,851
31.4 %
47,053
24.1 %
12.3 %
INCOME
PROVISION FOR
13,409
8.0 %
12,569
6.4 %
6.7 %
INCOME TAXES
Effective
25.4 %
26.7 %
tax rate
NET
\$ 39,442
23.4 % \$
34,484
17.6 %
14.4 %
INCOME

(1)

(2) General and administrative expense includes operating expenses associated with, including salaries and benefits of personnel in, corporate and campus administration, marketing, admissions, information technology, financial aid, accounting, human resources, and compliance. Other expenses within this expense category include costs of advertising and production of marketing materials a bad debt expense.

Revenue

Revenue for the first quarter of 2024 ("

The current quarter ") and year to date revenue decreased 14.0% by 10.6% or \$27.3 million \$19.8 million and 12.3% or \$47.2 million, respectively, as compared to the prior year quarter. periods, driven by decreases in revenue within both CTU and AIUS. The decline for the current quarter and year to date was primarily driven by a timing the lag impact of on revenue due to the academic calendar operational changes made at CTU and lower total student enrollments AIUS in the prior year as well as changes within our professional development program offerings at 19

AIUS over the past few quarters. CTU. Typically, total student enrollment balances at the end of any given quarter have a lag impact on revenue in the subsequent quarter.

Educational Services and Facilities Expense (dollars in thousands)

For the Quarter Ended March 31,			
2024	2023	2024 vs 2023 % Change	
Educational services and facilities:			
Academics & student related	\$ 27,611	\$ 31,123	-11.3%
Occupancy	2,247	2,728	-17.6%
Total educational services and facilities	\$ 29,858	\$ 33,851	-11.8%

	For the Quarter Ended June 30,			For the Year to Date Ended June 30,		
	2024		2024 vs 2023 %	2024		2024 vs 2023 %
	2024	2023	Change	2024	2023	Change
Educational services and facilities:						
Academics & student related	\$ 26,055	\$ 30,233	-13.8%	\$ 53,666	\$ 61,356	-12.5%
Occupancy	1,461	2,515	-41.9%	3,708	5,243	-29.3%
Total educational services and facilities	\$ 27,516	\$ 32,748	-16.0%	\$ 57,374	\$ 66,599	-13.9%

The educational services and facilities expense for the current quarter and year to date decreased by **11.8%****16.0%** or **\$4.0 million****\$5.2 million** and **13.9%** or **\$9.2 million**, respectively, as compared to the prior year **quarter****periods**. Academics and student related costs decreased by **11.3%****13.8%** or **\$3.5 million****\$4.2 million** and **12.5%** or **\$7.7 million** for the current quarter and year to date, respectively, as compared to the prior year **quarter****periods**, primarily driven by operational changes made to align with recent student enrollments trends. Occupancy expenses for the current quarter and year to date improved by **17.6%****41.9%** or **\$0.5 million****\$1.1 million** and **29.3%** or **\$1.5 million**, respectively, as compared to the prior year **quarter****periods**, driven by the optimization of leased space.

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General and Administrative Expense (dollars in thousands)

For the Quarter Ended March 31,			
2024	2023	2024 vs 2023 % Change	
General and administrative:			
Advertising and marketing	\$ 24,239	\$ 31,295	-22.5%
Admissions	20,890	25,988	-19.6%
Administrative	35,797	44,646	-19.8%
Bad debt	6,556	10,757	-39.1%
Total general and administrative expense	\$ 87,482	\$ 112,686	-22.4%

	For the Quarter Ended June 30,			For the Year to Date Ended June 30,		
	2024		2024 vs 2023 %	2024		2024 vs 2023 %
	2024	2023	Change	2024	2023	Change
General and administrative:						
Advertising and marketing	\$ 23,132	\$ 25,836	-10.5%	\$ 47,371	\$ 57,131	-17.1%
Admissions	19,964	23,325	-14.4%	40,854	49,313	-17.2%
Administrative	40,140	43,257	-7.2%	75,937	87,903	-13.6%
Bad debt	6,075	8,170	-25.6%	12,631	18,927	-33.3%

Total general and administrative expense	\$ 89,311	\$ 100,588	-11.2%	\$ 176,793	\$ 213,274	-17.1%
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The general and administrative expense for the current quarter and year to date decreased by 22.4% or \$25.2 million and 17.1% or \$36.5 million, respectively, as compared to the prior year periods, driven by decreases within all expense categories for the current comparative period.

The administrative

Advertising and marketing expense decreased by 19.8% or \$8.8 million for the current quarter and year to date decreased by 10.5% or \$2.7 million and 17.1% or \$9.8 million, respectively, as compared to the prior year periods, as a result of adjustments made to our marketing processes related to identifying prospective student interest within both CTU and AIUS.

Admissions expense for the current quarter and year to date decreased by 14.4% or \$3.4 million and 17.2% or \$8.5 million, respectively, as compared to the prior year periods, primarily driven by decreased expenses within both CTU and AIUS as a result of the operational changes made during the prior year.

The administrative expense for the current quarter and year to date decreased by 7.2% or \$3.1 million and 13.6% or \$12.0 million, respectively, as compared to the prior year periods, primarily driven by operational efficiencies within our academic institutions and decreased legal fees within Corporate and Other.

Advertising and marketing expense for the current quarter decreased by 22.5% or \$7.1 million as compared to the prior year quarter, as a result of adjustments made to our marketing process related to identifying prospective student interest within both CTU and AIUS.

Admissions expense for the current quarter decreased by 19.6% or \$5.1 million as compared to the prior year quarter. The current period improvement was driven by decreased expenses within both CTU and AIUS as a result of operational changes made during the prior year.

Bad debt expense incurred by each of our segments during the quarters and years to date ended March 31, 2024 June 30, 2024 and 2023 was as follows (dollars in thousands):

For the Quarter Ended March 31,						
2024	% of	2023	% of	2024 vs 2023	% Change	
Segment		Segment				
Revenue		Revenue				
Bad debt expense:						
CTU	\$ 3,028	2.7 %	\$ 7,125	5.7 %	-57.5 %	
AIUS	3,528	6.5 %	3,635	5.1 %	-2.9 %	
Corporate and Other	-	NM	(3)	NM	NM	
Total bad debt expense	\$ 6,556	3.9 %	\$ 10,757	5.5 %	-39.1 %	

	For the Quarter Ended June 30,					For the Year to Date Ended June 30,				
	% of		% of		2024 vs	% of		% of		2024 vs
	Segment		Segment		2023 %	Segment		Segment		2023 %
	2024	Revenue	2023	Revenue	Change	2024	Revenue	2023	Revenue	Change
Bad debt expense:										
CTU	\$ 5,000	4.4 %	\$ 4,571	3.8 %	9.4 %	\$ 8,028	3.5 %	\$ 6	4.8 %	-31.4 %
AIUS	1,073	2.0 %	3,604	5.4 %	-70.2 %	4,601	4.3 %	7,239	5.2 %	-36.4 %
Corporate and Other	2	NM	(5)	NM	NM	2	NM	(8)	NM	NM
Total bad debt expense	\$ 6,075	3.6 %	\$ 8,170	4.4 %	-25.6 %	\$ 1	3.8 %	\$ 7	5.0 %	-33.3 %

Bad debt expense decreased/improved by 39.1% or \$4.2 million for the current quarter and current year to date, respectively, as compared to the prior year quarter, with improvement experienced at both CTU and AIUS. CTU and AIUS' bad debt expense decreased by 57.5% or \$4.1 million and 2.9% or \$0.1 million, respectively, for the current quarter as compared to

the prior year quarter periods. Bad debt as a percentage of revenue improved by 1.6% declined for the both current quarter and year to date as compared to the prior year quarter.

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periods.

We regularly evaluate our reserve rates, which includes a quarterly update of our analysis of historical student receivable collectability based on the most recent data available and a review of current known factors which we believe could affect future collectability of our student receivables, such as the number of students that do not complete the financial aid process. We continue to expect quarterly fluctuations in bad debt expense, especially as some of the various federal aid initiatives expire.

expense.

Operating Income

Operating

Current quarter operating income increased/decreased by 6.8% 4.3% or \$2.9 million for the current quarter \$2.1 million as compared to the prior year quarter quarter and increased by 0.9% or \$0.9 million for the current year to date as compared to the prior year period. The current quarter increase/decrease was primarily driven by lower revenue which was only partially offset with decreases in operating expenses across all categories. The year to date improvement was benefitted by reduced operating expenses across most categories which more than offset the decline/decrease in revenue for during the current quarter year period as compared to the prior year period.

Provision for Income Taxes

For the quarter and year to date ended March 31, 2024 June 30, 2024, we recorded a provision for income taxes of \$13.4 million or 25.4% \$14.6 million reflecting an effective tax rate of 27.5% and \$28.0 million reflecting an effective tax rate of 26.4%, respectively, as compared to a provision for

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income taxes of \$12.6

million or \$19.9 million reflecting an effective tax rate of 26.7% and \$32.5 million reflecting an effective tax rate of 26.7% for the respective prior year quarter periods.

The effective tax rate for the quarter and year to date ended March 31, 2024 was benefitted by the tax effect of stock-based compensation and the release of previously recorded tax reserves, which reduced the effective tax rate by 2.5%. The effective tax rate for the quarter ended March 31, 2023 June 30, 2024 was impacted by the tax effect of stock-based compensation and the release of previously recorded tax reserves, the net effect of which decreased the effective tax rate for the quarter and year to date by 0.8% 1.4% and 2.0%, respectively. The effective tax rate for the quarter and year to date ended June 30, 2023 was impacted by a \$5.3 million unfavorable discrete adjustment related to the \$22.1 million gain on the sale of the Le Cordon Bleu trademark, which was taxed at 24.1%. The effective tax rate for the quarter and year to date ended June 30, 2023 also included the tax effect of stock-based compensation and the release of previously recorded tax reserves, which decreased the effective tax rate for the quarter and year to date by 0.6% and 0.7%, respectively. For the full year 2024, we expect our effective tax rate to be between 25.5% 26.5% and 26.5% 27.5%.

SEGMENT RESULTS OF OPERATIONS

The following tables present unaudited segment results for the reported periods (dollars in thousands):

For the Quarter Ended March 31,							
REVENUE			OPERATING INCOME (LOSS)			OPERATING MARGIN	
2024	2023	% Change	2024	2023	% Change	2024	2023

REVENUE:									
CTU	\$ 113,569	\$ 124,492	-8.8 %	\$ 42,156	\$ 43,690	-3.5 %	37.1 %	35.1 %	
AIUS	54,505	70,840	-23.1 %	9,286	12,003	-22.6 %	17.0 %	16.9 %	
Corporate and other	190	266	-28.6 %	(5,164)	(12,357)	-58.2 %	NM	NM	
Total	\$ 168,264	\$ 195,598	-14.0 %	\$ 46,278	\$ 43,336	6.8 %	27.5 %	22.2 %	

TOTAL STUDENT ENROLLMENTS		
As of March 31,		
2024	2023	% Change
CTU	30,200	23,500
AIUS	11,100	14,400
Total	41,300	37,900
		9.0 %

For the Quarter Ended June 30,									
	REVENUE			OPERATING INCOME (LOSS)			OPERATING MARGIN		
	2024	2023	% Change	2024	2023	% Change	2024	2023	
REVENUE:									
CTU	\$ 112,828	\$ 119,292	-5.4 %	\$ 42,890	\$ 40,451	6.0 %	38.0 %	33.9 %	
AIUS	53,722	67,062	-19.9 %	12,926	17,078	-24.3 %	24.1 %	25.5 %	
Corporate and other	190	210	-9.5 %	(9,810)	(9,435)	-4.0 %	NM	NM	
Total	\$ 166,740	\$ 186,564	-10.6 %	\$ 46,006	\$ 48,094	-4.3 %	27.6 %	25.8 %	
For the Year to Date Ended June 30,									
	REVENUE			OPERATING INCOME (LOSS)			OPERATING MARGIN		
	2024	2023	% Change	2024	2023	% Change	2024	2023	
REVENUE:									
CTU	\$ 226,397	\$ 243,784	-7.1 %	\$ 85,046	\$ 84,141	1.1 %	37.6 %	34.5 %	
AIUS	108,227	137,902	-21.5 %	22,212	29,081	-23.6 %	20.5 %	21.1 %	
Corporate and other	380	476	-20.2 %	(14,974)	(21,792)	31.3 %	NM	NM	
Total	\$ 335,004	\$ 382,162	-12.3 %	\$ 92,284	\$ 91,430	0.9 %	27.5 %	23.9 %	
TOTAL STUDENT ENROLLMENTS									
	As of June 30,								
	2024	2023							% Change
CTU		29,700			25,900				14.7 %
AIUS		9,900			12,100				-18.2 %
Total		39,600			38,000				4.2 %

Total student enrollments represent all students who are active as of the last day of the reporting period. Active students are defined as those students who are considered in attendance by participating in class related activities during the previous two weeks. Total student enrollments do not include learners pursuing: a) non-degree seeking and professional development programs, and b) degree seeking, non-Title IV, self-paced programs at our universities.

CTU. Current quarter and year to date revenue decreased by 8.8%5.4% or \$10.9 million\$6.5 million and 7.1% or \$17.4 million, respectively, as compared to the prior year quarter.periods. The decrease was primarily driven by a lower numberchanges within the professional development program offerings at CTU. CTU's total student enrollments increase of revenue earnings days during the current quarter as compared to the prior year quarter.

Current quarter operating income for CTU decreased by 3.5% or \$1.5 million14.7% as compared to the prior year quarter end was primarily driven by a positive timing impact of the decreaseacademic calendar through the current year to date as well as growth in revenue discussed above, which was mostly offset with decreased operating expenses.

AIUS.

student enrollments from corporate engagement programs.

Current quarter revenue decreased and year to date operating income for CTU increased by 23.1% 6.0% or \$16.3 million \$2.4 million and 1.1% or \$0.9 million, respectively, as compared to the prior year quarter periods, driven by decreases in operating expenses, including decreases related to right-sizing of the cost structure to align with more simplified professional development offerings, which more than offset the declines in revenue.

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AIUS. Current quarter and year to date revenue decreased by 19.9% or \$13.3 million and 21.5% or \$29.7 million, respectively, as compared to the prior year periods. The decrease was primarily decreases were driven by a decrease in total student enrollments of 22.9% 18.2% at March 31, 2024 June 30, 2024 as compared to the prior year quarter end period due to the lag impact from the operational changes made during the latter half of 2023.

Current quarter and year to date operating income for AIUS decreased by 22.6% 24.3% or \$2.7 million \$4.2 million and 23.6% or \$6.9 million, respectively, as compared to the prior year quarter periods, driven by the decrease in revenue discussed above, which was mostly only partially offset with decreased operating expenses.

Corporate and Other. This category includes unallocated costs that are incurred on behalf of the entire company. Total Corporate and Other operating loss for the current quarter improved increased by 58.2% 4.0% or \$7.2 million \$0.4 million as compared to the prior year quarter primarily driven by acquisition costs, partially offset with reduced legal fees associated with borrower defense to repayment applications. The year to date operating loss improved by 31.3% or \$6.8 million as compared to the prior year period as a result of decreased lower legal fee expense.

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expenses.

SUMMARY OF CRITICAL ACCOUNTING POLICIES AND ESTIMATES

A detailed discussion of the accounting policies and estimates that we believe are most critical to our financial condition and results of operations that require management's management's most subjective and complex judgments in estimating the effect of inherent uncertainties is included under the caption "Summary" "Summary of Critical Accounting Policies and Estimates" Estimates" included in Management's Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended December 31, 2023. Note 2 "

"Summary of Significant Accounting Policies

" of the notes to our consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2023 also includes a discussion of these and other significant accounting policies.

LIQUIDITY, FINANCIAL POSITION AND CAPITAL RESOURCES

As of March 31, 2024 June 30, 2024, cash, cash equivalents, restricted cash and available-for-sale short-term investments ("cash balances" "balances") totaled \$642.4 million \$675.2 million. Our cash flows from operating activities have historically been adequate to fulfill our liquidity requirements. We have historically financed our operating activities, organic growth and acquisitions primarily through cash generated from operations and existing cash balances. We expect to continue to generate cash during the remainder of 2024. We anticipate that we will be able to satisfy the cash requirements associated with, among other things, our working capital needs, capital expenditures, lease commitments, and quarterly dividends payments and pending acquisition through at least the next 12 months primarily with cash generated by operations and existing cash balances.

We maintain a balanced capital allocation strategy that focuses on maintaining a strong balance sheet and adequate liquidity, while (i) investing in organic projects at our universities, in particular technology-related initiatives which are designed to benefit our students, and (ii) evaluating diverse strategies to enhance stockholder value, including acquisitions, quarterly dividend payments and share repurchases. Ultimately, our goal is to deploy resources in a way that drives long term stockholder value while supporting and enhancing the academic value of our institutions.

On February 20, 2024, the Board of Directors of the Company approved a new stock repurchase program for up to \$50.0 million which commenced March 1, 2024 and expires September 30, 2025. The new stock repurchase program replaced the previous stock repurchase program. The timing of purchases and the number of shares repurchased under the program will be determined by the Company's management and will depend on a variety of factors including stock price, trading volume and other general market and economic conditions, its assessment of alternative uses of capital, regulatory requirements and other factors.

The Board of Directors approved the aforementioned stock repurchase programs believing it advantageous to the Company and its stockholders to repurchase shares of the Company's common stock from time to time at prices below what the Board of Directors believed to be the intrinsic value of the Company's common stock.

On September 8, 2021, the Company and the subsidiary guarantors thereunder

entered into a credit agreement with Wintrust Bank N.A. ("

Wintrust

"), in its capacities as the sole lead arranger, sole bookrunner, administrative agent and letter of credit issuer for the lenders from time to time parties thereto (the "

Credit Agreement

"). The Credit Agreement provides the Company with the benefit of a \$125.0 million senior secured revolving credit facility and was originally scheduled to mature on September 8, 2024. On January 23, 2024, after having previously been amended on April 1, 2022, the Company and the subsidiary guarantors thereunder entered into a Second Amendment to the Credit Agreement with

Wintrust (the "

Second Amendment

" and the Credit Agreement, as amended to date, the "

Second Amended Credit Agreement

"). The Second Amendment, among other things, (i) extends the maturity date of the revolving credit facility to January 31, 2027; (ii) lowers the "Prime Rate" floor from 4% to 3%; (iii) replaces BMO Bank N.A. with Valley National Bancorp as one of the lenders that is party to the revolving credit facility; and (iv) modifies the relative commitments of the lenders that are parties to the revolving credit facility. Under the Second Amended Credit Agreement, the Company continues to have the benefit of a \$125.0 million senior secured revolving credit facility, and, so long as no default has occurred and other conditions have been met, the Company may request an increase in the aggregate commitment in an amount not to exceed \$50.0 million. The loans and letter of credit obligations under the Second Amended Credit Agreement are secured by substantially all assets of the Company and the subsidiary guarantors.

The Second Amended Credit Agreement and the ancillary documents executed in connection therewith contain customary affirmative, negative and financial maintenance covenants. The Company is required to maintain unrestricted cash, cash equivalents and short-term investments in domestic accounts in an amount at least equal to the aggregate loan commitments then in effect. Acquisitions to be undertaken by the Company must meet certain criteria, and the Company's ability to make restricted payments, including payments in connection with a repurchase of shares of our common stock and quarterly dividend payments, is subject to an aggregate maximum of \$100.0 million per fiscal year. Upon the occurrence of certain regulatory events or if the Company's unrestricted cash, cash equivalents and short term investments are less than 125% of the aggregate amount of the loan commitments then in effect, the Company is required to maintain cash in a segregated, restricted account in an amount not less than the aggregate loan commitments then in effect. The Second Amended Credit Agreement also contains customary representations and warranties, events of default, and rights and remedies upon the occurrence of any event of default thereunder, including rights to accelerate the

loans, terminate the commitments and realize upon the collateral securing the obligations under the credit agreement. As of March 31, 2024, there were no amounts outstanding under the revolving credit facility.

The discussion above reflects management's expectations regarding liquidity; however, as a result of the significance of the Title IV Program funds received by our students, we are highly dependent on these funds to operate our business. Any reduction in the level of Title IV funds that our students are eligible to receive or any impact on timing or our ability to receive Title IV Program funds, or any requirement to post a significant letter of credit to the Department, may have a significant impact on our operations and our financial condition. In addition, our financial performance is dependent on the level of student enrollments which could be impacted by external factors. See Item 1A, "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2023.

Sources and Uses of Cash

Operating Cash Flows

During the quarters years to date ended March 31, 2024 June 30, 2024 and 2023, net cash flows provided by operating activities totaled \$54.5 million \$93.0 million and \$4.6 million \$66.2 million, respectively. The current quarter increase in net cash flows provided by operating activities for the current year to date as compared to the prior year to date was primarily driven by timing of differences between the cash inflows related to academic terms at CTU and the resulting cash receipts versus the prior year quarter.

session start dates as compared to revenue earned from those sessions.

Our primary source of cash flows from operating activities is tuition collected from our students. Our students derive the ability to pay tuition costs through the use of a variety of funding sources, including, among others, federal loan and grant programs, state grant programs, private loans and grants, institutional payment plans, private and institutional scholarships and cash payments.

For further discussion of Title IV Program funding and other funding sources for our students, see Item 1, "Business - Student Financial Aid and Related Federal Regulation," in our Annual Report on Form 10-K for the year ended December 31, 2023.

Our primary uses of cash to support our operating activities include, among other things, cash paid and benefits provided to our employees for services, to vendors for products and services, to lessors for rents and operating costs related to leased facilities, to suppliers for textbooks and other institution supplies, and to federal, state and local governments for income and other taxes.

Investing Cash Flows

During the quarters years to date ended March 31, 2024 June 30, 2024 and 2023, net cash flows used in investing activities totaled \$30.8 million \$60.1 million and \$21.4 million \$30.5 million, respectively.

Purchases and Sales of Available-for-Sale Investments. Purchases and sales of available-for-sale investments resulted in a net cash outflow of \$29.6 million \$58.1 million and \$19.4 million \$26.9 million for the quarters years to date ended March 31, 2024 June 30, 2024 and 2023, respectively.

Capital Expenditures. Capital expenditures decreased to \$1.2 million \$2.0 million for the quarter year to date ended March 31, 2024 June 30, 2024 as compared to \$1.9 million \$3.6 million for the quarter year to date ended March 31, 2023 June 30, 2023. For the full year 2024, we expect capital expenditures to be between 1% to 2% approximately 1.5% of revenue.

Financing Cash Flows

During the quarters years to date ended March 31, 2024 June 30, 2024 and 2023, net cash flows used in financing activities totaled \$15.9 million \$23.0 million and \$2.8 million \$4.6 million, respectively. Payments to repurchase shares of our common stock were \$6.8 million for the quarter year to date ended March 31, 2024 June 30, 2024 and \$0.8 million \$2.7 million for the quarter year to

date ended March 31,
2023 June 30, 2023.

Payments of employee tax associated with stock compensation. Payments of employee tax associated with stock compensation were \$3.4 million and \$2.2 million for the quarters years to date ended March 31, 2024 June 30, 2024 and 2023, respectively.

Payments of cash dividends and dividend equivalents. During the quarter year to date ended March 31, 2024 June 30, 2024, the Company made dividend payments of \$7.2 million \$14.6 million.

Changes in Financial Position

Selected condensed consolidated balance sheet account changes from December 31, 2023 to March 31, 2024 June 30, 2024 were as follows (dollars in thousands):

	23	
	-----	-----

	March 31, 2024	December 31, 2023	% Change
ASSETS			
CURRENT ASSETS:			
Student receivables, net	41,942	29,398	43 %
NON-CURRENT ASSETS:			
Right of use asset, net	13,963	19,096	-27 %
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Payroll and related benefits	18,726	32,684	-43 %
Income taxes	16,543	3,974	316 %
Deferred revenue	61,498	37,215	65 %

	June 30, 2024	December 31, 2023	% Change
ASSETS			
CURRENT ASSETS:			
Student receivables, net	34,855	29,398	19%
NON-CURRENT ASSETS:			
Right of use asset, net	16,455	19,096	-14%
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Payroll and related benefits	25,295	32,684	-23%
Income taxes	6,502	3,974	64%
Deferred revenue	55,390	37,215	49%

Student receivables, net: The increase is driven by timing of academic terms within CTU and AIUS, along with an increase in total student enrollments at CTU.

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Right of use asset, net: The decrease is driven by impairment charges associated with the decision to exit a portion of certain leased facilities during the quarter along with

recurring amortization of remaining ROU assets.

assets as well as impairment of certain leased assets which the Company made the decision to vacate during the current year to date.

Payroll and related benefits: The decrease is driven by annual incentive compensation payments made during the current quarter year which were accrued as of the prior year end.

Income taxes: The increase primarily relates to amounts owed with respect to estimated payments of federal and state income tax for 2024.

Deferred revenue: The increase is primarily related to the timing impact of the academic terms within CTU and AIUS along with an increase in total student enrollments at CTU.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to financial market risks, primarily changes in interest rates. We use various techniques to manage our interest rate risk. We have no derivative financial instruments or derivative commodity instruments, and believe the risk related to cash equivalents and available for sale investments is limited due to the adherence to our investment policy, which focuses on capital preservation and liquidity. In addition, we use asset managers who conduct initial and ongoing credit analyses on our investment portfolio and monitor that investments are in compliance with our investment policy. Despite the investment risk mitigation strategies we employ, we may incur investment losses as a result of unusual and unpredictable market developments and may experience reduced investment earnings if the yields on investments deemed to be low risk remain low or decline.

Interest Rate Exposure

Our future investment income may fall short of expectations due to changes in interest rates or we may suffer losses in principal if we are forced to sell investments that have declined in market value due to changes in interest rates. At **March 31, 2024** June 30, 2024, a 10% increase or decrease in interest rates applicable to our investments or borrowings would not have a material impact on our future earnings, fair values or cash flows.

Under the Second Amended Credit Agreement, outstanding principal amounts bear annual interest at a fluctuating rate equal to 1.0% less than the administrative agent's prime commercial rate, subject to a 3.0% minimum rate. A higher rate may apply to late payments or if any event of default exists. As of **March 31, 2024** June 30, 2024, we had no outstanding borrowings under this facility.

Our financial instruments are recorded at their fair values as of **March 31, 2024** June 30, 2024 and December 31, 2023. We believe that the exposure of our consolidated financial position and results of operations and cash flows to adverse changes in interest rates applicable to our investments or borrowings is not significant.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We completed an evaluation as of the end of the period covered by this Quarterly Report on Form 10-Q ("Report") under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 13a-15(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of **March 31, 2024** June 30, 2024, our disclosure controls and procedures were effective to provide reasonable assurance that (i) the information required to be disclosed by us in this Report was recorded, processed, summarized and reported within the time periods specified in the rules and forms provided by the U.S. Securities and Exchange Commission ("SEC").

Financial Officer concluded that, as of **March 31, 2024** June 30, 2024, our disclosure controls and procedures were effective to provide reasonable assurance that (i) the information required to be disclosed by us in this Report was recorded, processed, summarized and reported within the time periods specified in the rules and forms provided by the U.S. Securities and Exchange Commission ("SEC"), and (ii) information required to be disclosed by us in our reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There were no changes in our internal control over financial reporting that occurred during the quarter ended **March 31, 2024** **June 30, 2024** that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on the Effectiveness of Controls

Our management does not expect that our disclosure controls and procedures or our internal controls will prevent or detect all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are

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resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in a cost-effective control system, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within our Company have been detected.

These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

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PART II - OTHER INFORMATION

R - OTHER INFORMATION

Item 1. Legal Proceedings

Note 8 **"**

"Contingencies

" to our unaudited condensed consolidated financial statements is incorporated herein by reference.

Item 1A. Risk Factors

In addition to the information set forth in this Quarterly Report on Form 10-Q, the reader should carefully consider the factors discussed in Part I, Item 1A **"Risk****"Risk** Factors, **"** in the **Company's****Company's** Annual Report on Form 10-K for the year ended December 31, 2023, which was filed with the Securities and Exchange Commission on February 21, 2024.

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

ty**Equity** **Securities and Use of Proceeds**

On February 20, 2024, the Board of Directors of the Company approved a new stock repurchase program which authorizes the Company to repurchase up to \$50.0 million of the **Company's****Company's** outstanding common stock. See Note 11 **"**

"Stock Repurchase Program

" to our unaudited condensed consolidated financial statements for further information.

The following table sets forth information regarding purchases made by us of shares of our common stock on a monthly basis during the **quarter****year to date** ended **March 31, 2024** **June 30, 2024**:

Issuer Purchases of Equity Securities

Period	Total Number of Shares	Average Price Paid per Share	Total Number of Shares	Maximum Approximate Dollar Value of
	Purchased	Purchased as	Purchased as	
				Maximum Approximate Dollar Value of
December 31, 2023				
January 1, 2024–January 31, 2024	-	\$ -	-	18,528,794
February 1, 2024–February 29, 2024	220,000	17.63	220,000	14,646,422
March 1, 2024–March 31, 2024	358,669	17.64	164,571	47,106,022
April 1, 2024–April 30, 2024	-	-	-	47,106,022
May 1, 2024–May 31, 2024	-	-	-	47,106,022
June 1, 2024–June 30, 2024	-	-	-	47,106,022
Total	578,669		384,571	

(1) Includes 194,098 shares delivered back to the Company for payment of withholding taxes from employees for vesting restricted stock pursuant to the terms of the Perdooceo Education Corporation Amended and Restated 2016 Incentive Compensation Plan.

(2) December 31, 2023 \$ 18,528,794

January 1, 2024–January 31, 2024 - \$ -

18,528,794

February
1, 2024-
February
29, 2024
220,000
17.63
220,000
14,646,422
March 1,
2024-March
31, 2024
358,669
17.64
164,571
47,106,022
Total
578,669
384,571
(1)

(2) On February 20, 2024, the Board of Directors of the Company approved a new stock repurchase program of up to \$50.0 million which commenced on March 1, 2024 and expires on September 30, 2025.

Item 5. Other Information

None

On July 29, 2024, the Company gave notice of the termination of its credit agreement, dated as of September 8, 2021, as amended (the "Credit Agreement"), by and among the Company, as borrower, certain of its subsidiary guarantors thereunder, the lenders from time-to-time parties thereto and Wintrust Bank N.A. (the "Termination"). A description of the Credit Agreement is included in Note 4 "Financial Instruments" to our unaudited condensed consolidated financial statements in this Quarterly Report on Form 10-Q.

At the time of the Termination of the Credit Agreement, the Company was not in default under the Credit Agreement, nor did it have any amounts outstanding thereunder. The Credit Agreement was due to mature on January 31, 2027. The Company made the decision to terminate the Credit Agreement due to the Company's strong cash position and to avoid uncertainty under the Credit Agreement associated with newly effective Title IV financial responsibility requirements.

The Termination was effective on July 30, 2024. Upon effectiveness of the Termination, all security interests and pledges granted to the secured parties under the Credit Agreement were terminated and released. The Company did not incur any material early termination penalties in connection with the Termination.

Item 6. E

Exhibits

Exhibits

The exhibits required to be filed by Item 601 of Regulation S-K are listed in the "Exhibit" Index, which is attached hereto and incorporated by reference herein.

INDEX TO EXHIBITS

Exhibit Number	Exhibit	Incorporated by Reference to:
*10.1	2024 Annual Incentive Plan	Exhibit 10.1 to our Form 8-K filed on March 13, 2024
*10.2	Form of Restricted Stock Unit Agreement under the 2016 Plan (Time-Based)	Exhibit 10.2 to our Form 8-K filed on March 13, 2024
*10.3	Form of Restricted Stock Unit Agreement under the 2016 Plan (Performance-Based)	Exhibit 10.3 to our Form 8-K filed on March 13, 2024
+31.1	Certification of CEO Pursuant to Section 302 of Sarbanes-Oxley Act of 2002	
+31.2	Certification of CFO Pursuant to Section 302 of Sarbanes-Oxley Act of 2002	
+32.1	Certification of CEO Pursuant to Section 906 of Sarbanes-Oxley Act of 2002	
+32.2	Certification of CFO Pursuant to Section 906 of Sarbanes-Oxley Act of 2002	
+101.INS	Inline XBRL Instance Document- the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document	
+101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbases Document	
+104	The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2024, formatted in	

Inline XBRL (included in Exhibit 101)

* Management contract or
compensatory plan or arrangement
required to be filed as an
Exhibit to this Form 10-Q
+Filed herewith.

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SIGNAT
URES

INDEX TO EXHIBITS

Exhibit Number	Exhibit	Incorporated by Reference to:
+31.1	Certification of CEO Pursuant to Section 302 of Sarbanes-Oxley Act of 2002	
+31.2	Certification of CFO Pursuant to Section 302 of Sarbanes-Oxley Act of 2002	
+32.1	Certification of CEO Pursuant to Section 906 of Sarbanes-Oxley Act of 2002	
+32.2	Certification of CFO Pursuant to Section 906 of Sarbanes-Oxley Act of 2002	
+101.INS	Inline XBRL Instance Document- the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document	
+101.SCH	Inline XBRL Taxonomy Extension Schema With Embedded Linkbases Document	
+104	The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2024, formatted in Inline XBRL (included in Exhibit 101)	
	* Management contract or compensatory plan or arrangement required to be filed as an Exhibit to this Form 10-Q +Filed herewith.	

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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.

PERDOCEO EDUCATION CORPORATION

Date: May 1, 2024 By: /s/ TODD S. NELSON

Todd S. Nelson

President and Chief Executive Officer
(Principal Executive Officer)

Date: May 1, 2024 By: /s/ ASHISH R. GHIA

Ashish R. Ghia
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

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PERDOCEO EDUCATION CORPORATION

Date: July 31, 2024

By

: /s/ TODD S. NELSON

Todd S. Nelson

President and Chief Executive Officer
(Principal Executive Officer)

Date: July 31, 2024

By

: /s/ ASHISH R. GHIA

Ashish R. Ghia

Senior Vice President and Chief Financial
Officer
(Principal Financial Officer)

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EXHIBIT 31.1

CERTIFICATION

I, Todd S. Nelson, President and Chief Executive Officer of Perdoceo Education Corporation, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Perdoceo Education Corporation;
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 registrants registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined Exchange Act Rules 13a-15(f) and 15d-(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 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 registrants registrant's disclosure controls and procedures and presented in this report 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 registrants registrant's internal control over financial reporting that occurred during the registrants registrant's most recent fiscal quarter (the registrants registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrants registrant's internal control over financial reporting; and
5. The registrants registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrants registrant's auditors and the audit committee of the registrants registrant's board of directors, the material weaknesses in internal control over financial reporting that we identified in connection with our most recent evaluation.

directors:

- (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 registrants 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 registrants registrant's internal control over financial reporting.

Date: May 1, 2024

/s/ TODD S. NELSON

Todd S. Nelson

President and Chief Executive Officer

July 31, 2024

/s/ TODD S. NELSON

Todd S. Nelson

President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION

I, Ashish R. Ghia, Senior Vice President and Chief Financial Officer of Perdoceo Education Corporation, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Perdoceo Education Corporation;
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 registrants registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls 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 registrants registrant's disclosure controls and procedures and presented in this report 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 registrants registrant's internal control over financial reporting that occurred during the registrants registrant's most recent fiscal quarter (the registrants registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrants registrant's internal control over financial reporting; and
5. The registrants registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrants registrant's auditors and the audit committee of the registrants registrant's board of directors:
 - (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 registrants 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 registrants registrant's internal control over financial reporting.

Date: May 1, 2024

/s/ ASHISH R. GHIA

Ashish R. Ghia

Senior Vice President and Chief Financial Officer

July 31, 2024

/s/ ASHISH R. GHIA

Ashish R. Ghia

Senior Vice President and Chief Financial Officer

EXHIBIT 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

In connection with the Quarterly Report on Form 10-Q of Perdoceo Education Corporation (the Company) "Company" for the quarter ended March 31, 2024 June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the Report) "Report", I, Todd S. Nelson, President and Chief Executive Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

/s/ TODD S. NELSON

Todd S. Nelson

President and Chief Executive Officer

May 1, 2024

/s/ TODD S. NELSON

Todd S. Nelson

President and Chief Executive Officer

July 31, 2024

This certification accompanies this Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**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**

In connection with the Quarterly Report on Form 10-Q of Perdoceo Education Corporation (the **Company**) "Company" for the quarter ended **March 31, 2024** **June 30, 2024**, as filed with the Securities and Exchange Commission on the date hereof (the **Report**) "Report", I, Ashish R. Ghia, Senior Vice President and Chief Financial Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

/s/ ASHISH R. GHIA
Ashish R. Ghia
Senior Vice President and Chief Financial Officer

May 1, 2024
/s/ ASHISH R. GHIA
Ashish R. Ghia
Senior Vice President and Chief Financial Officer

July 31, 2024

This certification accompanies this Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

{graphic omitted}
{graphic omitted}
{graphic omitted}

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