

LAUREATE
ANNUAL
REPORT
2022



LAUREATE
EDUCATION INC.®

2022: Year in Review

Laureate's five learning institutions across Mexico and Peru enroll 420,000+ students in high-quality undergraduate, graduate, and specialized degree programs through campus-based and online learning.

MEXICO



222,000+ Students

38 Campuses

Our two universities in Mexico, Universidad del Valle de México (UVM) and Universidad Tecnológica de México (UNITEC), offer undergraduate, graduate and specialized degree programs, as well as senior high school education.

UVM

UVM is one of only nine 4-Star universities* in Mexico and rated 5 Stars in Employability and Inclusiveness. UVM has received the distinction of being named a Socially Responsible Company for the past 14 years by the Mexican Center for Philanthropy.

UNITEC

UNITEC is a 5-Star university* for Teaching, Employability, Inclusiveness, Social Responsibility, and Online Learning. UNITEC has received the distinction of being named a Socially Responsible Company for the past 13 years by the Mexican Center for Philanthropy.

PERU



200,000+ Students

19 Campuses

Our two universities in Peru, Universidad Peruana de Ciencias Aplicadas (UPC) and Universidad Privada del Norte (UPN), offer undergraduate, graduate and specialized degree programs, while our higher education institute, Cibertec, provides technical and vocational training.

UPC

UPC has been recognized as the most reputable educational institution in the country by the 2022 MERCOSUR Organizational Reputation Monitor, and as one of the top two most sustainable universities in Peru in the 2022 MERCOSUR ESG Responsibility Ranking. UPC is a 5-Star* university for Teaching, Employability, Academic Development, Inclusiveness, Social Responsibility, and Online Learning.

UPN

UPN is the third-largest private university in Peru. UPN has been recognized by the Interuniversity Environmental Network as a top 10 university for environmental sustainability. It is rated as a 5-Star university* in the categories of Employability, Inclusiveness, Social Responsibility, and Online Learning.

CIBERTEC

Cibertec is among the most recognized institutions offering information technology training and diplomas in Peru, according to a survey by global market research specialist, Ipsos.

*As rated by the QS World University Rankings (the global provider of comparative university performance data).

Our Strategic Priorities



Sustainable Growth



Leadership in Online and Hybrid Delivery



Operational Excellence



Academic Excellence

Impact at Laureate

Laureate has been a mission-driven company since its inception. In 2015, we became a Public Benefit Corporation, a class of corporations that commit to making a positive impact on society. Our commitment to impact remains as steadfast today, as it was then.

During 2022, we delivered on this commitment through:

- scholarships that significantly increased access to quality higher education
- student volunteering hours that assisted local community initiatives
- free and low-cost health and dental clinics that served vulnerable communities, and provided a real-world learning environment for health science students
- faculty and student-led research and innovation projects, addressing urgent global challenges

Our Vision

Our Vision is to improve the lives of students and communities.

Our Mission

Our Mission is to deliver affordable, high-quality education to prepare students for successful careers and lifelong achievement, while building pride, trust, and respect in our communities.

2022: Impact Highlights

\$324 Million provided in scholarships and discounts to students in Mexico and Peru

44,000+
community members received

161,000+
free or low-cost medical and dental services through our local health clinics



988,000+
student volunteer service hours in local communities across Mexico and Peru



12,500+
free or low-cost veterinary services provided in campus clinics



Innovation: Faculty and Student-led Impact

While undertaking their studies in 2022, our students, supported by faculty members, worked to make a positive impact and improve the lives of people in their communities, and beyond. Our commitment to innovation saw students and faculty develop award-winning, globally recognized, life-changing products, devices, and inventions.

Examples of these innovations include:

- an electric vehicle that provides transportation and therapy for patients with a degenerative muscle disease
- a device that helps farmers optimize their crops through the analysis and monitoring of agricultural soil
- energy-saving dehydration technology with fast processing times to aid the food industry
- a solar and tidal energy-powered bionic device that combats microplastic pollution in our oceans
- a biocompatible material that resembles natural bone and improves the manufacturing of joint prostheses

To read more about our impact, visit www.laureate.net/impact

Letter from Laureate's President and Chief Executive Officer



Welcome to Laureate Education's 2022 Annual Report.

I am pleased to report on another positive year at Laureate, with our growth agenda continuing to deliver strong performance. We have lifted the organic growth rate of the company, improved our operating results through efficiency initiatives, transformed our financial profile, and made significant contributions to the communities where we operate.

In achieving these results, we have remained deeply committed to our mission: to deliver affordable, high-quality education to prepare students for successful careers and lifelong achievement.

Performance

New student enrollments for the full year increased 13% compared to 2021, and total enrollments were up 9%. This brings our student population across Mexico and Peru to 423,000.

In addition to favorable operating performance, our cash accretive business model and strong balance sheet allowed us to return over \$500 million of capital to shareholders during 2022, through a combination of cash distributions and share repurchases.

Strategic Priorities

Building on the strength of our growth momentum, we focused on four strategic priorities during the year:

- 1. Growth:** Sustainably increase our organic revenue growth rate.
- 2. Leadership in Online and Hybrid Delivery:** Leverage our leadership in online and hybrid delivery for capital light growth.
- 3. Operational Excellence:** Further expand margins through optimization in Mexico and streamlining our corporate structure.
- 4. Academic Excellence:** Continue our unwavering commitment to leadership in educational quality and innovation.

Our Institutions

Our institutions across Mexico and Peru continued to make education more accessible, while steadfast in their commitment to leadership in educational quality and innovation. They remain among the largest and most respected higher education institutions in their countries.

Our four universities in Mexico and Peru are rated 5 Stars in Employability and Inclusiveness in the QS World University Rankings, while Cibertec remains one of the most recognized institutions offering information technology training and diplomas in Peru, according to a survey by global market research specialist, Ipsos.

In Mexico, UVM and UNITEC have both received the distinction of being named a Socially Responsible Company for the past 14 and 13 years (respectively) by the Mexican Center for Philanthropy.

In Peru, UPC has been recognized as the most reputable educational institution in the country by the 2022 MERCOR Organizational Reputation Monitor. UPN has been named a top 10 university for environmental sustainability by the Interuniversity Environmental Network.

Our Impact

As well as the value delivered to shareholders during the year, we made significant contributions to the communities where we operate.

\$324 million worth of scholarships and discounts were awarded to help ensure more students had access to high-quality education.

Our students and faculty assisted more than 44,000 people through the provision of more than 161,000 free or low-cost medical and dental services. In addition, our students and faculty volunteered more than 988,000 hours of their time through a wide range of initiatives on campuses and at impact related events.

You can read about the impact of our institutions, and the contributions of our faculty and students in our annual Impact Report, available at laureate.net/impact.

Looking Ahead

In 2023, we will continue leveraging our leading brands and commitment to academic quality and innovation, and furthering our best-in-class digital capabilities.

Laureate's strong performance and contributions during the year, which have set us up well for 2023, are thanks to our extremely capable, engaged and dedicated people. I extend my gratitude to our staff, faculty, as well as our students for the contributions they made to our company, the communities we serve and to advancing our mission.

As always, I thank you, our shareholders, for your continued support of Laureate.

Eilif Serck-Hanssen
President and Chief Executive Officer
Laureate Education, Inc.

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

FORM 10-K

Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended December 31, 2022

OR

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

For the transition period from _____ to _____

Commission File Number: 001-38002



Laureate Education, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

PMB 1158, 1000 Brickell Avenue, Suite 715, Miami, Florida
(Address of principal executive offices)

52-1492296
(I.R.S. Employer
Identification No.)

33131
(Zip Code)

Registrant's telephone number, including area code: (786) 209-3368

Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, par value \$0.004 per share	LAUR	The NASDAQ Stock Market LLC Nasdaq Global Select Market

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes No

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

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth company

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C.7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

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

As of June 30, 2022 (the last business day of the registrant's most recently completed second fiscal quarter), the aggregate market value of the common stock held by non-affiliates of the registrant was \$1.241 billion (based on the closing price of the registrant's common stock on that date as reported on the Nasdaq Global Select Market).

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at January 31, 2023
Common stock, par value \$0.004 per share	157,012,698 shares

Documents Incorporated by Reference

The registrant incorporates by reference its definitive proxy statement with respect to its 2023 Annual Meeting of Stockholders, to be filed with the Securities and Exchange Commission within 120 days following the end of its fiscal year, into Part III of this Annual Report on Form 10-K.

[THIS PAGE INTENTIONALLY LEFT BLANK]

Index

	<u>Page No.</u>
Part I	4
Item 1. Business	4
Item 1A. Risk Factors	16
Item 1B. Unresolved Staff Comments	29
Item 2. Properties	30
Item 3. Legal Proceedings	30
Item 4. Mine Safety Disclosures	30
Part II	31
Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	31
Item 6. [Reserved]	33
Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations	33
Item 7A. Quantitative and Qualitative Disclosures About Market Risk	58
Item 8. Financial Statements and Supplementary Data	60
Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure	114
Item 9A. Controls and Procedures	114
Item 9B. Other Information	114
Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections	114
Part III	115
Item 10. Directors, Executive Officers and Corporate Governance	115
Item 11. Executive Compensation	116
Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	116
Item 13. Certain Relationships and Related Transactions, and Director Independence	116
Item 14. Principal Accountant Fees and Services	116
Part IV	117
Item 15. Exhibits and Financial Statement Schedules	117
Item 16. Form 10-K Summary	123
Signatures	124

As used in this Annual Report on Form 10-K (this “Form 10-K”), unless otherwise stated or the context otherwise requires, references to “we,” “us,” “our,” the “Company,” “Laureate” and similar references refer collectively to Laureate Education, Inc. and its subsidiaries.

Trademarks and Tradenames

LAUREATE, LAUREATE INTERNATIONAL UNIVERSITIES and the leaf symbol are trademarks of Laureate Education, Inc. in the United States and other countries. This Form 10-K also includes other trademarks of Laureate and trademarks of other persons, which are properties of their respective owners.

Industry and Market Data

We obtained the industry, market and competitive position data used throughout this Form 10-K from our own internal estimates and research, as well as from industry publications and research, surveys and studies conducted by third-party sources.

Industry publications, studies and surveys generally state that they have been obtained from sources believed to be reliable, although they do not guarantee the accuracy or completeness of such information. We have not independently verified industry, market and competitive position data from third-party sources. While we believe that our internal business estimates and research are reliable and the market definitions are appropriate, neither such estimates or research nor these definitions have been verified by any independent source.

Forward-Looking Statements

This Form 10-K contains “forward-looking statements” within the meaning of the federal securities laws, which involve risks and uncertainties. You can identify forward-looking statements because they contain words such as “believes,” “expects,” “may,” “will,” “should,” “seeks,” “approximately,” “intends,” “plans,” “estimates” or “anticipates” or similar expressions that concern our strategy, plans or intentions. All statements we make relating to estimated and projected earnings, costs, expenditures, cash flows, growth rates and financial results, and all statements we make relating to our current growth strategy and other future plans, strategies or transactions that may be identified, explored or implemented and any litigation or dispute resulting from any completed transaction are forward-looking statements. In addition, we, through our senior management, from time to time make forward-looking public statements concerning our expected future operations and performance and other developments. All of these forward-looking statements are subject to risks and uncertainties that may change at any time, including with respect to our current growth strategy and the impact of any completed divestiture or separation transaction on our remaining businesses. Accordingly, our actual results may differ materially from those we expected. We derive most of our forward-looking statements from our operating budgets and forecasts, which are based upon many detailed assumptions. While we believe that our assumptions are reasonable, we caution that it is very difficult to predict the impact of known factors, and, of course, it is impossible for us to anticipate all factors that could affect our actual results. Important factors that could cause actual results to differ materially from our expectations, including, without limitation, in conjunction with the forward-looking statements and risk factors included in this Form 10-K, are disclosed under various sections throughout this Form 10-K, including, but not limited to, Item 1—Business, Item 1A—Risk Factors, and Item 7—Management’s Discussion and Analysis of Financial Condition and Results of Operations. All subsequent written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by the factors discussed in this Form 10-K. Some of the factors that we believe could affect our results include:

- the risks associated with operating our portfolio of degree-granting higher education institutions in Mexico and Peru, including complex business, political, legal, regulatory, tax and economic risks;
- our ability to maintain and, subsequently, increase tuition rates and student enrollments in our institutions;
- our ability to effectively manage the growth of our business and increase our operating leverage;
- the risks associated with maintaining the value of our brands and our reputation;
- the effect of existing international and U.S. laws and regulations governing our business or changes to those laws and regulations or in their application to our business;

- changes in the political, economic and business climate in the markets in which we operate;
- risks of downturns in general economic conditions and in the educational services and education technology industries that could, among other things, impair our goodwill and intangible assets;
- possible increased competition from other educational service providers;
- market acceptance of new service offerings by us or our competitors and our ability to predict and respond to changes in the markets for our educational services;
- the effect of greater than anticipated tax liabilities;
- the effect on our business and results of operations from fluctuations in the value of foreign currencies;
- the fluctuations in revenues due to seasonality;
- the risks associated with disruptions to our computer networks and other cybersecurity incidents, including misappropriation of personal or proprietary information;
- the risks and uncertainties associated with an epidemic, pandemic or other public health emergency, such as the global coronavirus (COVID-19) pandemic, including, but not limited to, effects on student enrollment, tuition pricing, and collections in future periods;
- the risks associated with protests, strikes or natural or other disasters;
- our ability to attract and retain key personnel;
- our ability to maintain proper and effective internal controls necessary to produce accurate financial statements on a timely basis;
- the risks associated with indebtedness and disruptions to credit and equity markets;
- our focus on a specific public benefit purpose and producing a positive effect for society may negatively influence our financial performance; and
- the future trading prices of our common stock and the impact of any securities analysts' reports on these prices.

We caution you that the foregoing list of important factors may not contain all of the material factors that are important to you. In addition, in light of these risks and uncertainties, the matters referred to in the forward-looking statements contained in this Form 10-K may not in fact occur. We undertake no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

Part I

Item 1. Business

Our continuing operations include Mexico and Peru. Unless otherwise indicated, the information in or incorporated by reference into this Form 10-K, including our segment information, relates only to our continuing operations.

General

We operate a portfolio of degree-granting higher education institutions in Mexico and Peru. These institutions, which we collectively refer to as the *Laureate International Universities* network, are leading brands in their respective markets and offer a broad range of undergraduate and graduate degrees through campus-based, online and hybrid programs. Collectively, we have approximately 423,000 students enrolled at five institutions with over 50 campuses as of December 31, 2022. Our institutions in Mexico and Peru operate within scaled country networks, which provide advantages in terms of shared infrastructure, technology, curricula and operational best practices. More than 80% of our students are enrolled in programs of four or more years in duration. As of December 31, 2022, a vast majority of our students were enrolled at traditional, campus-based institutions offering multi-year degrees, similar to leading private and public higher education institutions in developed markets such as the United States and Europe.

Our programs are designed with a distinct emphasis on applied, professional-oriented content for growing career fields and are focused on academic disciplines that we believe offer strong employment opportunities and high earnings potential for our students. We continually and proactively adapt our curriculum to the needs of the market. In particular, we emphasize science, technology, engineering and math (STEM) and business disciplines, areas in which we believe that there is large and growing demand, especially in developing countries. Students pursuing degrees in Medicine & Health Sciences, Engineering & Information Technology and Business & Management, our three largest disciplines, constitute over 70% of our total post-secondary enrollments. We believe that the work of our graduates in these disciplines creates a positive impact on the communities we serve and strengthens our institutions' reputations within their respective markets. Our focus on private-pay and our track record for delivering high-quality outcomes to our students, while stressing affordability and accessibility, has been a key reason for our long record of success.

We believe that the higher education markets in Mexico and Peru present an attractive long-term opportunity, primarily because of the large and growing imbalance between the supply and demand for affordable, quality higher education in those markets. We believe that the combination of the projected growth in the middle class, limited government resources dedicated to higher education, and a clear value proposition demonstrated by the higher earnings potential afforded by higher education creates substantial opportunities for high-quality private institutions to meet this growing and unmet demand. By offering high-quality, outcome-focused education, we believe that we enable students to prosper and thrive in the dynamic and evolving knowledge economy.

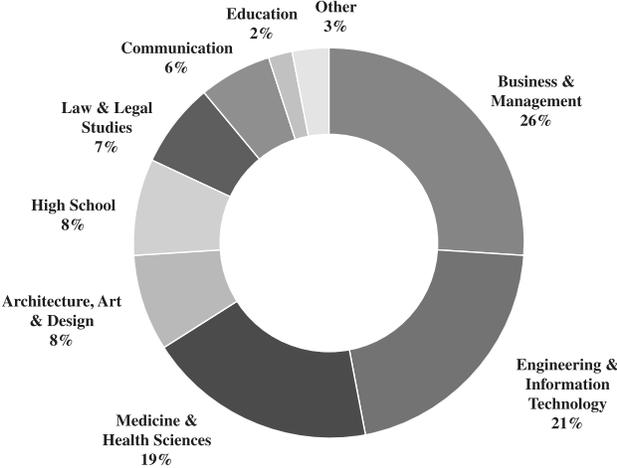
In many developing markets, traditional higher education students (defined as 18-24 year olds) have historically been served by public universities, which have limited capacity and are often underfunded, resulting in an inability to meet growing student demands and employer requirements. In addition, in many of these same markets, non-traditional students, such as working adults and distance learners, have limited options for pursuing higher education. With strong brands and highly reputed institutions in Mexico and Peru, we believe that we are uniquely positioned to address these market opportunities.

Country	Institution	Enrollment at December 31, 2022	Market Segment	QS Stars™ Overall University Rating	Ratings/Rankings
Mexico	Universidad del Valle de México (UVM)	103,700	Premium/Traditional	★★★★	<ul style="list-style-type: none"> • Ranked Top 10 university in Mexico • 5-Star rated by QS Stars™ in categories of Employability & Inclusiveness
Mexico	Universidad Tecnológica de México (UNITEC)	119,100	Value/Teaching	★★★	<ul style="list-style-type: none"> • Largest private university in Mexico • 5-Stars rated by QS Stars™ in categories of Employability & Inclusiveness
Peru	Universidad Peruana de Ciencias Aplicadas (UPC)	69,000	Premium/Traditional	★★★★	<ul style="list-style-type: none"> • Ranked Top 5 university in Peru • 5-Star rated by QS Stars™ in categories of Employability & Inclusiveness
Peru	Universidad Privada del Norte (UPN)	112,100	Value/Teaching	★★★★	<ul style="list-style-type: none"> • 3rd largest private university in Peru • 5-Stars rated by QS Stars™ in categories of Employability & Inclusiveness
Peru	CIBERTEC	19,100	Tech/Voc	N/A	<ul style="list-style-type: none"> • 2nd largest private tech/voc institute in Peru

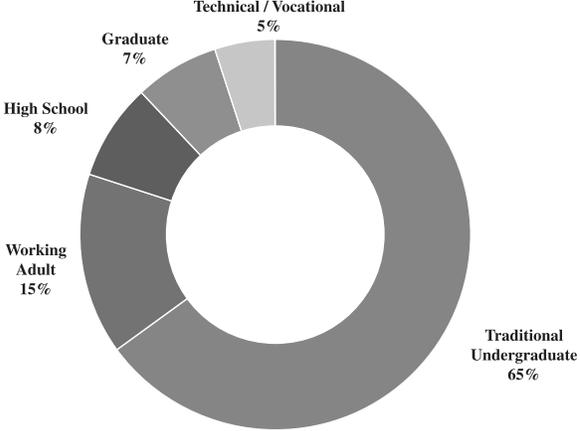
Sources: QS Stars™, Guía Universitaria (UVM), AmericaEconomia (UPC)

Our institutions in Mexico and Peru offer traditional higher education students a private education alternative, with multiple brands and price points in each market and innovative programs and strong career-driven outcomes. Additionally, through targeted programs and multiple teaching modalities, we are able to serve the differentiated needs of non-traditional students in these markets.

Our program and level of study mix for 2022 was as follows:



Based on 12/31/2022 total enrollments

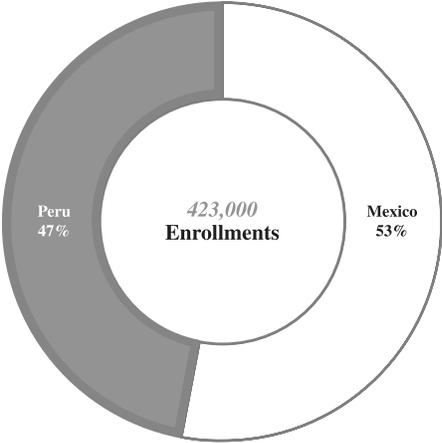


Based on 12/31/2022 total enrollments
All high school students are in Mexico

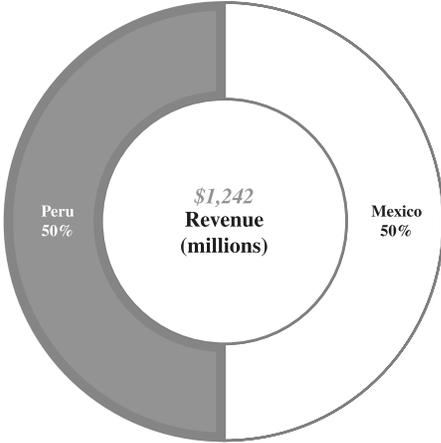
Our Segments

We have two reportable segments, which are summarized in the charts below. The following information for our segments is presented as of December 31, 2022.

Enrollment by Segment
12/31/2022



Revenue by Segment
FY 2022



Our Industry

We operate higher education institutions in Mexico and Peru. These markets are characterized by what we believe is a significant imbalance between supply and demand. The demand for higher education is large and growing and is fueled by several demographic and economic factors, including a growing middle class, global growth in services and technology-related industries and recognition of the significant personal and economic benefits gained by graduates of higher education institutions. At the same time, the respective Mexican and Peruvian governments often have limited resources to devote to higher education, resulting in a diminished ability by the public sector to meet growing demand, and creating opportunities for private education providers to enter these markets and deliver high-quality education. As a result, the private sector plays a large and growing role in higher education.

Favorable industry dynamics in Mexico and Peru driving growth in the higher education sector include the following:

Large, Growing and Underpenetrated Population of Qualified Higher Education Students. In many countries, including throughout Latin America and other developing regions, there is growing demand for higher education based on favorable demographics, increasing secondary completion rates and increasing higher education participation rates, resulting in continued growth in higher education enrollments. While global participation rates have increased for traditional higher education students (defined as 18-24 year olds), the market for higher education in Mexico and Peru is still significantly underpenetrated, at approximately 34% and 52%, respectively, as compared to approximately 62% in the United States.

Strong Economic Incentives for Higher Education. According to data from the Organization for Economic Co-operation and Development (“OECD”), in countries that are members of the OECD, the earnings from employment for younger adults (25-34 years) and older adults (45-54 years) completing higher education were approximately 39% and 75% higher, respectively, than those of younger and older adults with only an upper secondary education. We believe that the cumulative impact of favorable demographic and socio-economic trends, coupled with the superior earnings potential of higher education graduates, will continue to expand the market for private higher education.

Increasing Role of the Private Sector in Higher Education. In both Mexico and Peru, the private sector plays a meaningful role in higher education, bridging supply and demand imbalances created by a lack of capacity at public universities. In Mexico, private education providers constitute 36% of the total higher-education market (42% in states in which we have operations). In Peru, private education providers constitute 73% of the total higher-education market. In addition to capacity limitations, we believe that limited public resources, and the corresponding policy reforms to make higher education systems less dependent on the financial and operational support of local governments, have resulted in increased enrollments in private institutions relative to public institutions.

Increasing Demand for Online Offerings. We believe that increasing student demand, new instruction methodologies designed for the online medium, and growing employer and regulatory acceptance of degrees obtained through online and hybrid modalities will continue to drive online learning in Mexico and Peru. Moreover, increasing the percentage of courses taught online in a hybrid educational model has significant cost and capital efficiency benefits, as a greater number of students can be accommodated in existing physical campus space.

Our Strengths and Competitive Advantages

We believe that our key competitive strengths that will enable us to execute our strategy include the following:

Scaled Platform Institutions Across Country Networks. Our scale within the countries in which we operate facilitates distinct advantages for our students and allows us to leverage our operating model across multiple brands in Mexico and Peru.

Our in-country networks facilitate competitive advantages related to:

- ***Curricula and Programs.*** We are able to leverage our curricula and resources, allowing for the rapid deployment of new programs. Increasing amounts of our curricula are being standardized, allowing us to lower the cost of program development by reusing and sharing content, while improving the quality of our programs.
- ***Best Practices.*** Through collaboration across our institutions, best practices for key operational processes, such as digital marketing, data science/AI, scheduling, retention management, market research, campus design, faculty training, student services and recruitment, are identified and then rolled out to all of our institutions.

- *Unified Systems.* Our scale also permits increased investment in unified technology systems and an opportunity to leverage standardization of processes, centralization of common services (such as information technology, finance and procurement) and intellectual property, and implementing a common operating model and platform for content development, digital campus experiences, student services, recruitment and administrative services within each country. These systems provide data and insights on a scale that we believe will allow us to improve student experience, retention rates and outcomes, while also enabling a more efficient and lower cost educational delivery model.

Leading Online Technology. Our commitment to digital teaching and learning has been manifested through significant investments in core technologies, as well as in human resources, training and development activities. These investments have been instrumental in establishing a deep level of expertise in online education, facilitating the design and delivery of high quality, effective and differentiated online courses in the markets in which we operate.

Long-Standing and Respected University Brands. We believe that we have established a reputation for providing high-quality higher education, and our institutions are among the most respected higher education brands in their local markets. Our institutions have long-established histories and are ranked among the best in their respective countries.

In addition, many of our institutions and programs have earned the highest accreditation available, which provides us with a strong competitive advantage in local markets. For example, medical school licenses are often the most difficult to obtain and are only granted to institutions that meet rigorous standards. Throughout Mexico and Peru we operate 13 medical and seven dental schools. We believe that the establishment of our medical and dental schools further validates the quality of our institutions and programs and increases brand awareness.

Commitment to Academic Quality. We offer high-quality undergraduate, graduate and specialized programs in a wide range of disciplines that generate strong interest from students and provide attractive employment prospects. We focus on programs that prepare our students to become employed in high demand professions. Our curriculum development process includes employer surveys and ongoing research into business trends to determine the skills and knowledge base that will be required by those employers in the future. This information results in timely curriculum upgrades, which helps ensure that our graduates acquire the skills that will make them marketable to employers. We also are committed to continually evaluating our institutions to ensure we are providing the highest quality education to our students. External assessment methodologies, such as QS Stars™, allows us to identify key areas for improvement in order to drive a culture of quality and continual innovation at our institutions.

Attractive Financial Model.

- *Private Pay Model.* Essentially all of our revenues for 2022 were generated from private pay sources, as there are no material government-sponsored student loan programs in Mexico or Peru. We believe that students' and families' willingness to allocate personal resources to fund higher education at our institutions validates our strong value proposition.
- *Revenue Visibility Enhanced by Program Length and Strong Retention.* The length of our programs provides us with a high degree of revenue visibility. The majority of the academic programs offered by our institutions last between four and five years, and more than 80% of our students were enrolled in programs of at least four years or more in duration as of December 31, 2022. Additionally, we actively monitor and manage student retention because of the impact it has on student outcomes and our financial results. Our historical annual student retention rate, which we define as the proportion of prior year students returning in the current year (excluding graduating students), was 79% on average over the last five years. Given our high degree of revenue visibility, we are able to make attractive capital investments and execute other strategic initiatives to help drive sustainable growth in our business.

- *Attractive Margin Profile with Significant Operating Leverage.* Our scale within each country provides significant advantages, enabling us to operate efficiently with attractive margin levels. We focus on optimizing our operations at the country level through our in-country networks.

Our Strategy

Our mission is to deliver affordable, high-quality education to prepare students for successful careers and lifelong achievement, while building pride, trust, and respect in our communities. To achieve our mission, we execute a strategy enabled by the following initiatives:

Integration of Campus-Based Operations in Mexico and Peru. Our institutions in Mexico and Peru serve approximately 423,000 students in a relatively homogenous operating environment, creating a unique opportunity to harvest the benefits of scale. We believe that by implementing best practices within each country we will enable closer collaboration and facilitate innovation and improved student experiences. We believe that this unification will enable us to be more nimble in our day-to-day operations and will allow us to extract valuable insights from more data across our network. Further, we believe that integration will enable further innovation and efficiency in our academic model and operations, and allow us to expand our market share.

Leverage and Expand Existing Portfolio. We will continue to focus on opportunities to expand our programs and the type of students that we serve, as well as our capacity in our markets to meet local demand, leveraging our existing platform to execute on attractive organic growth opportunities. In particular, we intend to add new programs and course offerings, expand target student demographics and, where appropriate, increase capacity at existing campuses and through hybrid online opportunities, open new campuses and enter new cities in existing markets. We believe that these initiatives will drive growth and provide an attractive return on capital.

- *Add New Programs and Course Offerings.* We will continue to develop new programs and course offerings to address the changing needs in the markets. New programs and course offerings enable us to provide a high-quality education that we believe is desired by students and prospective employers. In addition, we have a comprehensive suite of current program offerings, all of which are not currently offered in each campus in which we operate. We intend to lift and shift many of those current programs to the campuses where they are not currently being offered, with a particular focus on our health sciences vertical.
- *Expand Target Student Demographics.* We use sophisticated analytical techniques to identify opportunities to provide quality education to new or underserved student populations where market demand is not being met, such as non-traditional students (e.g., working adults, life-long learners) who may value flexible scheduling options, as well as traditional students. Our ability to provide quality education to these underserved markets has provided additional growth opportunities to our network and we intend to leverage our management capabilities and local knowledge to further capitalize on these opportunities in new and existing markets.
- *Increase Capacity at Existing and New Campus Locations.* We will continue to make demand-driven investments in additional capacity throughout our network by expanding existing campuses and opening new campuses, including in new cities. We employ a highly analytical process based on economic and demographic trends, and demand data for the local market to determine when and where to expand capacity. When opening a new campus or expanding existing facilities, we use best practices that we have developed over more than the past decade to cost-effectively expedite the opening and development of that location.

Expand Online and Hybrid Education Programs. We intend to increase the number of our students that receive their education through fully online or hybrid programs to meet the growing demands of students. Our online initiative is designed to not only provide students with access to innovative programs and modern digital experiences, but also to diversify our offerings, increase our enrollments and expand our digital solutions in a capital efficient manner, leveraging current infrastructure and improving classroom utilization.

The percentage of student credit hours taken online in our campus-based institutions was approximately 27% for 2019. During most of 2020 and 2021, due to the COVID-19 pandemic, all of our students were effectively transitioned to an online learning environment, at scale. In 2022, our students, faculty and staff were able to safely return to campus and fully transitioned to blended learning modalities by the second half of the year. As we return to face-to-face operations at our campuses, we are targeting to have 40% to 60% percent of our student credit hours taken online going forward. With a common learning management system implemented across our universities, we believe that we have the expertise to continue to expand online and hybrid offerings to meet the growing demand for this market opportunity, allowing us to differentiate ourselves further from our competitors.

We continue to accelerate the advancement of online education programs and technology-enabled solutions that deliver high-quality differentiated student experiences for our institutions at scale.

Our strategy for the online opportunity includes the following components:

- *Hybrid Online Programs.* Traditional 18-24 year old students attending campus-based institutions are increasingly seeking digital learning experiences that are blended with in-person learning. We provide those students with a hybrid learning experience, mixing face-to-face classroom experience with technology through our online platform, which we believe improves the student experience by providing them with a wide range of online courses, interactive discussions, virtual experiences, digital resources, and simulations that enhance their learning experiences both within and outside the classroom.
- *Fully Online Programs.* Many students require flexible learning modules to accommodate work and personal responsibilities. Often, these students are working adults who are looking to either complete an undergraduate or post-graduate degree, or who want to gain a credential to accelerate or change careers. Our fully online programs provide students with a high-quality curriculum experience to achieve their goals.

Our Segments and Institutions

Laureate offers its educational services through two reportable segments: Mexico and Peru.

We determine our segments based on information utilized by our chief operating decision maker to allocate resources and assess performance. See Note 6, Business and Geographic Segment Information, in our consolidated financial statements for financial information regarding our operating segments and financial information about geographic areas; see also “Item 7—Management’s Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations—Segment Results” and “—Overview—Factors Affecting Comparability—Seasonality” in this Form 10-K.

The following table presents information about the institutions as of December 31, 2022:

Reportable Segment (Enrollment)	Higher Education Institution	Year Joined Laureate Network	Year Founded
Mexico (222,800)	Universidad del Valle de México (UVM)	2000	1960
	Universidad Tecnológica de México (UNITEC)	2008	1966
Peru (200,200)	Universidad Peruana de Ciencias Aplicadas (UPC)	2004	1994
	CIBERTEC	2004	1983
	Universidad Privada del Norte (UPN)	2007	1994

Competition

We face competition in both of our reportable segments. We believe that competition focuses on price, educational quality, reputation, brand positioning, location and facilities.

The market for higher education in Mexico and Peru is highly fragmented and marked by large numbers of local competitors. The target demographics are primarily 18- to 24-year-olds in the countries in which we compete. Public institutions tend to be less expensive, if not free, but limited in capacity. The top public universities in these market are selective, and many of the other public universities are less focused on practical programs aligned around career opportunities. This creates market demand for private educational providers. We compete with other private higher education institutions on the basis of price, educational quality, reputation and location. We believe that we compare favorably with competitors because of our focus on quality, professional-oriented curriculum and the competitive advantages provided by our network. There are a number of private and public institutions in both of the countries in which we operate, and it is difficult to predict how the markets will evolve and how many competitors there will be in the future. We expect competition to increase as the Mexican and Peruvian markets continue to develop.

See “Item 1A—Risk Factors—Risks Relating to Our Business—The higher education market is very competitive, and we may not be able to compete effectively.”

Intellectual Property

We currently own, or have filed applications for, trademark registrations for the word “Laureate,” for “Laureate International Universities” and for the Laureate leaf logo in the trademark offices of all jurisdictions in which we operate institutions of higher learning. We have also registered or filed applications in the applicable jurisdictions in which we operate for the trademarks “Laureate Online International” and “Laureate Online Education.” In addition, we have the rights to trade names, logos and other intellectual property specific to most of our higher education institutions, in the countries in which those institutions operate.

Human Capital

At Laureate Education, Inc., we employ approximately 35,000 people (including approximately 22,000 academic staff) and are committed to promoting a culture that is strengthened by its diversity, enriched through collaboration, and built upon a foundation of continuous learning and development.

Our workforce proudly serves a population of approximately 423,000 students across Mexico and Peru and is focused on delivering academic quality and a market-leading student experience, while ensuring the highest standards of accountability, governance, and reporting.

Leading an international workforce requires a combination of universal standards, expectations, and protocols, along with a deep understanding of local culture and context. Regardless of geography, we establish and maintain the highest degree of ethical conduct, compliance, and transparency, and design and implement initiatives to promote engagement, performance, and collaboration.

In 2022, some of our company-wide initiatives included:

Ethics and Compliance

- The launch of a revised Code of Conduct, which sets out principles of integrity and ethical behavior, and our responsibilities to each other, our students, suppliers, stockholders, and the public. The Code covers such topics as accurate records, proper use of assets and information, conflicts of interest, and bribery and corruption.
- Company-wide Ethics communication campaigns targeting all employees, including live, interactive town-halls.
- Ongoing mandatory training for all employees, in all geographies.

Employee Engagement Benchmarking

- We conducted a comprehensive employee engagement survey, with an overall response rate of 79%, and an overall engagement score well above the median within higher education.

- Our overall engagement score combines net promoter score, pride in the company, intention to stay, and discretionary effort to go above and beyond. Specific areas of strength, company-wide, included productivity, engagement, and inclusion. The survey also revealed areas in which we can improve, and a series of targeted actions are being developed for 2023.

Recognizing the Impact of our People

- Through the expertise, passion, and commitment of our people, we are making a positive impact within and beyond communities across Mexico, Peru, and the United States. In 2022 we published our 2021 Impact Report which recognizes and celebrates the impact our people are creating. The report is available on our website at laureate.net. We plan to continue these efforts with publication of our 2022 Impact Report later this year. Information contained on our website is not incorporated by reference herein and is not a part of this Annual Report on Form 10-K.

Diversity and Inclusion

- We are committed to strengthening our commitment to Diversity and Inclusion across our company. In 2022, we established a Diversity and Equity Committee across both our universities in Mexico, and in Peru, we improved gender diversity in senior leadership by more than 20%.

Our History

Since making our first investment in global higher education in 1999, we have focused on expanding access to differentiated higher education and learning opportunities to traditionally underserved areas of the world. In August 2007, we were acquired in a leveraged buyout by a consortium of investment funds and other investors. On February 6, 2017, we consummated our initial public offering and shares of our common stock began trading on the Nasdaq under the symbol “LAUR”.

Public Benefit Corporation Status

In October 2015, we redomiciled in Delaware as a public benefit corporation as a demonstration of our long-term commitment to our mission to benefit our students and society. Public benefit corporations are intended to produce a public benefit and to operate in a responsible and sustainable manner. Under Delaware law, public benefit corporations are required to identify in their certificate of incorporation the public benefit or benefits they will promote and their directors have a duty to manage the affairs of the corporation in a manner that balances the pecuniary interests of the stockholders, the best interests of those materially affected by the corporation’s conduct, and the specific public benefit or public benefits identified in the public benefit corporation’s certificate of incorporation. Public benefit corporations organized in Delaware also are required to assess their benefit performance internally and to disclose publicly at least biennially a report detailing their success in meeting their benefit objectives.

Our public benefit, as provided in our amended and restated certificate of incorporation, is to produce a positive effect (or a reduction of negative effects) for society and persons by offering diverse education programs delivered online and on premises operated in the communities that we serve. By doing so, we believe that we provide greater access to cost-effective, high-quality higher education that enables more students to achieve their academic and career aspirations. Our operations are outside the United States, where there is a large and growing imbalance between the supply and demand for quality higher education. Our stated public benefit is firmly rooted in our company mission and our belief that when our students succeed, countries prosper and societies benefit. Becoming a public benefit corporation underscores our commitment to our purpose and our stakeholders, including students, regulators, employers, local communities and stockholders.

Available Information

Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports are available free of charge through the “Financials” portion of our investor relations website at <http://investors.laureate.net> and on the SEC’s website at www.sec.gov as soon as reasonably practical after they are filed with the SEC. Various corporate governance documents, including our Audit Committee Charter, Compensation Committee Charter, Nominating and Corporate Governance Committee Charter, Corporate Governance Guidelines and Code of Conduct and Ethics are available without charge through the “Leadership and Governance” portion of our investor relations website, listed above. In addition, we may use our website as a distribution channel of material company information, and we also webcast our earnings calls via our investor relations website.

Industry Regulation

Mexican Regulation

Mexican law provides that private entities are entitled to render education services in accordance with applicable legal provisions. These provisions regulate the education services rendered by the federal government, the states and private entities and contain guidelines for the allocation of the higher education role among the federal government, the states and the municipalities, including their respective economic contributions, in order to jointly participate in the development and coordination of higher education.

There are three levels of regulation in Mexico: federal, state and municipal. The federal authority is the Federal Ministry of Public Education (*Secretaría de Educación Pública*). Each of the 31 states and Mexico City has the right to establish a local Ministry of Education, and each municipality of each state may establish a municipal education authority that only has authority to advertise and promote educational services and/or activities.

Some functions are exclusive to the Federal Ministry of Education, such as the establishment of study plans and programs for Basic and Mid-Superior education services. There are also concurrent functions, such as the granting and withdrawal of governmental recognition of validity of studies (*Reconocimiento de Validez Oficial de Estudios*) (“REVOEs”).

The General Law on Education (*Ley General de Educación*) in Mexico classifies studies in the following three categories: (i) Basic Education, which includes pre-school (kindergarten), elementary school and junior high school (*secundaria*); (ii) Mid-Superior Education, which includes high school (*preparatoria*) and equivalent studies, as well as professional education that does not consider *preparatoria* as a prerequisite; and (iii) Superior Education, which includes the studies taught after *preparatoria*, including undergraduate school (*licenciatura*), specialties (*especialidades*), master’s studies, doctorate studies and studies for teachers (*educación normal*).

The REVOEs are issued either by the Federal Ministry of Education under the General Law on Education or by any of the state Ministries of Education under the applicable state law. REVOEs are granted for each program taught at each campus. If there is a change in the program or in the campus at which it is taught, the entity will need to get a new REVOE.

The Federal Ministry of Education has issued a set of general resolutions (*Acuerdos*) that regulate the general requirements for obtaining REVOEs. The main *Acuerdos* are (i) *Acuerdo 243*, issued on May 27, 1998, which sets the general guidelines for obtaining an Authorization or REVOE; (ii) *Acuerdo 17/11/17*, issued on November 10, 2017, which sets the procedures related to REVOEs for Superior Education studies; and (iii) *Acuerdo 18/11/18*, issued on November 27, 2018, which defines the different levels, models and educational options at Superior Education. The Federal Ministry of Education recommends to the local Ministries of Education the adoption and inclusion of the provisions contained in *Acuerdo 243* and *Acuerdo 17/11/17* in the local Law on Education and other applicable local laws and regulations.

Depending on each state, other requirements may apply; for example, in certain states, private institutions that provide educational services with REVOEs need to be registered with the corresponding local authorities.

Acuerdo 17/11/17 regulates in detail the provisions contained under the General Law on Education to grant REVOEs for Superior Education studies, regarding faculty, plans and programs of studies, inspection visits, procedures, etc. *Acuerdo 17/11/17* also provides that private institutions that provide Superior Education services in accordance with presidential decrees or secretarial resolutions (*acuerdos secretariales*) issued specifically to them may maintain the obligations provided to them thereunder and may function under the simplified provisions of *Acuerdo 17/11/17*. Currently, Universidad Tecnológica de México, S.C. and Universidad del Valle de México, S.C. have secretarial resolutions that were issued in their favor before the issuance of *Acuerdo 17/11/17*. The obligations contained in these secretarial resolutions generally conform to the obligations provided under *Acuerdo 17/11/17*.

The regulatory authorities are entitled to conduct inspection visits to the facilities of educational institutions to verify compliance with applicable legal provisions. Failure to comply with applicable legal provisions may result in the imposition of fines, the cancellation of the applicable REVOE and the closure of the education facilities.

Private institutions with REVOEs are required to grant a minimum percentage of scholarships to students. *Acuerdo 17/11/17* requires private institutions to grant scholarships to at least five percent of the total students registered during each academic term. Scholarships consist, in whole or in part, of payment of the registration and tuition fees established by the educational institution.

Private entities may also obtain the recognition of validity of their programs from the National Autonomous University of Mexico (*Universidad Nacional Autónoma de México* or “UNAM”). The General Regulations of Incorporation and Validation of Studies issued by UNAM provide that programs followed in private entities may be “incorporated” to UNAM in order for UNAM to recognize their validity.

The UNAM regulations also require private entities incorporated to UNAM to grant scholarships to at least five percent of the total students registered at such entity. The students entitled to have this benefit will be selected by UNAM. Some of our high school programs and one of our medical programs are incorporated to UNAM.

A new higher education bill was enacted in April 2021, and expected secondary provisions for this bill have not yet been added to the legislative agenda. No foreseeable material changes are expected to impact the business as a result of this bill and the expected secondary provisions.

Peruvian Regulation

We operate three post-secondary education institutions in Peru, two of which are universities and one of which is a technical-vocational institute. Peruvian law provides that universities and technical-vocational institutes can be operated as public or private entities, and that the private entities may be organized for profit. The Ministry of Education (“MINEDU”) has overall responsibility for the national education system.

In 2014, the Peruvian Congress enacted a new law (the “University Law”) to regulate the establishment, operation, monitoring and closure of universities and to promote continuous improvement of quality at Peruvian universities. The University Law created a new agency, the Superintendencia Nacional de Educación Superior Universitaria (“SUNEDU”), which is responsible for carrying out the governmental role in university regulation, including ensuring quality. While institutional autonomy is still recognized, and universities are permitted to create their own internal governance rules and determine their own academic, management and economic systems, including curriculum design and entrance and graduation requirements, all of these matters are now subject to review and evaluation by SUNEDU through its periodic review of universities as part of a license renewal process.

Under the University Law, university licenses are granted for specific time periods but are renewable, and are granted by SUNEDU. Universities have to demonstrate to SUNEDU that they comply with, at a minimum, certain Basic Quality Conditions (“BQCs”) (i.e., that they have specified academic goals and that the degrees granted and plans of study are aligned with those goals; that their academic offerings are compatible with their planning goals (e.g., there is sufficient labor demand for careers offered); that there are only two regular semesters of studies per year; that they have appropriate infrastructure and equipment; that they engage in research; that they have a sufficient supply of qualified teachers, at least 25% of whom will need to be full-time; that they supply adequate basic complementary educational services (e.g., medical and psychological services and sports activities); that they provide appropriate placement office services; and that they have transparency of institutional information). Both UPC and UPN had their licenses renewed in 2017, in each case for a period of six years, extended one additional year due to COVID-19.

SUNEDU allows for the educational services to be provided by three modalities: (i) face-to-face learning (with a maximum of 20% virtual credits), (ii) hybrid learning (with 20% to 70% of the total credits of the academic program allowed to be taken virtually) and (iii) virtual learning (credits taken virtually cannot exceed 80% of the total credits of undergraduate academic programs, with the exception of programs that are specially designed for an adult population over 24 years old - (WA programs)). In December 2022, SUNEDU modified the possibility of having WA programs 100% virtual learning, leaving only the possibility of reaching 80% of virtuality. It does not apply to previously approved programs, as the case of UPC and UPN, which must be adapted to the new percentage at the time of re-licensing.

In January 2023, the Constitutional Court declared constitutional Law 31520 that was passed in July 2022, which modified the composition of the SUNEDU Board of Directors and reduced its powers for the approval of new careers, schools and faculties. We are awaiting the appointment of the new members of SUNEDU.

Technical-vocational institutes are regulated by the MINEDU, which grants operating licenses for six years, after which the Ministry conducts a revalidation process. Since 2016, a new law regarding technical-vocational institutes (the “Institutes Law”) was enacted. The Institutes Law created two types of institutes: Higher Education Institutes (“Institutes”) which are dedicated to technical careers and Higher Education Colleges (“Colleges”) which are devoted to technical careers related to education, as well as science and information technology. Colleges grant Technical Bachelor Degrees and Professional Technical Degrees. Institutes and Colleges are subject to a mandatory license granted by the MINEDU, based on an evaluation to determine compliance with BQCs. BQCs include: an appropriate institutional management guaranteeing a proper relation with the educational model of the institution; appropriate academic management and proper program studies aligned with the MINEDU norms; appropriate infrastructure and equipment to develop educational activities; adequate teachers and staff which, at a minimum, should consist of 20% full-time staff; and appropriate financial and economic provisions. Unlike licenses, quality accreditation is voluntary, except for certain careers for which it might be mandatory as determined by law. Such accreditation will be taken into consideration for access to public grants for scholarships and research, among other things. Private Institutes and Colleges may be organized as for-profit or not-for-profit entities under Peruvian law. According to the schedule determined by the regulations, in 2018, Cibertec was granted a license by the MINEDU for a five-year period. In November 2022, Cibertec’s license renewal was submitted, with a request for a renewal period of six years.

Item 1A. Risk Factors

Risk Factors

In addition to the information set forth in this Form 10-K and our other filings with the SEC, you should carefully consider the following risks and uncertainties, which could materially adversely affect our business, financial condition, results of operations and cash flows. The risks identified below are not all encompassing but should be considered in establishing an opinion of our future operations. The situation continues to evolve, and additional impacts may arise of which we are not currently aware.

Risks Relating to Our Business

We operate a portfolio of degree-granting higher education institutions in Mexico and Peru and are subject to complex business, economic, legal, political, tax and foreign currency risks, which risks may be difficult to adequately address.

Our portfolio, which is composed of five institutions, operates in Mexico and Peru, each of which is subject to complex business, economic, legal, political, tax and foreign currency risks. We may have difficulty managing and administering our operations in multiple countries, and we may need to expend additional funds to, among other things, staff key management positions, obtain additional information technology infrastructure and successfully implement relevant course and program offerings for each market, which may materially adversely affect our business, financial condition and results of operations.

Additional challenges associated with the conduct of our business overseas that may materially adversely affect our operating results include:

- difficulty in staffing and managing foreign operations as a result of distance, language, legal and other differences;
- our presence solely in Latin America presents risks relating to regional economic pressures;
- each of our institutions is subject to unique business risks and challenges, including competitive pressures and diverse pricing environments at the local level;
- difficulty maintaining quality standards consistent with our brands and with local accreditation requirements;
- potential economic and political instability in the countries in which we operate, including student unrest;
- fluctuations in exchange rates, possible currency devaluations, inflation and hyperinflation;
- difficulty selecting, monitoring and controlling partners outside of the United States;
- compliance with a wide variety of foreign laws and regulations;
- expropriation of assets by governments;
- difficulty protecting our intellectual property rights overseas due to, among other reasons, the uncertainty of laws and enforcement in certain countries relating to the protection of intellectual property rights;
- lower levels of availability or use of the Internet, through which our online programs are delivered;
- limitations on the repatriation and investment of funds and foreign currency exchange restrictions; and
- acts of terrorism, public health risks, crime and natural disasters, particularly in areas in which we have significant operations.

Our success in operating our business will depend, in part, on our ability to anticipate and effectively manage these and other risks related to operating in multiple countries. Any failure by us to effectively manage the challenges associated with our operations could materially adversely affect our business, financial condition and results of operations.

If we cannot maintain student enrollments in our institutions and maintain tuition levels, our results of operations may be materially adversely affected.

Our strategy for growth and profitability depends, in part, upon maintaining and, subsequently, increasing student enrollments in our institutions and maintaining tuition levels. Attrition rates are often due to factors outside our control. Students sometimes face financial, personal or family constraints that require them to drop out of school. They also are affected by economic and social factors prevalent in their countries. In some markets in which we operate, transfers between universities are not common and, as a result, we are less likely to fill spaces of students who drop out. In addition, our ability to attract and retain students may require us to discount tuition from published levels and may prevent us from increasing tuition levels at a rate consistent with inflation and increases in our costs. If we are unable to control the rate of student attrition, our overall enrollment levels are likely to decline, which could materially adversely affect our business, financial condition and results of operations. If we are unable to charge tuition rates that are both competitive and cover our rising expenses, our business, financial condition, cash flows and results of operations may be materially adversely affected. In addition, student enrollment may be negatively affected by our reputation and any negative publicity related to us.

Our success depends substantially on the value of the local brands of each of our institutions, each of which may be materially adversely affected by changes in current and prospective students' perception of our reputation and the use of social media.

Each of our institutions has worked hard to establish the value of its individual brand. Brand value may be severely damaged, even by isolated incidents, particularly if the incidents receive considerable negative publicity. There has been a marked increase in use of social media platforms and other forms of Internet-based communications that allow individuals access to a broad audience of interested persons. We believe that students and prospective employers value readily available information about our institutions and often act on such information without further investigation or authentication, and without regard to its accuracy. In addition, some of our institutions use the Laureate name in promoting their institutions. Social media platforms and devices immediately publish the content their subscribers and participants post, often without filters or checks on the accuracy of the content posted. Information concerning our company and our institutions may be posted on such platforms and devices at any time. Information posted may be materially adverse to our interests, it may be inaccurate, and it may harm our performance, prospects and business.

Our reputation may be negatively influenced by the actions of other for-profit and private institutions.

Allegations against the post-secondary for-profit and private education sectors may affect general public perceptions of for-profit and private educational institutions, including our institutions and us, in a negative manner. Adverse media coverage regarding other for-profit or private educational institutions or regarding us directly or indirectly could damage our reputation, reduce student demand for our programs, materially adversely affect our revenues and operating profit or result in increased regulatory scrutiny.

Growing our online academic programs could be difficult for us.

Despite our success in effectively transitioning all of our students to an online learning environment shortly after COVID-19 was declared a global pandemic in March 2020, the expansion of our existing online programs and the creation of new online academic programs may not be accepted by students or employers, or by government regulators or accreditation agencies. In addition, our efforts may be materially adversely affected by increased competition in the online education market or because of problems with the performance or reliability of our online program infrastructure.

Our success depends, in part, on the effectiveness of our marketing and advertising programs in recruiting new students.

In order to maintain and increase our revenues and margins, we must continue to develop our admissions programs and attract new students in a cost-effective manner. The level of marketing and advertising and types of strategies used are affected by the specific geographic markets, regulatory compliance requirements and the specific individual nature of each institution and its students. The complexity of these marketing efforts contributes to their cost. If we are unable to advertise and market our institutions and programs successfully, our ability to attract and enroll new students could be materially adversely affected and, consequently, our financial performance could suffer. We use marketing tools such as the Internet, radio, television and print media advertising to promote our institutions and programs. Our representatives also make presentations at upper secondary schools. In order to maintain our growth, we will need to attract a larger percentage of students in existing markets and increase our addressable market by adding locations in new markets and rolling out new academic programs. Any failure to accomplish this may have a material adverse effect on our future growth.

If we do not effectively manage our growth and business, our results of operations may be materially adversely affected.

There is no assurance that we will be able to maintain or accelerate the current growth rate, effectively manage expanding operations, build expansion capacity, or achieve planned growth on a timely or profitable basis. If our revenue growth is less than projected, the costs incurred for these additions and upgrades could have a material adverse effect on our business, financial condition and results of operations.

Our institutions are subject to uncertain and varying laws and regulations, and any changes to these laws or regulations or their application to us may materially adversely affect our business, financial condition and results of operations.

Higher education is regulated to varying degrees and in different ways in each of the countries in which we operate an institution. In general, our institutions must have licenses, approvals, authorizations, or accreditations from various governmental authorities and accrediting bodies. These licenses, approvals, authorizations, and accreditations must be renewed periodically, usually after an evaluation of the institution by the relevant governmental authorities or accrediting bodies. These periodic evaluations could result in limitations, restrictions, conditions, or withdrawal of such licenses, approvals, authorizations or accreditations, which could have a material adverse effect on our business, financial condition and results of operations. Once licensed, approved, authorized or accredited, some of our institutions may need approvals for new campuses or to add new degree programs.

All of these regulations and their applicable interpretations are subject to change. Moreover, regulatory agencies may scrutinize our institutions because they are owned or controlled by a U.S.-based for-profit corporation. Changes in applicable regulations may cause a material adverse effect on our business, financial condition and results of operations.

The higher education market is very competitive, and we may not be able to compete effectively.

Higher education markets around the world are highly fragmented and are very competitive and dynamic. Our institutions compete with traditional public and private colleges and universities and other proprietary institutions, including those that offer online professional-oriented programs. In each of the countries in which we operate a private institution, our primary competitors are public and other private universities, some of which are larger, more widely known and have more established reputations than our institutions. Some of our competitors in both the public and private sectors may have greater financial and other resources than we have and have operated in their markets for many years. Other competitors may include large, well-capitalized companies that may pursue a strategy similar to ours of acquiring or establishing for-profit institutions. Public

institutions receive substantial government subsidies, and public and private not-for-profit institutions have access to government and foundation grants, tax-deductible contributions and other financial resources generally not available to for-profit institutions. Accordingly, public and private not-for-profit institutions may have instructional and support resources superior to those in the for-profit sector, and public institutions can offer substantially lower tuition prices or other advantages that we cannot match.

If our graduates are unable to obtain professional licenses or certifications required for employment in their chosen fields of study, our reputation may suffer and we may face declining enrollments and revenues or be subject to student litigation.

Certain of our students require or desire professional licenses or certifications after graduation to obtain employment in their chosen fields. Their success in obtaining such licensure depends on several factors, including the individual merits of the student, whether the institution and the program were approved by the relevant government or by a professional association, whether the program from which the student graduated meets all governmental requirements and whether the institution is accredited. If one or more governmental authorities refuses to recognize our graduates for professional licensure in the future based on factors relating to us or our programs, the potential growth of our programs would be negatively affected, which could have a material adverse effect on our business, financial condition and results of operations. In addition, we could be exposed to litigation that would force us to incur legal and other expenses that could have a material adverse effect on our business, financial condition and results of operations.

Our business may be materially adversely affected if we are not able to maintain or improve the content of our existing academic programs or to develop new programs on a timely basis and in a cost-effective manner.

We continually seek to maintain and improve the content of our existing academic programs and develop new programs in order to meet changing market needs. Revisions to our existing academic programs and the development of new programs may not be accepted by existing or prospective students or employers in all instances. If we cannot respond effectively to market changes, our business may be materially adversely affected. Even if we are able to develop acceptable new programs, we may not be able to introduce these new programs as quickly as students or employers require or as quickly as our competitors are able to introduce competing programs. Our efforts to introduce a new academic program may be conditioned or delayed by requirements to obtain foreign, federal, state and accrediting agency approvals. The development of new programs and courses, both conventional and online, is subject to requirements and limitations imposed by the governmental regulatory bodies of the various countries in which our institutions are located. The imposition of restrictions on the initiation of new educational programs by regulatory agencies may delay such expansion plans. If we do not respond adequately to changes in market requirements, our ability to attract and retain students could be impaired and our financial results could suffer.

Establishing new academic programs or modifying existing academic programs also may require us to make investments in specialized personnel and capital expenditures, increase marketing efforts and reallocate resources away from other uses. We may have limited experience with the subject matter of new programs and may need to modify our systems and strategy. If we are unable to increase the number of students, offer new programs in a cost-effective manner or otherwise effectively manage the operations of newly established academic programs, our business, financial condition and results of operations could be materially adversely affected.

Failure to keep pace with changing market needs and technology could harm our ability to attract students.

The success of our institutions depends to a significant extent on the willingness of prospective employers to hire our students upon graduation. Increasingly, employers demand that their employees possess appropriate technological skills and appropriate “soft” skills, such as communication, critical thinking and teamwork skills. These skills can evolve rapidly in a changing economic and technological environment. Accordingly, it is

important that our educational programs evolve in response to those economic and technological changes. The expansion of existing academic programs and the development of new programs may not be accepted by current or prospective students or by the employers of our graduates. Students and faculty increasingly rely on personal communication devices and expect that we will be able to adapt our information technology platforms and our educational delivery methods to support these devices and any new technologies that may develop. Even if our institutions are able to develop acceptable new programs and adapt to new technologies, our institutions may not be able to begin offering those new programs and technologies as quickly as required by prospective students and employers or as quickly as our competitors begin offering similar programs. If we are unable to adequately respond to changes in market requirements due to regulatory or financial constraints, unusually rapid technological changes or other factors, our ability to attract and retain students could be impaired, the rates at which our graduates obtain jobs involving their fields of study could suffer and our results of operations and cash flows could be materially adversely affected.

We may have exposure to greater-than-anticipated tax liabilities.

As a multinational corporation, we are subject to income taxes as well as non-income based taxes in the United States and various foreign jurisdictions. The determination of our provision for income taxes and other tax liabilities requires significant judgment, and there are many transactions and calculations where the ultimate tax determination is uncertain. In addition, changes in the valuation of our deferred tax assets and liabilities, or changes in tax laws, regulations and accounting principles, could have a material adverse effect on our future income taxes. We have not recorded deferred tax liabilities for undistributed foreign earnings because our strategy is to reinvest these earnings outside the United States. As circumstances change and if some or all of these undistributed foreign earnings are remitted to the United States, we may be required to recognize deferred tax liabilities on any amounts that we are unable to repatriate in a tax-free manner.

We are subject to regular review and audit by both domestic and foreign tax authorities. Any adverse outcome of such a review or audit could have a negative effect on our operating results and financial condition. We are also subject to non-income based taxes, such as payroll, sales, use, value-added, net worth, property and goods and services taxes, in both the United States and various foreign jurisdictions. We are under regular audit by tax authorities with respect to these non-income based taxes and may have exposure to additional non-income based tax liabilities.

We have also identified certain tax-related contingencies that we have assessed as being reasonably possible of loss, but not probable of loss, and could have an adverse effect on our results of operations if the outcomes are unfavorable.

Although we believe that our estimates are reasonable, the ultimate tax outcome may differ from the amounts recorded in our financial statements and may materially adversely affect our financial results in the period or periods for which such determination is made.

Our reported revenues and earnings may be negatively affected by the strengthening of the U.S. dollar and currency exchange rates.

We report revenues, costs and earnings in U.S. dollars, while our institutions generally collect tuition in the local currency. Exchange rates between the U.S. dollar and the local currency in the countries where we operate institutions are likely to fluctuate from period to period. In 2022, essentially all of our revenues originated outside the United States. We translate revenues and other results denominated in foreign currencies into U.S. dollars for our consolidated financial statements. This translation is based on average exchange rates during a reporting period. While the Mexican peso and the Peruvian nuevo sol strengthened against the U.S. dollar in 2022, in recent years, the U.S. dollar has strengthened against many international currencies, including the Mexican peso and Peruvian nuevo sol. As the exchange rate of the U.S. dollar strengthens, our reported international revenues and earnings are reduced because foreign currencies translate into fewer U.S. dollars. For

the year ended December 31, 2022, a hypothetical 10% adverse change in average annual foreign currency exchange rates would have decreased our operating income and our Adjusted EBITDA by approximately \$35.6 million and \$41.3 million, respectively. For more information, see “Item 7A—Quantitative and Qualitative Disclosures About Market Risk—Foreign Currency Exchange Risk.”

To the extent that foreign revenues and expense transactions are not denominated in the local currency and/or to the extent foreign earnings are reinvested in a currency other than their functional currency, we are also subject to the risk of transaction losses. We occasionally enter into foreign exchange forward contracts or other hedging arrangements to reduce the earnings impact of non-functional currency denominated non-trade receivables and debt and to protect the U.S. dollar value of our assets and future cash flows with respect to exchange rate fluctuations. Given the volatility of exchange rates, there is no assurance that we will be able to effectively manage currency transaction and/or translation risks. Therefore, volatility in currency exchange rates may have a material adverse effect on our business, financial condition, results of operations and cash flows.

Currency exchange rates and our reported revenues and earnings may also be negatively affected by inflation or hyperinflation. If a country in which we operate is designated as a highly inflationary economy in the future under GAAP, the U.S. dollar would become the functional currency for our operations in that country. As a result, all gains and losses resulting from the remeasurement of the financial results of operations in such country and other transactional foreign exchange gains and losses would be reflected in our earnings, which could result in volatility within our earnings, rather than as a component of our comprehensive income within stockholders' equity. Hyperinflation in any of the countries in which we operate may have a material adverse effect on our business, financial condition, results of operations and cash flows.

Goodwill and indefinite-lived intangibles make up a significant portion of our total assets, and if we determine that goodwill or indefinite-lived intangibles become impaired in the future, net income and operating income in such years may be materially and adversely affected.

As of December 31, 2022, the net carrying value of our goodwill and other intangible assets totaled approximately \$735 million. Goodwill represents the excess of cost over the fair market value of net assets acquired in business combinations. Due to the revaluation of our assets at the time of the leveraged buyout transaction (LBO) and acquisitions we have completed historically, goodwill makes up a significant portion of our total assets. In accordance with generally accepted accounting principles, we periodically review goodwill and indefinite-lived intangibles for impairment and any excess in carrying value over the estimated fair value is charged to the results of operations. Future reviews of goodwill and indefinite-lived intangibles could result in reductions. Any reduction in net income and operating income resulting from the write down or impairment of goodwill and indefinite-lived intangibles could adversely affect our financial results. If economic or industry conditions deteriorate or if market valuations decline, including with respect to our common stock, we may be required to impair goodwill and indefinite-lived intangibles in future periods.

We experience seasonal fluctuations in our results of operations.

The institutions in our portfolio have a summer break, during which classes are generally not in session and minimal revenues are recognized. In addition to the timing of summer breaks, holidays such as Easter also have an impact on our academic calendar. Operating expenses, however, do not fully correlate to the enrollment and revenue cycles, as the institutions continue to incur expenses during summer breaks. Accordingly, our second and fourth quarters are stronger revenue quarters, as our institutions are in session for most of these respective quarters. Our first and third fiscal quarters are weaker revenue quarters because our institutions have summer breaks for some portion of one of these two quarters. Because a significant portion of our expenses do not vary proportionately with the fluctuations in our revenues, our results in a particular fiscal quarter may not indicate accurately the results we will achieve in a subsequent quarter or for the full fiscal year.

Connectivity constraints or technology system disruptions to our computer networks could have a material adverse effect on our ability to attract and retain students.

We run the online operations of our institutions on different platforms, which are in various stages of development. The performance and reliability of these online operations are critical to the reputation of our institutions and our ability to attract and retain students. Any computer system error or failure, or a sudden and significant increase in traffic on our institutions' computer networks, may result in the unavailability of these computer networks. In addition, any significant failure of our computer networks could disrupt our on-campus operations. Individual, sustained or repeated occurrences could significantly damage the reputation of our institutions' operations and result in a loss of potential or existing students. Additionally, the computer systems and operations of our institutions are vulnerable to interruption or malfunction due to events beyond our control, including natural disasters and other catastrophic events and network and telecommunications failures. Like other global companies, our computer systems are regularly subject to and will continue to be the target of computer viruses, malware or other malicious codes (including ransomware), unauthorized access, cyber-attacks or other computer-related penetrations. While we have experienced threats to our data and systems, to date, we are not aware that we have experienced a material cyber-security breach. However, over time, the sophistication of these threats continues to increase. The preventative actions we take to reduce the risk of cyber incidents and protect our information may be insufficient. A user who circumvents security measures could misappropriate proprietary information or cause interruptions to or malfunctions in operations. As a result, we may be required to expend significant resources to protect against the threat of these security breaches or to alleviate problems caused by these incidents. Further, the disaster recovery plans and backup systems that we have in place may not be effective in addressing a natural disaster or catastrophic event that results in the destruction or disruption of any of our critical business or information technology and infrastructure systems. As a result of any of these events, we may not be able to conduct normal business operations and may be required to incur significant expenses in order to resume normal business operations. As a result, our revenues and results of operations may be materially adversely affected.

We are subject to privacy and information security laws and regulations due to our collection and use of personal information, and any violations of those laws or regulations, or any breach, theft or loss of that information, could materially adversely affect our reputation and operations.

Possession and use of personal information in our operations subjects us to risks and costs that could harm our business. Our institutions collect, use and retain large amounts of personal information regarding our students and their families, including social security numbers, tax return information, personal and family financial data and credit card numbers. We also collect and maintain personal information of our employees in the ordinary course of our business. In addition, we collect and maintain other types of information, such as leads, that may include personal information of our business contacts in the ordinary course of our business. Our computer networks and the networks of certain of our vendors that hold and manage confidential information on our behalf may be vulnerable to unauthorized access, computer hackers, computer viruses, cyber-attacks and other security threats. Confidential information also may become available to third parties inadvertently when we integrate or convert computer networks into our network following an acquisition of an institution or in connection with upgrades from time to time.

Due to the sensitive nature of the information contained on our networks, such as students' grades, our networks may be targeted by hackers. A user who circumvents security measures could misappropriate proprietary information or cause interruptions or malfunctions in our operations. Although we use security and business controls to limit access and use of personal information, a third party may be able to circumvent those security and business controls, which could result in a breach of student or employee privacy. See above risk factor regarding threats experienced by us and other global companies as continued targets of cyber security attacks and that, despite having experienced threats, we are not aware that we have experienced a material cyber-security breach. The preventative actions we take to reduce the risk of cyber incidents and protect our information may be insufficient. A user who circumvents security measures could misappropriate personal or proprietary

information. In addition, errors in the storage, use or transmission of personal information could result in a breach of student or employee privacy. As a result, we may be required to expend significant resources to protect against the threat of these security breaches or to alleviate problems caused by these breaches.

Furthermore, we are subject to a variety of laws and regulations globally regarding privacy, data protection, and data security, including those related to the collection, storage, handling, use, disclosure, transfer, and security of personal data. For example, the European Union's privacy and data security regulation, the General Data Protection Regulation (the "GDPR"), imposes more stringent requirements in how we collect and process personal data and provides for significantly greater penalties for noncompliance. Mexico and Peru have passed or are considering similar privacy regulations, resulting in additional compliance burdens and uncertainty as to how some of these laws will be interpreted. We have invested, and expect to continue to invest, significant resources to comply with privacy laws and regulations.

A breach, theft or loss of personal information regarding our students and their families, our employees, or other persons that is held by us or our vendors, or a violation of the laws and regulations governing privacy in one or more of the countries in which we operate, could result in significant penalties or legal liability, reputational damage, and/or remediation and compliance costs, which could be substantial and materially adversely affect our business, financial condition and results of operations.

An epidemic, pandemic or other public health emergency, such as the global coronavirus (COVID-19) pandemic and the efficacy and distribution of COVID-19 vaccines, could have a material adverse effect on our business, financial condition, cash flows and results of operations.

An epidemic, pandemic or other public health emergency, such as the current COVID-19 pandemic and the efficacy and distribution of COVID-19 vaccines, in the locations in which our students, faculty, and staff live, work and attend classes could have an adverse effect on our business, financial condition, cash flows and results of operations. An epidemic, pandemic or other public health emergency could adversely affect, and, in the case of the COVID-19 pandemic, has adversely affected, global economies, market conditions and business operations across industries worldwide, including our industry. Therefore, we remain cautious about how the economy might behave for the next few years and continue to monitor the potential impact of COVID-19 on our operations. Any general economic slowdown or recession that disproportionately impacts the countries in which our institutions operate could have a material adverse effect on our business, financial condition, cash flows and results of operations. In the event of a sustained market deterioration, we may need additional liquidity, which would require us to evaluate available alternatives and take appropriate actions.

Protests and strikes may disrupt our ability to hold classes as well as our ability to attract and retain students, which could materially adversely affect our operations.

Political, social and economic developments in the countries in which we operate may cause protests and disturbances against conditions in those countries, including policies relating to the operation and funding of higher education institutions. These disturbances may involve protests in areas where our campuses are located or on our university campuses, including the occupation of university buildings and the disruption of classes. We are unable to predict whether students at our institutions will engage in various forms of protest in the future. Should we sustain student strikes, protests or occupations in the future, it could have a material adverse effect on our results of operations and on our overall financial condition. Further, we may need to make additional investments in security infrastructure and personnel on our campuses in order to prevent future protests from disrupting the ability of our institutions to hold classes. If we are required to make substantial additional investments in security, or if we are unable to identify security enhancements that would prevent future disruptions of classes, that could cause an adverse effect on our results of operations and financial condition. In addition, we may need to pay overtime compensation to certain of our faculty and staff, which may increase our overall costs.

We may be unable to operate one or more of our institutions or suffer liability or loss due to a natural or other disaster, including as a result of the effects of climate change.

Our institutions are vulnerable to natural or other disasters, including fires, floods, earthquakes, hurricanes and other events beyond our control. A number of our institutions in Mexico and Peru are located in areas that are prone to damage from major weather events, which may be substantial and may occur with higher frequency or severity or be less predictable in the future due to the effects of climate change. For example, in 2017, Peru's normally arid regions experienced historic, torrential rainfall and subsequent flooding. At least one of our campuses located there suffered flood-related damage. There, as elsewhere in the country, flood-related damage caused a range of disruptions, including in our case a delay in the regularly scheduled start of classes for the semester, which caused revenue disruptions. In addition, a number of our institutions in Mexico and Peru are located in areas that are prone to earthquake damage. For example, in 2017, a magnitude 7.1 earthquake struck Mexico, causing a temporary suspension of activities at several UVM and UNITEC campuses that lasted 12 days on average, and we incurred significant direct costs for repairs due to the earthquake. It is possible that one or more of our institutions would be unable to operate for an extended period of time in the event of a hurricane, earthquake or other disaster that causes substantial damage to the area in which an institution is located. The failure of one or more of our institutions to operate for a substantial period of time could have a material adverse effect on our results of operations. In the event of a major natural or other disaster, we could also experience loss of life of students, faculty members and administrative staff, or liability for damages or injuries.

We may be unable to recruit, train and retain qualified and experienced faculty and administrative staff at our institutions.

Our success and ability to grow depend on the ability to hire and retain large numbers of talented people. The process of hiring employees with the combination of skills and attributes required to implement our business strategy can be difficult and time-consuming. Our faculty members in particular are key to the success of our institutions. We face competition in attracting and retaining faculty members who possess the necessary experience and accreditation to teach at our institutions. It may be difficult to maintain consistency in the quality of our faculty and administrative staff. If we are unable to, or are perceived to be unable to, attract and retain experienced and qualified faculty, our business, financial condition and results of operations may be materially adversely affected.

If we are unable to upgrade our campuses, they may become less attractive to parents and students and we may fail to grow our business.

All of our institutions require periodic upgrades to remain attractive to parents and students. Upgrading the facilities at our institutions could be difficult for a number of reasons, including the following:

- our properties may not have the capacity or configuration to accommodate proposed renovations;
- construction and other costs may be prohibitive;
- we may fail to obtain regulatory approvals;
- it may be difficult and expensive to comply with local building and fire codes;
- we may be unable to finance construction and other costs; and
- we may not be able to negotiate reasonable terms with our landlords or developers or complete the work within acceptable timeframes.

Our failure to upgrade the facilities of our institutions could lead to lower enrollment and could cause a material adverse effect on our business, financial condition and results of operations.

If we fail to attract and retain the key talent needed for us to timely achieve our business objectives, our business and results of operations could be harmed.

The marketplace for senior executive management candidates is very competitive. Unplanned or repeated turnover within the senior management ranks in the corporate team or in the regions in which we operate can lead

to instability or weakness in oversight that creates the conditions for gaps in performance and non-compliance with our control environment or public company reporting requirements. Any one of these occurrences could adversely affect our stock price, results of operations, ability to timely report financial results, or business relationships and can make recruiting for future management positions more difficult. Competition for senior leadership may increase our overall compensation expenses, whether resulting from new hires or retention, which may negatively affect our profitability.

Litigation may materially adversely affect our business, financial condition and results of operations.

Our business is subject to the risk of litigation by employees, students, suppliers, competitors, minority partners, counterparties in transactions in which we purchase or sell assets, stockholders, government agencies or others through private actions, class actions, administrative proceedings, regulatory actions or other litigation, some of which may take place in jurisdictions in which local parties may have certain advantages over foreign parties. The outcome of litigation, particularly class action lawsuits, regulatory actions and intellectual property claims, is difficult to assess or quantify. Plaintiffs in these types of lawsuits may seek recovery of very large or indeterminate amounts, or may assert criminal charges, and the magnitude of the potential loss relating to these lawsuits may remain unknown for substantial periods of time. In addition, certain of these lawsuits, if decided adversely to us or settled by us, may result in liability material to our financial statements as a whole or may negatively affect our operating results if changes to our business operation are required. The cost to defend future litigation may be significant. There also may be adverse publicity associated with litigation that could negatively affect customer perception of our business, regardless of whether the allegations are valid or whether we are ultimately found liable. As a result, litigation may materially adversely affect our business, financial condition and results of operations. See “Item 3—Legal Proceedings.”

We are subject to anti-corruption laws in the jurisdictions in which we operate, including the U.S. Foreign Corrupt Practices Act (the “FCPA”), as well as trade compliance and economic sanctions laws and regulations. Our failure to comply with these laws and regulations could subject us to civil and criminal penalties, harm our reputation and materially adversely affect our business, financial condition and results of operations.

Doing business on a worldwide basis requires us to comply with the laws and regulations of numerous jurisdictions. These laws and regulations place restrictions on our operations and business practices. In particular, we are subject to the FCPA, which generally prohibits companies and their intermediaries from providing anything of value to foreign officials for the purpose of obtaining or retaining business or securing any improper business advantage, along with various other anti-corruption laws. As a result of doing business in foreign countries and with foreign partners, we are exposed to a heightened risk of violating anti-corruption laws. Although we have implemented policies and procedures designed to ensure that we, our employees and other intermediaries comply with the FCPA and other anti-corruption laws to which we are subject, there is no assurance that such policies or procedures will work effectively all of the time or protect us against liability under the FCPA or other laws for actions taken by our employees and other intermediaries with respect to our business or any businesses that we may acquire. We cannot assure you that all of our local partners will comply with these laws, in which case we could be held liable for actions taken inside or outside of the United States, even though our partners may not be subject to these laws. Any development of new partnerships and joint venture relationships worldwide would increase the risk of FCPA violations in the future.

Violations of anti-corruption laws, export control laws and regulations, and economic sanctions laws and regulations are punishable by civil penalties, including fines, as well as criminal fines and imprisonment. If we fail to comply with the FCPA or other laws governing the conduct of international operations, we may be subject to criminal and civil penalties and other remedial measures, which could materially adversely affect our business, financial condition, results of operations and liquidity. Any investigation of any potential violations of the FCPA or other anti-corruption laws, export control laws and regulations, and economic sanctions laws and regulations by the United States or foreign authorities could also materially adversely affect our business, financial condition, results of operations and liquidity, regardless of the outcome of the investigation.

We have in the past had material weaknesses in our internal control over financial reporting.

In 2018, we remediated each of the four material weaknesses that were previously identified and were disclosed in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017. See “Item 9A. Controls and Procedures—Remediation of Material Weaknesses” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2018.

However, we may in the future discover areas of our internal financial and accounting controls and procedures that need improvement. Our internal control over financial reporting will not prevent or detect all errors and all fraud. A control system, regardless of how well designed and operated, can provide only reasonable, not absolute, assurance that the control system’s objectives will be met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud will be detected.

If we are not able to comply with the requirements of Section 404 of the Sarbanes-Oxley Act in a timely manner, or if we are unable to maintain proper and effective internal controls, we may not be able to produce timely and accurate financial statements, and we or our independent registered public accounting firm may conclude that our internal controls over financial reporting are not effective or our independent registered public accounting firm may not be able to provide us with an unqualified opinion as required by Section 404 of the Sarbanes-Oxley Act. If that were to happen, investors could lose confidence in our reported financial information, which could lead to a decline in the market price of our common stock and we could be subject to sanctions or investigations by the stock exchange on which our common stock is listed, the SEC or other regulatory authorities.

Additionally, the existence of any material weakness could require management to devote significant time and incur significant expense to remediate any such material weakness and management may not be able to remediate any such material weakness in a timely manner. The existence of any material weakness in our internal control over financial reporting also could result in errors in our financial statements that could require us to restate our financial statements, cause us to fail to meet our reporting obligations and cause the holders of our common stock to lose confidence in our reported financial information, all of which could materially adversely affect our business and share price.

Risks Relating to Our Indebtedness

Our debt agreements contain, and future debt agreements may contain, restrictions that may limit our flexibility in operating our business.

Our Third Amended and Restated Credit Agreement dated as of October 7, 2019 (as amended from time to time, the “Credit Agreement”), which governs our multi-currency revolving credit facility (the “Revolving Credit Facility”), contains various covenants that may limit our ability to engage in specified types of transactions. These covenants limit our and our restricted subsidiaries’ ability to, among other things:

- pay dividends and make certain distributions, investments and other restricted payments;
- incur additional indebtedness, issue disqualified stock or issue certain preferred shares;
- sell assets;
- enter into transactions with affiliates;
- create certain liens or encumbrances;
- preserve our corporate existence;
- merge, consolidate, sell or otherwise dispose of all or substantially all of our assets; and
- designate our subsidiaries as unrestricted subsidiaries.

While the Credit Agreement provides for quarterly compliance with the Consolidated Senior Secured Debt to Consolidated EBITDA Ratio, as defined in the Credit Agreement, as of December 31, 2022, we were not required to comply with this covenant.

We rely on funds from our operating subsidiaries to meet our debt service and other obligations.

We conduct all of our operations through certain of our subsidiaries, and we have no significant assets other than cash of approximately \$10 million as of December 31, 2022 held at corporate entities and the capital stock or other control rights of our subsidiaries. Also as of December 31, 2022, we had \$100 million of U.S. dollar denominated debt obligations outstanding under our Senior Secured Credit Facility. As a result, we rely on our operating subsidiaries to pay dividends or to make distributions or other payments to their parent companies. In addition, we rely on intercompany loan repayments and other payments from our operating subsidiaries to meet any existing or future debt service and other obligations, a substantial portion of which are denominated in U.S. dollars. The ability of our operating subsidiaries to pay dividends or to make distributions or other payments to their parent companies or directly to us will depend on their respective operating results and may be restricted by, among other things, the laws of their respective jurisdictions of organization, regulatory requirements, agreements entered into by those operating subsidiaries and the covenants of any existing or future outstanding indebtedness that we or our subsidiaries may incur. Further, because most of our income is generated by our operating subsidiaries in non-U.S. dollar denominated currencies, our ability to service our U.S. dollar denominated debt obligations may be affected by any strengthening of the U.S. dollar compared to the functional currencies of our operating subsidiaries.

Disruptions of the credit and equity markets worldwide may impede or prevent our access to the capital markets for additional funding to conduct our business and may affect the availability or cost of borrowing under our existing credit facility.

The credit and equity markets of both mature and developing economies have historically experienced extraordinary volatility, asset erosion and uncertainty, leading to governmental intervention in the banking sector in the United States and abroad. If these market disruptions occur in the future, we may not be able to access the capital markets to obtain funding needed to refinance our existing indebtedness or conduct our business. In addition, changes in the capital or other legal requirements applicable to commercial lenders may affect the availability or increase the cost of borrowing under our Senior Secured Credit Facility. If we are unable to obtain needed capital on terms acceptable to us, we may need to limit our growth initiatives or take other actions that materially adversely affect our business, financial condition, results of operations and cash flows.

Risks Relating to Investing in Our Common Stock

As a public benefit corporation, our focus on a specific public benefit purpose and producing a positive effect for society may negatively influence our financial performance.

As a public benefit corporation, we may take actions that we believe will benefit our students and the surrounding communities, even if those actions do not maximize our short- or medium-term financial results. While we believe that this designation and obligation will benefit the Company given the importance to our long-term success of our commitment to education, it could cause our board of directors to make decisions and take actions not in keeping with the short-term or more narrow interests of our stockholders. Any longer-term benefits may not materialize within the timeframe we expect or at all and may have an immediate negative effect. For example:

- we may choose to revise our policies in ways that we believe will be beneficial to our students and their communities in the long term, even though the changes may be costly in the short- or medium-term;
- we may take actions, such as modernizing campuses to provide students with the latest technology, even though these actions may be more costly than other alternatives;

- in exiting a market that is not meeting our goals, we may choose to “teach out” the existing student body over several years rather than lose an institution; even though this could be substantially more expensive;
- we may be influenced to pursue programs and services to demonstrate our commitment to our students and communities even though there is no immediate return to our stockholders; or
- in responding to a possible proposal to acquire the Company and/or any business unit, our board of directors may be influenced by the interests of our employees, students, teachers and others whose interests may be different from the interests of our stockholders.

We may be unable or slow to realize the long-term benefits we expect from actions taken to benefit our students and communities in which we operate, which could materially adversely affect our business, financial condition and results of operations, which in turn could cause our stock price to decline.

If we or our existing investors sell or announce an intention to sell additional shares of our common stock, the market price of our common stock could decline.

The market price of our common stock could decline as a result of sales of a large number of shares of common stock in the market, or the perception that such sales could occur. These sales, or the possibility that these sales may occur, also might make it more difficult for us to raise capital through future sales of equity securities at a time and at a price that we deem appropriate, or at all.

The trading price of our common stock is subject to volatility. Additionally, if we do not maintain adequate or favorable coverage of our common stock by securities analysts, the trading price of our common stock could decline.

The trading price of our common stock has fluctuated in the past and may continue to fluctuate and is dependent upon a number of factors, many of which are beyond our control and may not be related to our operating performance. These fluctuations could cause you to lose all or part of your investment in our common stock. Additionally, if one or more of the analysts who cover us downgrade their evaluations of our stock or publish unfavorable commentary about us or our industry, the price of our common stock could decline. We may be unable to maintain adequate research coverage, and if one or more analysts cease coverage of us, we could lose visibility in the market for our common stock, which in turn could cause our stock price to decline.

The provision of our amended and restated certificate of incorporation requiring exclusive venue in the Court of Chancery in the State of Delaware for certain types of lawsuits may have the effect of discouraging lawsuits against our directors and officers.

Our amended and restated certificate of incorporation requires, to the fullest extent permitted by law, that (i) any derivative action or proceeding brought on our behalf, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or other employees to us or our stockholders, (iii) any action asserting a claim against us arising pursuant to any provision of the Delaware General Corporation Law, our amended and restated certificate of incorporation or our amended and restated bylaws or (iv) any action asserting a claim against us governed by the internal affairs doctrine will have to be brought only in the Court of Chancery in the State of Delaware unless we otherwise consent in writing to an alternative form. Any person or entity purchasing or otherwise acquiring any interest in shares of our capital stock is deemed to have notice of and to have consented to the provisions of our amended and restated certificate of incorporation described above. We believe that this provision benefits us by providing increased consistency in the application of Delaware law in the types of lawsuits to which it applies. This choice of forum provision, however, may limit a stockholder’s ability to bring a claim in a judicial forum that it finds favorable for disputes with us or any of our directors, officers, other employees or stockholders, which may discourage lawsuits with respect to such claims. Alternatively, if a court were to find the choice of forum provision contained in our amended and restated certificate of incorporation to

be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could materially adversely affect our business, financial condition, results of operations and cash flows. The choice of forum provision in the Company's amended and restated certificate of incorporation will not preclude or contract the scope of exclusive federal or concurrent jurisdiction for actions brought under the federal securities laws, including the Securities Exchange Act of 1934, as amended, or the Securities Act of 1933, as amended, or the respective rules and regulations promulgated thereunder.

Risks Relating to Peruvian Nonresident Capital Gains Tax

Sale of our common stock may trigger taxes payable in Peru.

Stockholders who sell, exchange, or otherwise dispose of Company shares may be subject to Peruvian tax at a rate of 30% on their gain realized in such transaction determined under certain Peruvian valuation rules regardless of whether the transaction is taxable for non-Peruvian purposes. In determining the amount of such gain subject to such tax, the gain is first multiplied by the percentage of the Company's value that is represented by its Peruvian business determined under certain Peruvian valuation rules (the Peru Ratio). This tax applies if the value of stock determined under certain Peruvian valuation rules (calculated in PEN) transferred multiplied by the Peru Ratio exceeds approximately \$48 million applying the PEN/USD exchange rate of December 31, 2022 (the Threshold). The Threshold is calculated in PEN and changes with currency exchange rates. For purposes of determining whether the Threshold has been exceeded by any holder, all transfers made by such holder over any 12-month period are aggregated. For purposes of determining whether any tax is owed, the holder must have their basis "certified" by the Peruvian tax authorities in advance of such transaction. If the holder exceeds the Threshold and does not obtain a tax basis certificate before the transaction, the holder's tax basis in the shares will be considered zero for Peruvian tax purposes. We advise current and future holders, who currently have or intend to own or trade in significant volumes of our common stock, to seek the advice of their own advisors with knowledge of the matters described above.

Direct or indirect transfer of company common shares may result in Peruvian tax liability to the Company.

In the event that a direct or indirect sale, exchange, or other disposition of Company shares occurs and any resulting Peruvian tax is not paid, the Company's Peruvian subsidiaries may be jointly and severally liable for such tax. Joint and several liability may be imposed if during any of the 12 months preceding the transaction, *inter alia*, the transferor of Company shares held an indirect or direct interest of more than 10% of the Company's outstanding shares. If such a transaction were to occur and the Peruvian tax authorities sought to collect the Peruvian capital gains taxes from the Company's Peruvian subsidiaries that were not paid by such transferor, it could have a material adverse effect on our business, financial condition or results of operations.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Laureate is headquartered in Miami, Florida. The following table summarizes the Company's properties by segment as of December 31, 2022:

<u>Segment</u>	<u>Square feet leased space</u>	<u>Square feet owned space</u>	<u>Total square feet</u>
Mexico	25,173,389	8,529,832	33,703,221
Peru	623,614	5,464,092	6,087,706
Corporate (including headquarters)	10,059	—	10,059
Other	—	109,104	109,104
Total	25,807,062	14,103,028	39,910,090

Our Mexico and Peru segments lease or own various sites that may include a local headquarters and all or some of the facilities of a campus or location. Some of our owned facilities are subject to mortgages.

Item 3. Legal Proceedings

Our former Spanish holding company, Laureate Netherlands Holding B.V. (f/k/a Iniciativas Culturales de España, S.L.), has been subject to ongoing tax audits by the Spanish Taxing Authority ("STA"), resulting in the issuance of final assessments based on the STA's rejection of the tax deductibility of financial expenses related to certain intercompany acquisitions. Accordingly, we have paid assessments totaling approximately \$40.8 million for tax years during the period 2006 to 2015. We have filed various appeals of the assessments, which have been rejected. However, a decision is still pending with respect to the STA's appeal to the Spanish Supreme Court on these issues, which the Company believes will provide resolution of the relevant issues raised in the Company's objections to the assessments. The Company does not expect that this matter will have a material effect on its consolidated financial statements.

Item 4. Mine Safety Disclosures

Not applicable.

Part II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our common stock is traded on the Nasdaq under the symbol “LAUR.”

Effective October 29, 2021, each share of the Company’s Class A common stock and each share of the Company’s Class B common stock automatically converted into one share of common stock of the Company. Following the conversion, the Company has only one class of common stock outstanding.

Holders of Record

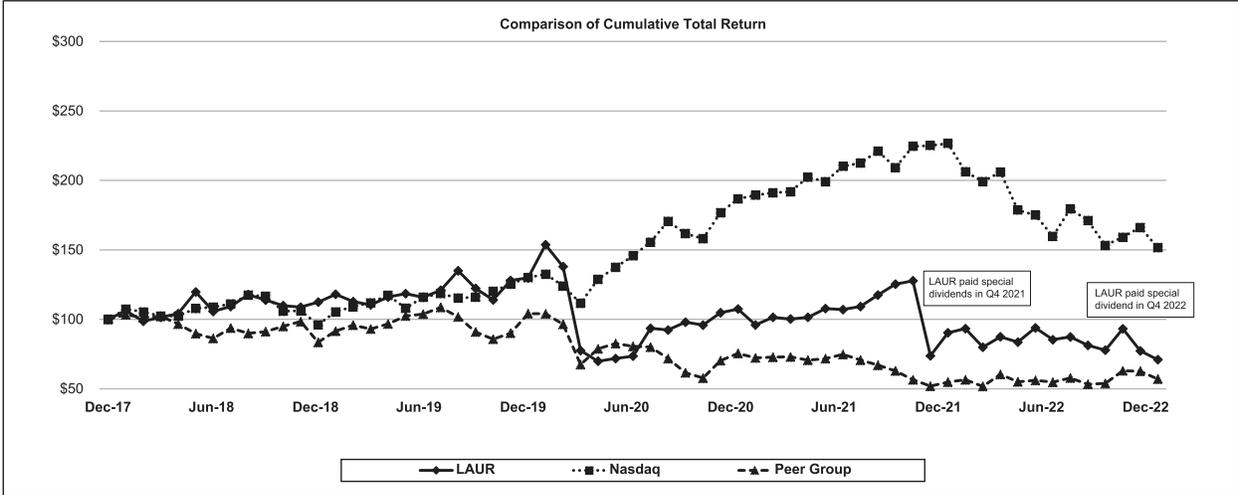
There were 70 holders of record of our common stock as of January 31, 2023. The number of beneficial owners of our common stock is substantially greater than the number of record holders because substantially all of our common stock is held in “street name” by banks and brokers.

Dividend Policy

We currently do not anticipate paying any ordinary cash dividends on our common stock in the foreseeable future; however, the Company may consider extraordinary dividend(s) as part of an overall strategy to return capital to shareholders. Notwithstanding any such actions, we expect to retain our future earnings, if any, for use in the operation of our business. The terms of our Credit Agreement limit our ability to pay cash dividends in certain circumstances. Furthermore, if we are in default under our Credit Agreement, our ability to pay cash dividends will be limited in the absence of a waiver of that default or an amendment to such agreement. In addition, our ability to pay cash dividends on shares of our common stock may be limited by restrictions on our ability to obtain sufficient funds through dividends from our subsidiaries. For more information on our Credit Agreement, see “Item 7—Management’s Discussion and Analysis of Financial Condition and Results of Operations” and Note 8, Debt, in our consolidated financial statements included elsewhere in this Form 10-K. Subject to the foregoing, the payment of cash dividends in the future, if any, will be at the discretion of our Board of Directors and will depend upon such factors as earnings levels, capital requirements, our overall financial condition and any other factors deemed relevant by our Board of Directors.

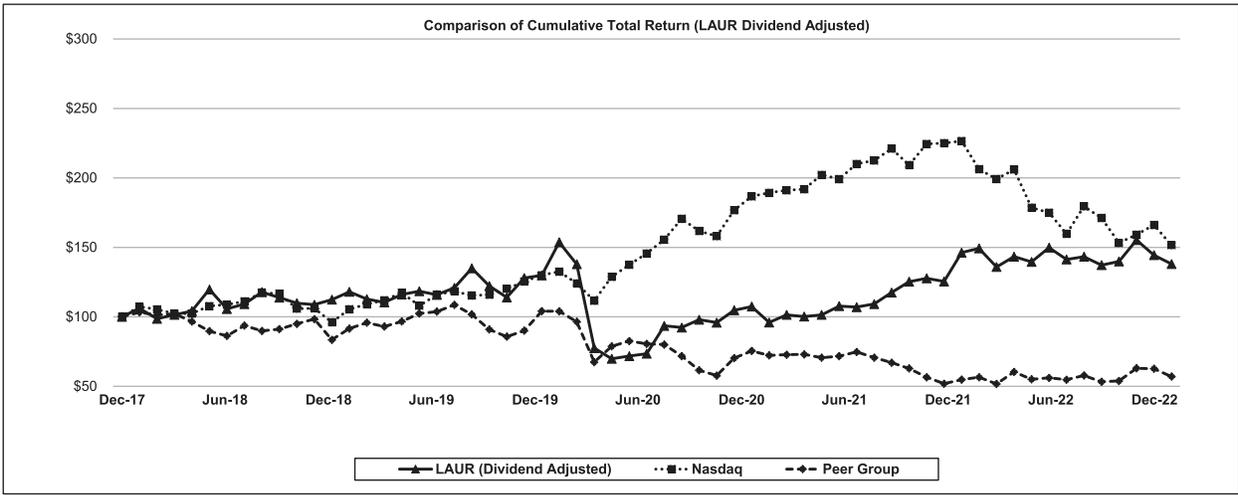
Stock Performance Graph

The following graph compares the cumulative total return of our common stock, an industry peer group index, and the Nasdaq Composite Index from December 31, 2017 through December 31, 2022. We believe that our industry peer group represents the majority of the market value of publicly traded companies whose primary business is post-secondary education. The returns set forth on the following graph are based on historical results and are not intended to suggest future performance. The performance graph assumes \$100 investment on December 31, 2017 in either our common stock, the companies in our industry peer group, or the Nasdaq Composite Index. Data for the Nasdaq Composite Index and our peer group assume reinvestment of dividends.



The peer group included in the performance graph above consists of Strategic Education, Inc. (STRA), Adtalem Global Education, Inc. (ATGE), Grand Canyon Education, Inc. (LOPE), Cogna Educação S.A. (COGN3), YDUQS Participacoes S.A. (YDUQ3) and Anima Holdings S.A. (ANIM3).

In connection with the adoption of a plan of partial liquidation providing for the distribution of the net proceeds from the sale of Walden e-Learning LLC, in October 2021, the Company paid a special cash distribution of \$7.01 per share of the Company’s common stock. Also in connection with the distribution of the net proceeds from the sale of Walden e-Learning LLC, in December 2021 the Company paid a special cash distribution of \$0.58 per share of the Company’s common stock to each holder of record on December 14, 2021, and in October 2022 the Company paid a special cash distribution of \$0.83 per share of the Company’s common stock to each holder of record on September 28, 2022. In addition, in November 2022 the Company paid a special cash dividend of \$0.68 per share of the Company’s common stock to each holder of record on November 4, 2022. Accordingly, the performance graph below adjusts for these distributions.



The information contained in the performance graphs shall not be deemed “soliciting material” or to be “filed” with the SEC, nor shall such information be deemed incorporated by reference into any future filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that we specifically incorporate it by reference into such filing.

Recent Sales of Unregistered Securities

None.

Issuer Purchases of Equity Securities *(in thousands, except per share amounts)*

The following table provides a summary of the Company’s purchases of its common stock during the fourth quarter of the fiscal year ended December 31, 2022:

Period	Total number of shares purchased ⁽¹⁾	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Approximate dollar value of shares yet to be purchased under the plans or programs
10/1/22 - 10/31/22 ...	—	\$ —	—	\$—
11/1/22 - 11/30/22 ...	7,971	\$9.41	—	\$—
12/1/22 - 12/31/22 ...	—	\$ —	—	\$—
Total	7,971	\$9.41	—	\$—

⁽¹⁾ The secondary offering that was completed on November 22, 2022 also included the Company’s repurchase of 7,971 shares of common stock from the underwriters at a price per share of \$9.40875.

During the third quarter of 2022, the Company’s repurchases reached the total authorized limit under its previous stock repurchase program of \$650 million and the Company has not authorized a new repurchase program.

Item 6. [Reserved]

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion of our results of operations and financial condition with the audited historical consolidated financial statements and related notes included elsewhere in this Annual Report on Form 10-K (Form 10-K). This discussion contains forward-looking statements and involves numerous risks and uncertainties, including, but not limited to, those described in the “Item 1A. Risk Factors” section of this Form 10-K. Actual results may differ materially from those contained in any forward-looking statements. See “Forward-Looking Statements” on page 2 of this Form 10-K.

Introduction

This Management’s Discussion and Analysis of Financial Condition and Results of Operations (MD&A) is provided to assist readers of the financial statements in understanding the results of operations, financial condition and cash flows of Laureate Education, Inc. This MD&A should be read in conjunction with the consolidated financial statements and related notes included elsewhere in this Form 10-K. The consolidated financial statements included elsewhere in this Form 10-K are presented in U.S. dollars (USD) rounded to the nearest thousand, with the amounts in the MD&A rounded to the nearest tenth of a million. Therefore, discrepancies in the tables between totals and the sums of the amounts listed may occur due to such rounding. Our MD&A is presented in the following sections:

- Overview;
- Results of Operations;
- Liquidity and Capital Resources;
- Critical Accounting Policies and Estimates; and
- Recently Issued Accounting Standards.

Overview

Our Business

We operate a portfolio of degree-granting higher education institutions in Mexico and Peru. Collectively, we have approximately 423,000 students enrolled at five institutions in these two countries. We believe that the higher education markets in Mexico and Peru present an attractive long-term opportunity, primarily because of the large and growing imbalance between the supply and demand for affordable, quality higher education in those markets. We believe that the combination of the projected growth in the middle class, limited government resources dedicated to higher education, and a clear value proposition demonstrated by the higher earnings potential afforded by higher education, creates substantial opportunities for high-quality private institutions to meet this growing and unmet demand. By offering high-quality, outcome-focused education, we believe that we enable students to prosper and thrive in the dynamic and evolving knowledge economy. We have two reportable segments as described below. We group our institutions by geography in Mexico and Peru for reporting purposes.

Discontinued Operations

As a result of the strategic review first announced in January 2020, during the third quarter of 2020, the Company completed a sale of its operations in Chile and signed agreements to sell its operations in Brazil, Australia and New Zealand, as well as Walden University in the United States. These sales were completed during 2020 and 2021. Additionally, prior to 2020, the Company had announced the divestiture of certain other subsidiaries in Europe, Asia and Central America, which has been completed. These announcements represented strategic shifts that had a major effect on the Company's operations and financial results. Accordingly, all of the divestitures that were part of these strategic shifts were accounted for as Discontinued Operations for all periods presented in accordance with Accounting Standards Codification (ASC) 205-20, "Discontinued Operations" (ASC 205).

All planned divestitures have now been completed, and the Company has concluded its strategic review process. The Company's continuing operations are Mexico and Peru. All other markets have been divested (the Discontinued Operations).

The Discontinued Operations are excluded from the segment information for all periods presented, as they do not meet the criteria for a reportable segment under ASC 280, "Segment Reporting." Unless indicated otherwise, the information in the MD&A relates to continuing operations. See also Note 4, Discontinued Operations and Assets Held for Sale, and Note 5, Dispositions, in our consolidated financial statements included elsewhere in this Form 10-K.

Our Segments

Our segments generate revenues by providing an education that emphasizes profession-oriented fields of study with undergraduate and graduate degrees in a wide range of disciplines. Our educational offerings utilize campus-based, online and hybrid (a combination of online and in-classroom) courses and programs to deliver their curriculum. The Mexico and Peru markets are characterized by what we believe is a significant imbalance between supply and demand. The demand for higher education is large and growing and is fueled by several demographic and economic factors, including a growing middle class, global growth in services and technology-related industries and recognition of the significant personal and economic benefits gained by graduates of higher education institutions. The target demographics are primarily 18- to 24-year-olds in the countries in which we compete. We compete with other private higher education institutions on the basis of price, educational quality, reputation and location. We believe that we compare favorably with competitors because of our focus on quality, professional-oriented curriculum and the competitive advantages provided by our network. There are a number of private and public institutions in both of the countries in which we operate, and it is difficult to predict how the markets will evolve and how many competitors there will be in the future. We expect competition to increase as the Mexican and Peruvian markets mature. Essentially all of our revenues were generated from private pay

sources as there are no material government-sponsored loan programs in Mexico or Peru. Specifics related to both of our reportable segments are discussed below:

- Private education providers in Mexico constitute approximately 36% of the total higher-education market. The private sector plays a meaningful role in higher education, bridging supply and demand imbalances created by a lack of capacity at public universities. Laureate owns two nationally licensed institutions and is present throughout the country with a footprint of over 35 campuses. Students in our Mexican institutions typically finance their own education.
- In Peru, private universities are increasingly providing the capacity to meet growing demand and constitute approximately 73% of the total higher-education market. Laureate owns three institutions in Peru.

Corporate is a non-operating business unit whose purpose is to support operations. Its departments are responsible for establishing operational policies and internal control standards, implementing strategic initiatives, and monitoring compliance with policies and controls throughout our operations. Our Corporate segment provides financial, human resource, information technology, insurance, legal and tax compliance services. The Corporate segment also contains the eliminations of inter-segment revenues and expenses.

The following information for our reportable segments is presented as of December 31, 2022:

	<u>Institutions</u>	<u>Enrollment</u>	<u>2022 Revenues (in millions) ⁽¹⁾</u>	<u>% Contribution to 2022 YTD Revenues</u>
Mexico	2	222,800	\$ 613.9	50%
Peru	3	200,200	624.2	50%
Total ⁽¹⁾	<u>5</u>	<u>423,000</u>	<u>\$1,242.3</u>	<u>100%</u>

⁽¹⁾ Amounts related to Corporate totaled \$4.1 million and are not separately presented.

Challenges

Our operations are outside of the United States and are subject to complex business, economic, legal, regulatory, political, tax and foreign currency risks, which may be difficult to adequately address. As a result, we face risks that are inherent in international operations, including: fluctuations in exchange rates, possible currency devaluations, inflation and hyper-inflation; price controls and foreign currency exchange restrictions; potential economic and political instability in the countries in which we operate; expropriation of assets by local governments; key political elections and changes in government policies; multiple and possibly overlapping and conflicting tax laws; and compliance with a wide variety of foreign laws. See “Item 1A—Risk Factors—Risks Relating to Our Business—We operate a portfolio of degree-granting higher education institutions in Mexico and Peru and are subject to complex business, economic, legal, political, tax and foreign currency risks, which risks may be difficult to adequately address.” We plan to grow organically by: 1) adding new programs and course offerings; 2) expanding target student demographics; and 3) increasing capacity at existing and new campus locations. Our success in growing our business will depend on the ability to anticipate and effectively manage these and other risks related to operating in various countries.

Regulatory Environment and Other Matters

Our business is subject to varying laws and regulations based on the requirements of local jurisdictions. These laws and regulations are subject to updates and changes. We cannot predict the form of the rules that ultimately may be adopted in the future or what effects they might have on our business, financial condition, results of operations and cash flows. We will continue to develop and implement necessary changes that enable us to comply with such laws and regulations. See “Item 1A—Risk Factors—Risks Relating to Our Business—Our institutions are subject to uncertain and varying laws and regulations, and any changes to these laws or

regulations or their application to us may materially adversely affect our business, financial condition and results of operations,” and “Item 1—Business—Industry Regulation,” for a detailed discussion of our different regulatory environments and Note 17, Legal and Regulatory Matters, in our consolidated financial statements included elsewhere in this Form 10-K.

Key Business Metric

Enrollment

Enrollment is our lead revenue indicator and represents our most important non-financial metric. We define “enrollment” as the number of students registered in a course on the last day of the enrollment reporting period. New enrollments provide an indication of future revenue trends. Total enrollment is a function of continuing student enrollments, new student enrollments and enrollments from acquisitions, offset by graduations, attrition and enrollment decreases due to dispositions. Attrition is defined as a student leaving the institution before completion of the program. To minimize attrition, we have implemented programs that involve assisting students in remedial education, mentoring, counseling and student financing.

Each of our institutions has an enrollment cycle that varies by geographic region and academic program. Each institution has a “Primary Intake” period during each academic year in which the majority of the enrollment occurs. Each institution also has a smaller “Secondary Intake” period. Our Peruvian institutions have their Primary Intake during the first calendar quarter and a Secondary Intake during the third calendar quarter. Institutions in our Mexico segment have their Primary Intake during the third calendar quarter and a Secondary Intake during the first calendar quarter. Our institutions in Peru are generally out of session in January, February and July, while institutions in Mexico are generally out of session in May through July. Revenues are recognized when classes are in session.

Principal Components of Income Statement

Revenues

The majority of our revenue is derived from tuition and educational services. The amount of tuition generated in a given period depends on the price per credit hour and the total credit hours or price per program taken by the enrolled student population. The price per credit hour varies by program, by market and by degree level. Additionally, varying levels of discounts and scholarships are offered depending on market-specific dynamics and individual achievements of our students. Revenues are recognized net of scholarships and other discounts, refunds and waivers. In addition to tuition revenues, we generate other revenues from student fees and other education-related activities. These other revenues are less material to our overall financial results and have a tendency to trend with tuition revenues. The main drivers of changes in revenues between periods are student enrollment and price. We continually monitor market conditions and carefully adjust our tuition rates to meet local demand levels. We proactively seek the best price and content combinations to remain competitive in all the markets in which we operate.

Direct Costs

Our direct costs include labor and operating costs associated with the delivery of services to our students, including the cost of wages, payroll taxes and benefits, depreciation and amortization, rent, utilities, bad debt expenses, and marketing and promotional costs to grow future enrollments. In general, a significant portion of our direct costs tend to be variable in nature and trend with enrollment, and management continues to monitor and improve the efficiency of instructional delivery.

General and Administrative Expenses

Our general and administrative expenses primarily consist of costs associated with corporate departments, including executive management, finance, legal, business development and other departments that do not provide direct operational services.

Factors Affecting Comparability

Foreign Exchange

While the USD is our reporting currency, our institutions are located in Mexico and Peru and operate in other functional currencies, namely the Mexican peso and Peruvian nuevo sol. We monitor the impact of foreign currency movements and the correlation between the local currency and the USD. Our revenues and expenses are generally denominated in local currency. The principal foreign exchange exposure is the risk related to the translation of revenues and expenses incurred in each country from the local currency into USD. See “Item 1A—Risk Factors—Risks Relating to Our Business—Our reported revenues and earnings may be negatively affected by the strengthening of the U.S. dollar and currency exchange rates.” In order to provide a framework for assessing how our business performed excluding the effects of foreign currency fluctuations, we present organic constant currency in our segment results, which is calculated using the change from prior-year average foreign exchange rates to current-year average foreign exchange rates, as applied to local-currency operating results for the current year, and then excludes the impact of any acquisitions, divestitures and other items, as described in the segments results.

Seasonality

Our institutions have a summer break during which classes are generally not in session and minimal revenues are recognized. In addition to the timing of summer breaks, holidays such as Easter also have an impact on our academic calendar. Operating expenses, however, do not fully correlate to the enrollment and revenue cycles, as the institutions continue to incur expenses during summer breaks. Given the geographic diversity of our institutions and differences in timing of summer breaks, our second and fourth quarters are stronger revenue quarters as the majority of our institutions are in session for most of these respective quarters. Our first and third fiscal quarters are weaker revenue quarters because our institutions have summer breaks for some portion of one of these two quarters. However, our primary enrollment intakes occur during the first and third quarters. Due to this seasonality, revenues and profits in any one quarter are not necessarily indicative of results in subsequent quarters and may not be correlated to new enrollment in any one quarter. Additionally, seasonality may be affected due to other events that could change the academic calendar at our institutions. See “Item 1A—Risk Factors—Risks Relating to Our Business—We experience seasonal fluctuations in our results of operations.”

Income Tax Expense

Our consolidated income tax provision is derived based on the combined impact of federal, state and foreign income taxes. Also, discrete items can arise in the course of our operations that can further affect the Company’s effective tax rate for the period. Our tax rate fluctuates from period to period due to changes in the mix of earnings between our tax-paying entities and our loss-making entities for which it is not ‘more likely than not’ that a tax benefit will be realized on the loss. See “Item 1A—Risk Factors—Risks Relating to Our Business—We may have exposure to greater-than-anticipated tax liabilities.”

The Organization for Economic Co-operation and Development (OECD) has proposed changes to numerous long-standing tax principles. These proposals, if finalized and adopted by the associated countries, will likely increase tax uncertainty, and may adversely affect our provision for income taxes. The Company will continue to monitor regulatory developments to assess potential impacts to the Company.

Results of the Discontinued Operations

The results of operations of the Discontinued Operations for the years ended December 31, 2022, 2021, and 2020 were as follows:

	For the year ended December 31,		
	2022	2021	2020
Revenues	\$—	\$543.0	\$ 1,674.6
Depreciation and amortization expense	—	—	(60.4)
Share-based compensation expense	—	(1.3)	(3.1)
Other direct costs	—	(433.1)	(1,313.3)
Loss on impairment of assets	—	(1.3)	(438.3)
Other non-operating expense	—	(22.3)	(68.6)
Gain on sale of discontinued operations before taxes, net	7.8	636.2	25.0
Pretax income (loss) of discontinued operations	7.8	721.2	(183.8)
Income tax benefit (expense)	0.5	(234.3)	(114.3)
Income (loss) from discontinued operations, net of tax	<u>\$ 8.3</u>	<u>\$486.9</u>	<u>\$ (298.1)</u>

Year Ended December 31, 2022

The \$7.8 million gain in the table above primarily resulted from the transfer of the remaining assets and liabilities that were classified as held for sale as of December 31, 2021, which related to the divestiture of our operations in Chile. This transfer was completed during the second quarter of 2022 and resulted in a gain of approximately \$4.3 million.

Year Ended December 31, 2021

On March 8, 2021, we sold our operations in Honduras, which resulted in an after-tax loss of \$1.7 million, including a working capital adjustment during the second quarter of 2021.

On January 25, 2018, we completed the sale of LEI Lie Ying Limited (LEILY). At the closing of the sale, a portion of the total transaction value was paid into an escrow account, to be distributed to the Company pursuant to the terms and conditions of the escrow agreement. In April 2021, the Company received 168.3 million Hong Kong Dollars (approximately \$21.7 million at the date of receipt), which represented payment in full for the remainder of the escrow account and resulted in a pretax gain of approximately \$13.6 million.

During the first quarter of 2021, we recorded a loss of approximately \$32.4 million in order to adjust the carrying value of our Brazil disposal group to its estimated fair value less costs to sell as of March 31, 2021. This loss is included in Gain on sale of discontinued operations before taxes, net.

On May 28, 2021, we completed the sale of our operations in Brazil, which resulted in a pre-tax gain of \$33.0 million, including working capital and purchase price adjustments that were completed during the third and fourth quarters of 2021, and contingent consideration that was recognized during the fourth quarter of 2021.

On August 12, 2021, we completed the sale of Walden University, which resulted in a pre-tax gain of \$619.4 million, including a working capital settlement completed during the fourth quarter of 2021. In addition, the Company recognized estimated tax expense of approximately \$278.0 million.

Year Ended December 31, 2020

On January 10, 2020, we sold our operations in Costa Rica, which resulted in a pre-tax loss of approximately \$18.6 million. This loss was in addition to a previously recorded loss of approximately \$25.0 million that we recognized in 2019 to write down the carrying value of the held-for-sale Costa Rica disposal group to its estimated fair value.

On March 6, 2020, we sold the operations of NewSchool of Architecture and Design, LLC (NSAD), which resulted in a pre-tax loss of approximately \$5.9 million.

During the second quarter of 2020, we recorded impairment charges of \$418.0 million related to our Chilean operations, in order to write down the carrying value of their assets to their estimated fair value, and \$3.3 million related to the Brazil enrollment to graduation (E2G) software assets. We also recorded a loss of \$10.0 million on the held-for-sale Honduras disposal group, in order to write down the carrying value of the group to its estimated fair value, which is included in Gain on sale of discontinued operations before taxes, net.

During the third quarter of 2020, we recorded a loss of approximately \$190.0 million related to our Brazil operations in order to write down the carrying value of Brazil's disposal group to its estimated fair value. We also recorded an additional loss of \$10.0 million related to our held-for-sale Honduras group, in order to write down its carrying value to the estimated fair value based on the sale agreement that was signed in October 2020. These losses are included in Gain on sale of discontinued operations before taxes, net.

On September 10, 2020, we completed the divestiture of our operations in Chile, resulting in a pre-tax loss of approximately \$338.2 million that relates primarily to the accumulated foreign currency translation losses associated with the Chilean operations.

On September 29, 2020, we completed the sale of our operations in Malaysia, which resulted in a pre-tax gain of approximately \$47.9 million.

In early October 2020, we received a payment for \$8.4 million, representing a portion of the \$15.0 million deferred purchase price related to the sale of our operations in Turkey in August 2019. At the time of the sale, the Company determined that this deferred purchase price would be recognized if collected.

On November 3, 2020, we completed the sale of our Australia and New Zealand operations, which resulted in a pre-tax gain of approximately \$555.8 million.

During the fourth quarter of 2020, we recorded an additional loss of approximately \$15.0 million in order to adjust the carrying value of our Brazil's disposal group to its estimated fair value less costs to sell as of December 31, 2020. This loss is included in Gain on sale of discontinued operations before taxes, net.

Results of Operations

The following discussion of the results of our operations is organized as follows:

- Summary Comparison of Consolidated Results;
- Non-GAAP Financial Measure; and
- Segment Results.

Summary Comparison of Consolidated Results

Discussion of Significant Items Affecting the Consolidated Results for the Years Ended December 31, 2021 and 2020

Year Ended December 31, 2021

In March 2021, the Company decided that, during 2021, it would wind down certain support functions related to the Laureate network and would no longer invest in and support the Laureate tradename beyond 2021. As a result, the Company tested the asset for impairment and estimated the fair value of the tradename asset using the relief-from-royalty method, based on the projected revenues for each business over the estimated remaining

useful life of the asset. As a result of the impairment test, the Company concluded that the estimated fair value of the Laureate tradename was less than its carrying value by approximately \$51.4 million and recorded an impairment charge for that amount.

During the second quarter of 2021, the Company fully repaid the remaining balance outstanding under its Senior Notes due 2025 using a portion of the proceeds received from the sales of its operations in Australia and New Zealand and Brazil. In connection with the debt repayment, the Company recorded a loss on debt extinguishment of \$77.9 million, related to the redemption premium paid and the write off of the unamortized deferred financing costs associated with the repaid debt balances. This loss is included in Other non-operating expense in the table below.

In November 2020, in connection with the signing of the sale agreement for our Brazil operations, the Company entered into six BRL-to-USD swap agreements to mitigate the risk of foreign currency exposure on the expected proceeds from the sale. The sale of our Brazil operations closed on May 28, 2021. On June 2, 2021, the Company settled the swap agreements, which resulted in a realized loss on derivatives of \$24.5 million. This loss is included in Other non-operating expense in the table below.

In December 2021, the Company completed a lease termination agreement with the landlord of our Kendall property in Chicago, Illinois. In connection with the lease termination agreement, we recorded a loss of approximately \$25.8 million, which is included in Excellence-in-Process (EiP) expenses within Operating (loss) income in the table below.

Year Ended December 31, 2020

During the first quarter of 2020, the Company recorded an impairment charge of \$3.8 million primarily related to the write-off of capitalized curriculum development costs for a program that the Company decided to stop developing.

During the second quarter of 2020, the Company recorded an impairment charge of approximately \$23.8 million related to the Brazil enrollment to graduation cycle (E2G) software assets that were recorded on the Corporate segment, as described in Note 7, Goodwill and Other Intangible Assets, in our consolidated financial statements included elsewhere in this Form 10-K.

During the third quarter of 2020, the Company recognized an impairment charge of \$320.0 million on the Laureate tradename, an intangible asset, as described in Note 7, Goodwill and Other Intangible Assets, in our consolidated financial statements included elsewhere in this Form 10-K.

In November 2020, Universidad del Valle de Mexico, SC, a wholly owned subsidiary of the Company, signed an agreement to sell the land and buildings of Campus Guadalajara Norte, after a decision was made to relocate all students of Campus Guadalajara Norte to the nearby Campus Zapopan in Jalisco, Mexico. The total purchase price was approximately \$13.9 million, prior to transaction fees. The Company recognized a pre-tax operating gain on the sale of this property and equipment of approximately \$5.8 million, which is included in Direct costs in the table below.

During the fourth quarter of 2020, the Company dissolved a dormant subsidiary, resulting in the release of accumulated foreign currency translation loss of approximately \$6.1 million. This loss is included in Other non-operating expense in the table below and is part of continuing operations as this entity was not part of the strategic shifts described above in Overview.

Comparison of Consolidated Results for the Years Ended December 31, 2022, 2021 and 2020

<i>(in millions)</i>	2022	2021	2020	% Change Better/(Worse)	
				2022 vs. 2021	2021 vs. 2020
Revenues	\$1,242.3	\$1,086.7	\$1,024.9	14%	6%
Direct costs	907.4	814.5	802.5	(11)%	(1)%
General and administrative expenses	64.8	204.4	199.8	68%	(2)%
Loss on impairment of assets	0.1	72.5	352.0	100%	79%
Operating income (loss)	270.0	(4.6)	(329.3)	nm	99%
Interest expense, net of interest income	(8.9)	(41.9)	(98.7)	79%	58%
Other non-operating expense	(15.3)	(91.0)	(22.8)	83%	nm
Income (loss) from continuing operations before income taxes and equity in net income of affiliates	245.9	(137.5)	(450.8)	nm	69%
Income tax (expense) benefit	(185.4)	(145.6)	130.1	(27)%	nm
Equity in net income of affiliates, net of tax	0.3	—	0.2	nm	(100)%
Income (loss) from continuing operations	60.7	(283.1)	(320.6)	121%	12%
Income (loss) from discontinued operations, net of tax	8.3	486.9	(298.1)	(98)%	nm
Net income (loss)	69.0	203.8	(618.7)	(66)%	133%
Net loss (income) attributable to noncontrolling interests	0.6	(11.3)	5.4	(105)%	nm
Net income (loss) attributable to Laureate Education, Inc.	<u>\$ 69.6</u>	<u>\$ 192.4</u>	<u>\$ (613.3)</u>	<u>(64)%</u>	<u>131%</u>

nm - percentage changes not meaningful

For further details on certain discrete items discussed below, see “Discussion of Significant Items Affecting the Consolidated Results.”

Comparison of Consolidated Results for the Year Ended December 31, 2022 to the Year Ended December 31, 2021

Revenues increased by \$155.6 million to \$1,242.3 million for 2022 from \$1,086.7 million for 2021. Average total organic enrollment was higher at our institutions, increasing revenues by \$111.9 million compared to 2021. The effect of changes in tuition rates and enrollments in programs at varying price points (“product mix”), pricing and timing increased revenues by \$30.8 million compared to 2021. In addition, the effect of a net change in foreign currency exchange rates increased revenues by \$18.0 million, due to the strengthening of the Peruvian nuevo sol and the Mexican peso against the USD compared to 2021. These increases in revenues were partially offset by other Corporate and Eliminations changes, which accounted for a decrease in revenues of \$5.1 million.

Direct costs and general and administrative expenses combined decreased by \$46.7 million to \$972.2 million for 2022 from \$1,018.9 million for 2021. This decrease in direct costs and administrative expenses was primarily related to: (1) lower EiP implementation expense of \$74.6 million as a result of the completion of our EiP program in 2021; (2) lower depreciation and amortization expense of \$42.6 million, mainly driven by the full amortization of the finite-lived tradename in 2021; (3) lower other Corporate and Eliminations expenses, which accounted for a decrease in costs of \$42.0 million in 2022, related to cost-reduction efforts; and (4) changes in acquisition-related contingent liabilities for taxes other-than-income tax, net of changes in indemnification assets, which resulted in a year-over-year decrease in costs of \$13.1 million. These decreases in direct costs were

partially offset by the effect of operational changes, which increased direct costs by \$115.6 million compared to 2021, mainly attributable to the effect of higher enrollments at our institutions, as well as return-to-campus expenses. Additionally, the effect of a net change in foreign currency exchange rates increased costs by \$10.0 million compared to 2021.

Operating income (loss) changed by \$274.6 million to income of \$270.0 million for 2022 from loss of \$(4.6) million for 2021. This increase in operating income was primarily a result of the impairment loss related to the Laureate tradename impairment that was recognized during 2021, combined with higher operating income at our Mexico and Peru segments during 2022. Additionally, cost-reduction efforts resulted in lower operating costs at Corporate in 2022, as compared to 2021.

Interest expense, net of interest income decreased by \$33.0 million to \$8.9 million for 2022 from \$41.9 million for 2021. The decrease in interest expense was primarily attributable to lower average debt balances mainly driven by the full repayment of the Senior Notes due 2025 in 2021.

Other non-operating expense decreased by \$75.7 million to \$15.3 million for 2022 from \$91.0 million for 2021. This decrease was attributable to: (1) a loss on debt extinguishment of \$77.9 million during 2021 in connection with the repayment of the Senior Notes due 2025; (2) a loss on derivative instruments during 2021 of \$24.5 million, driven by settlement of foreign currency swap agreements in connection with the sale of our Brazilian operations; (3) a gain on disposal of subsidiaries during 2022, compared to a loss during 2021, for a change of \$2.0 million; and (4) other non-operating income during 2022, compared to expense during 2021, for a change of \$2.5 million. These decreases in other non-operating expense were partially offset by foreign currency exchange loss in 2022, compared to a gain in 2021, for a change of \$31.2 million.

Income tax expense increased by \$39.8 million to \$185.4 million for 2022 from \$145.6 million for 2021. This increase was primarily driven by the tax effect of the increase in pretax income in 2022 compared to 2021. Additionally, the Company recognized an income tax reserve related to the application of the high-tax exception to global intangible low-taxed income. The increase was partially offset by a nonrecurring expense attributable to amended returns filed in 2021. Additionally, the increase was partially offset by less tax cost associated with the Netherlands intellectual property restructuring when compared to the prior year.

Income from discontinued operations, net of tax decreased by \$478.6 million to \$8.3 million for 2022 from \$486.9 million for 2021. This decrease was primarily attributable to the gain on sale of Walden University during 2021. See Overview for further detail on results of the Discontinued Operations.

Net loss (income) attributable to noncontrolling interests changed by \$11.9 million to a loss of \$0.6 million for 2022 from an income of \$(11.3) million for 2021. This change was primarily related to our previous joint venture in Saudi Arabia and the income effect to noncontrolling interests that resulted in 2021 from the settlement of certain intercompany transactions.

Comparison of Consolidated Results for the Year Ended December 31, 2021 to the Year Ended December 31, 2020

Revenues increased by \$61.8 million to \$1,086.7 million for 2021 from \$1,024.9 million for 2020. Average total enrollment at a majority of our institutions, mainly in our Peru segment, increased during 2021, increasing revenues by \$75.2 million compared to 2020. The increase in average total enrollment in Peru was attributable to a robust primary intake cycle during 2021 and increased retention rates. Additionally, the effect of product mix, pricing and timing increased revenues by \$19.6 million compared to 2020. These increases in revenues were partially offset by the effect of a net change in foreign currency exchange rates, which decreased revenues by \$34.8 million, due to weakening of the Peruvian nuevo sol against the USD. Other Corporate and Eliminations changes accounted for an increase in revenues of \$1.8 million.

Direct costs and general and administrative expenses combined increased by \$16.6 million to \$1,018.9 million for 2021 from \$1,002.3 million for 2020. The effect of operational changes increased direct costs by \$42.0 million compared to 2020, mainly driven by higher amortization expense at Corporate, mostly related to the amortization of the finite-lived tradename. Changes in acquisition-related contingent liabilities for taxes other-than-income tax, net of changes in indemnification assets resulted in a year-over-year increase in costs of \$7.8 million. These increases in direct costs were partially offset by a decrease in EiP implementation expense, which decreased direct costs by \$14.2 million, driven by cost-saving initiatives. Additionally, the effect of a net change in foreign currency exchange rates decreased costs by \$12.2 million compared to 2020. Other Corporate and Eliminations expenses accounted for a decrease in costs of \$6.8 million in 2021, related to cost-reduction efforts.

Operating loss decreased by \$324.7 million to \$4.6 million for 2021 from \$329.3 million for 2020. This change was primarily a result of lower impairment charges of \$279.5 million, mainly related to the Laureate tradename impairment recognized during 2020. Additionally, operating income at our Peru and Mexico segments increased during 2021 compared to 2020.

Interest expense, net of interest income decreased by \$56.8 million to \$41.9 million for 2021 from \$98.7 million for 2020. The decrease in interest expense was primarily attributable to lower average debt balances as a result of debt repayments.

Other non-operating expense increased by \$68.2 million to \$91.0 million for 2021 from \$22.8 million for 2020. This increase was attributable to a higher loss on debt extinguishment of \$77.3 million, primarily related to the repayment of the Senior Notes due 2025 during 2021. This increase in other non-operating expense was partially offset by: (1) a lower loss on disposal of subsidiaries of \$6.7 million; (2) a lower loss on derivative instruments during 2021 of \$1.5 million; (3) a decrease in foreign currency exchange gain of \$0.3 million; and (4) a decrease in other non-operating expense of \$0.6 million.

Income tax (expense) benefit changed by \$275.7 million to an expense of \$(145.6) million for 2021 from a benefit of \$130.1 million for 2020. This change was attributable to tax expense recorded in 2021 of approximately \$35.7 million related to amended returns filed for the Company's election to exclude certain foreign income of foreign corporations from global intangible low-taxed income (GILTI). In the prior year the company recorded a \$70.9 million tax benefit for this item, resulting in a year-over-year change of approximately \$106.6 million. In addition, the decrease in pre-tax loss in the current year resulted in \$76.9 million of less tax benefit compared to 2020. Additionally, there was a year-over-year increase in state tax expense of \$41.3 million and a year-over-year increase in withholding taxes of \$30.0 million.

Income (loss) from discontinued operations, net of tax changed by \$785.0 million to income of \$486.9 million for 2021 from a loss of \$(298.1) million for 2020. This change was primarily driven by the gain on sale of Walden University during 2021, combined with impairment charges recorded during 2020 and charges recorded during 2020 to write down certain held-for-sale disposal groups to fair value. See Overview for further detail on results of the Discontinued Operations.

Net (income) loss attributable to noncontrolling interests changed by \$16.7 million to income of \$(11.3) million for 2021 from a loss of \$5.4 million for 2020. This change was primarily related to our previous joint venture in Saudi Arabia and the income effect to noncontrolling interests that resulted in 2021 from the settlement of certain intercompany transactions.

Non-GAAP Financial Measure

We define Adjusted EBITDA as income (loss) from continuing operations, *before* equity in net (income) loss of affiliates, net of tax, income tax expense (benefit), (gain) loss on disposal of subsidiaries, net, foreign currency exchange (gain) loss, net, other (income) expense, net, loss (gain) on derivatives, loss on debt extinguishment,

interest expense and interest income, *plus* depreciation and amortization, share-based compensation expense, loss on impairment of assets and expenses related to our Excellence-in-Process (EiP) initiative. Adjusted EBITDA is used in addition to and in conjunction with results presented in accordance with GAAP and should not be relied upon to the exclusion of GAAP financial measures.

Adjusted EBITDA is a key measure used by our management and Board of Directors to understand and evaluate our core operating performance and trends, to prepare and approve our annual budget and to develop short- and long-term operational plans. In particular, the exclusion of certain expenses in calculating Adjusted EBITDA can provide a useful measure for period-to-period comparisons of our core business. Additionally, Adjusted EBITDA is a key financial measure used by the compensation committee of our Board of Directors and our Chief Executive Officer in connection with the payment of incentive compensation to our executive officers and other members of our management team. Accordingly, we believe that Adjusted EBITDA provides useful information to investors and others in understanding and evaluating our operating results in the same manner as our management and Board of Directors.

The following table presents Adjusted EBITDA and reconciles income (loss) from continuing operations to Adjusted EBITDA for the years ended December 31, 2022, 2021 and 2020:

<i>(in millions)</i>	2022	2021	2020	% Change Better/(Worse)	
				2022 vs. 2021	2021 vs. 2020
Income (loss) from continuing operations	\$ 60.7	\$(283.1)	\$(320.6)	121%	12%
Plus:					
Equity in net income of affiliates, net of tax	(0.3)	—	(0.2)	nm	(100)%
Income tax expense (benefit)	185.4	145.6	(130.1)	(27)%	nm
Income (loss) from continuing operations before income taxes and equity in net income of affiliates	245.9	(137.5)	(450.8)	nm	69%
Plus:					
(Gain) loss on disposal of subsidiaries, net	(1.4)	0.6	7.3	nm	92%
Foreign currency exchange loss (gain), net	17.4	(13.8)	(13.5)	nm	2%
Other (income) expense, net	(0.8)	1.7	2.4	147%	29%
Loss on derivatives	—	24.5	26.0	100%	6%
Loss on debt extinguishment	—	77.9	0.6	100%	nm
Interest expense	16.4	46.3	100.9	65%	54%
Interest income	(7.6)	(4.4)	(2.2)	73%	100%
Operating income (loss)	270.0	(4.6)	(329.3)	nm	99%
Plus:					
Depreciation and amortization	59.1	101.2	83.1	42%	(22)%
EBITDA	329.1	96.6	(246.2)	nm	139%
Plus:					
Share-based compensation expense ^(a)	8.8	8.9	10.2	1%	13%
Loss on impairment of assets ^(b)	0.1	72.5	352.0	100%	79%
EiP implementation expenses ^(c)	0.8	75.4	89.6	99%	16%
Adjusted EBITDA	<u>\$338.9</u>	<u>\$ 253.4</u>	<u>\$ 205.7</u>	<u>34%</u>	<u>23%</u>

nm - percentage changes not meaningful

(a) Represents non-cash, share-based compensation expense pursuant to the provisions of ASC 718, “Stock Compensation.”

(b) Represents non-cash charges related to impairments of long-lived assets. For further details on certain impairment items see “Discussion of Significant Items Affecting the Consolidated Results for the Years Ended December 31, 2021 and 2020.”

- (c) EiP implementation expenses are related to our enterprise-wide initiative to optimize and standardize Laureate's processes, creating vertical integration of procurement, information technology, finance, accounting and human resources. It included the establishment of regional shared services organizations (SSOs), as well as improvements to the Company's system of internal controls over financial reporting. The EiP initiative also included other back- and mid-office areas, as well as certain student-facing activities, expenses associated with streamlining the organizational structure, an enterprise-wide program aimed at revenue growth, and certain non-recurring costs incurred in connection with the dispositions. The EiP initiative was completed as of December 31, 2021, except for certain EiP expenses related to the run out of programs that began in prior periods.

Comparison of Depreciation and Amortization and EiP Implementation Expenses for the Years Ended December 31, 2022 and 2021

Depreciation and amortization decreased by \$42.1 million to \$59.1 million for 2022 from \$101.2 million for 2021. This decrease was primarily attributable to the finite-lived Laureate tradename, which was fully amortized in 2021, combined with a lower depreciable asset base at Corporate following the outsourcing of a majority of our information technology activities to a third-party service provider during 2021.

EiP implementation expenses decreased by \$74.6 million to \$0.8 million for 2022 from \$75.4 million for 2021. This decrease resulted from the completion of our EiP program in 2021, with the exception of certain EiP expenses related to the run out of programs that began in prior periods.

Comparison of Depreciation and Amortization and EiP Implementation Expenses for the Years Ended December 31, 2021 and 2020

Depreciation and amortization increased by \$18.1 million to \$101.2 million for 2021 from \$83.1 million for 2020. This increase was primarily attributable to amortization of Laureate's tradename which, during 2020, changed from being an indefinite-lived intangible asset to being a finite-lived intangible asset. When combined with other items, this increased depreciation and amortization expense by \$19.3 million. Partially offsetting this increase was the effect of foreign currency exchange, which decreased depreciation and amortization expense by \$1.2 million for 2021, as compared to 2020.

EiP implementation expenses decreased by \$14.2 million to \$75.4 million for 2021 from \$89.6 million for 2020. This decrease was primarily attributable to lower costs during 2021 associated with an enterprise-wide program aimed at revenue growth, combined with lower severance costs and lower legal and consulting fees related to our divestiture activity. The decreases in EiP costs were partially offset by the cost associated with the lease buyout for our Kendall property in Chicago, Illinois, and lease termination for our previous Corporate headquarters in 2021.

Segment Results

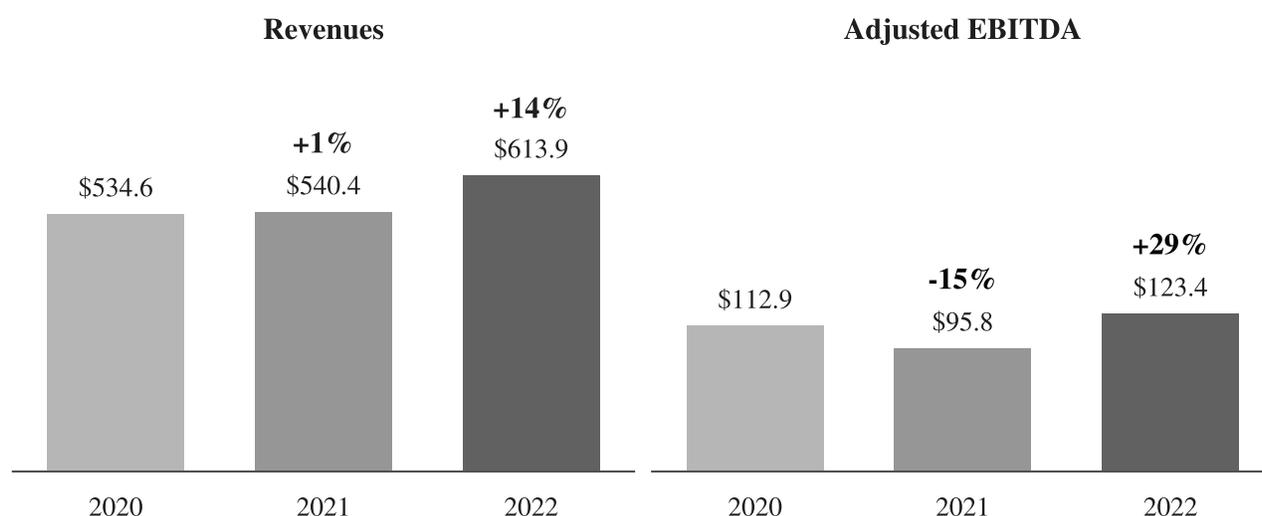
We have two reportable segments: Mexico and Peru, as discussed in Overview. For purposes of the following comparison of results discussion, "*segment direct costs*" represent direct costs incurred by the segment as they are included in Adjusted EBITDA, such that depreciation and amortization expense, loss on impairment of assets, share-based compensation expense and our EiP implementation expenses have been excluded. Organic enrollment is based on average total enrollment for the period. For a further description of our segments, see Overview.

The following tables, derived from our consolidated financial statements included elsewhere in this Form 10-K, present selected financial information of our reportable segments:

(in millions)	2022	2021	2020	% Change Better/(Worse)	
				2022 vs. 2021	2021 vs. 2020
For the year ended December 31,					
Revenues:					
Mexico	\$ 613.9	\$ 540.4	\$ 534.6	14%	1%
Peru	624.2	537.1	482.9	16%	11%
Corporate	4.1	9.2	7.4	(55)%	24%
Consolidated Total Revenues	<u>\$1,242.3</u>	<u>\$1,086.7</u>	<u>\$1,024.9</u>	<u>14%</u>	<u>6%</u>
Adjusted EBITDA:					
Mexico	\$ 123.4	\$ 95.8	\$ 112.9	29%	(15)%
Peru	266.7	245.7	189.5	9%	30%
Corporate	(51.2)	(88.1)	(96.7)	42%	9%
Consolidated Total Adjusted EBITDA	<u>\$ 338.9</u>	<u>\$ 253.4</u>	<u>\$ 205.7</u>	<u>34%</u>	<u>23%</u>

Mexico

Financial Overview



Comparison of Mexico Results for the Year Ended December 31, 2022 to the Year Ended December 31, 2021

(in millions)	Revenues	Direct Costs	Adjusted EBITDA
December 31, 2021	<u>\$540.4</u>	<u>\$444.6</u>	<u>\$ 95.8</u>
Organic enrollment ⁽¹⁾	41.8		
Product mix, pricing and timing ⁽¹⁾ ..	25.4		
Organic constant currency	67.2	54.8	12.4
Foreign exchange	6.3	4.2	2.1
Other ⁽²⁾	—	(13.1)	13.1
December 31, 2022	<u>\$613.9</u>	<u>\$490.5</u>	<u>\$123.4</u>

⁽¹⁾ Organic enrollment and Product mix, pricing and timing are not separable for the calculation of direct costs and therefore are combined and defined as Organic constant currency for the calculation of Adjusted EBITDA.

- (2) Other is composed of acquisition-related contingent liabilities for taxes other-than-income tax, net of changes in recorded indemnification assets.

Revenues increased by \$73.5 million, a 14% increase from 2021.

- Organic enrollment increased during 2022 by 9%, increasing revenues by \$41.8 million.
- Revenues from our Mexico segment represented 50% of our consolidated total revenues for both 2022 and 2021.

Adjusted EBITDA increased by \$27.6 million, a 29% increase from 2021.

- The increase in Adjusted EBITDA included a year-over-year benefit from the \$13.1 million charge recorded during 2021 related to acquisition-related contingencies.

Comparison of Mexico Results for the Year Ended December 31, 2021 to the Year Ended December 31, 2020

<i>(in millions)</i>	<u>Revenues</u>	<u>Direct Costs</u>	<u>Adjusted EBITDA</u>
December 31, 2020	\$534.6	\$421.7	\$112.9
Organic enrollment ⁽¹⁾	—		
Product mix, pricing and timing ⁽¹⁾ ..	(21.2)		
Organic constant currency	(21.2)	(5.6)	(15.6)
Foreign exchange	27.0	20.6	6.4
Other ⁽²⁾	—	7.9	(7.9)
December 31, 2021	\$540.4	\$444.6	\$ 95.8

- (1) Organic enrollment and Product mix, pricing and timing are not separable for the calculation of direct costs and therefore are combined and defined as Organic constant currency for the calculation of Adjusted EBITDA.

- (2) Other is composed of acquisition-related contingent liabilities for taxes other-than-income tax, net of changes in recorded indemnification assets.

Revenues increased by \$5.8 million, a 1% increase from 2020.

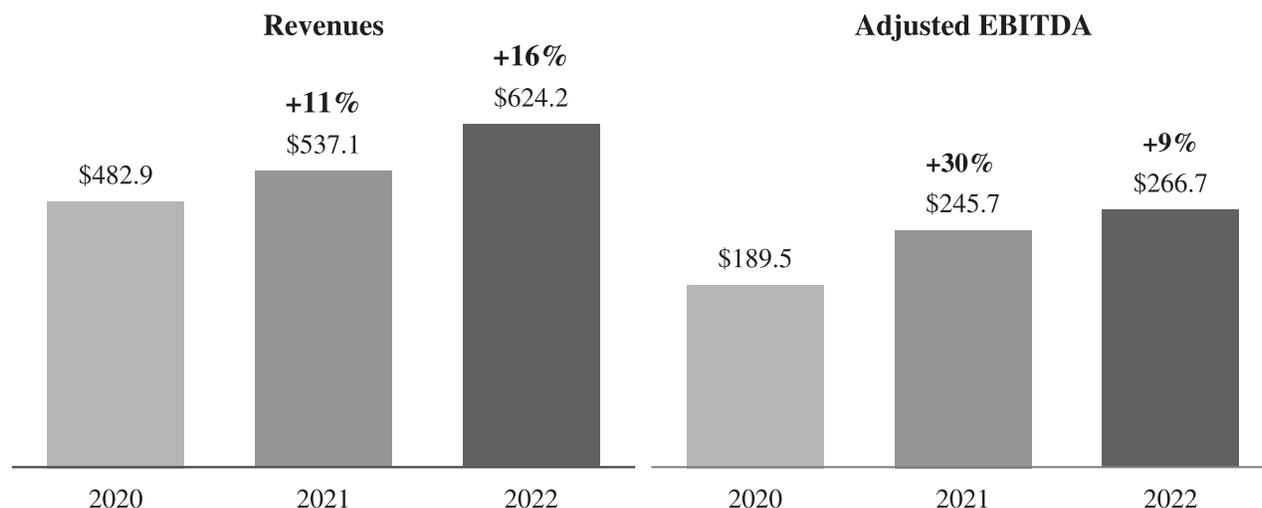
- The Mexican peso strengthened against the USD during 2021 compared to 2020, increasing revenue by \$27.0 million.
- Organic enrollment during 2021 remained relatively flat compared to 2020.
- The decrease in revenues from product mix, pricing and timing was mainly due to an increase in discounts and scholarships as a percentage of revenues.
- Revenues from our Mexico segment represented 50% of our consolidated total revenues for 2021 compared to 53% for 2020.

Adjusted EBITDA decreased by \$17.1 million, a 15% decrease from 2020.

- The decrease in Adjusted EBITDA included a year-over-year effect of a gain of \$5.8 million from the sale of land and buildings at one of our campuses in 2020, which is included in Organic constant currency.

Peru

Financial Overview



Comparison of Peru Results for the Year Ended December 31, 2022 to the Year Ended December 31, 2021

<i>(in millions)</i>	<u>Revenues</u>	<u>Direct Costs</u>	<u>Adjusted EBITDA</u>
December 31, 2021	\$537.1	\$291.4	\$245.7
Organic enrollment ⁽¹⁾	70.1		
Product mix, pricing and timing ⁽¹⁾ ..	5.3		
Organic constant currency	75.4	60.8	14.6
Foreign exchange	11.7	5.3	6.4
December 31, 2022	\$624.2	\$357.5	\$266.7

⁽¹⁾ Organic enrollment and Product mix, pricing and timing are not separable for the calculation of direct costs and therefore are combined and defined as Organic constant currency for the calculation of Adjusted EBITDA.

Revenues increased by \$87.1 million, a 16% increase from 2021.

- Organic enrollment increased during 2022 by 14%, increasing revenues by \$70.1 million.
- Revenues from our Peru segment represented 50% of our consolidated total revenues for both 2022 and 2021.

Adjusted EBITDA increased by \$21.0 million, a 9% increase from 2021.

Comparison of Peru Results for the Year Ended December 31, 2021 to the Year Ended December 31, 2020

<i>(in millions)</i>	<u>Revenues</u>	<u>Direct Costs</u>	<u>Adjusted EBITDA</u>
December 31, 2020	\$482.9	\$293.4	\$189.5
Organic enrollment ⁽¹⁾	75.2		
Product mix, pricing and timing ⁽¹⁾ ..	40.8		
Organic constant currency	116.0	29.7	86.3
Foreign exchange	(61.8)	(31.6)	(30.2)
Other ⁽²⁾	—	(0.1)	0.1
December 31, 2021	\$537.1	\$291.4	\$245.7

- (1) Organic enrollment and Product mix, pricing and timing are not separable for the calculation of direct costs and therefore are combined and defined as Organic constant currency for the calculation of Adjusted EBITDA.
- (2) Other is composed of acquisition-related contingent liabilities for taxes other-than-income tax, net of changes in recorded indemnification assets.

Revenues increased by \$54.2 million, an 11% increase from 2020.

- Organic enrollment increased during 2021 by 16%, increasing revenues by \$75.2 million, mainly driven by a robust primary intake cycle during 2021 and increased retention rates.
- Revenues from our Peru segment represented 50% of our consolidated total revenues for 2021 compared to 47% for 2020.

Adjusted EBITDA increased by \$56.2 million, a 30% increase from 2020, primarily driven by higher enrollments.

Corporate

Corporate revenues primarily include our transition services agreements related to divestitures, which were mostly completed in 2022.

Operating results for Corporate for the years ended December 31, 2022, 2021 and 2020 were as follows:

<i>(in millions)</i>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>% Change Better/(Worse)</u>	
				<u>2022 vs. 2021</u>	<u>2021 vs. 2020</u>
Revenues	\$ 4.1	\$ 9.2	\$ 7.4	(55)%	24%
Expenses	55.3	97.3	104.1	43%	7%
Adjusted EBITDA	<u>\$(51.2)</u>	<u>\$(88.1)</u>	<u>\$(96.7)</u>	<u>42%</u>	<u>9%</u>

Comparison of Corporate Results for the Year Ended December 31, 2022 to the Year Ended December 31, 2021

Adjusted EBITDA increased by \$36.9 million, a 42% increase from 2021, mainly driven by a decrease in labor costs and other professional fees, related to cost-reduction efforts.

Comparison of Corporate Results for the Year Ended December 31, 2021 to the Year Ended December 31, 2020

Adjusted EBITDA increased by \$8.6 million, a 9% increase from 2020.

- Labor costs and other professional fees decreased expenses by \$23.3 million for 2021 compared to 2020, related to cost-reduction efforts. This increase in Adjusted EBITDA was partially offset by other items, which accounted for a decrease in adjusted EBITDA of \$14.7 million.

Liquidity and Capital Resources

Liquidity Sources

We anticipate that cash flow from operations and available cash will be sufficient to meet our current operating requirements and manage our liquidity needs for at least the next 12 months from the date of issuance of this report.

Our primary source of cash is revenue from tuition charged to students in connection with our various education program offerings. Essentially all of our revenues are generated from private pay sources as there are no material

government-sponsored loan programs in Mexico or Peru. We anticipate generating sufficient cash flow from operations in the countries in which we operate to satisfy the working capital and financing needs of our organic growth plans for each country. If our educational institutions within one country were unable to maintain sufficient liquidity, we would consider using internal cash resources or reasonable short-term working capital facilities to accommodate any short- to medium-term shortfalls.

As of December 31, 2022, our secondary source of liquidity was cash and cash equivalents of \$85.2 million. Our cash accounts are maintained with high-quality financial institutions.

The Company also maintains a revolving credit facility (the Senior Secured Credit Facility) with a syndicate of financial institutions as a source of liquidity. The revolving credit facility provides for borrowings of \$410.0 million and has a maturity date of October 7, 2024. From time to time, we draw down on the revolver, and, in accordance with the terms of the credit agreement, any proceeds drawn on the revolving credit facility may be used for general corporate purposes. As of December 31, 2022, the Company had borrowed \$100.0 million of the \$410.0 million of available capacity. In addition to the Senior Secured Credit Facility, our subsidiaries had approximately \$63.7 million of available borrowing capacity under lines of credit and short-term borrowing arrangements as of December 31, 2022.

If certain conditions are satisfied, the Third Amended and Restated Credit Agreement (the Third A&R Credit Agreement) also provides for incremental revolving and term loan facilities, at the request of the Company, not to exceed (i) the greater of (a) \$565.0 million and (b) 100% of the consolidated EBITDA of the Company, plus (ii) additional amounts so long as both immediately before and after giving effect to such incremental facilities the Company's Consolidated Senior Secured Debt to Consolidated EBITDA ratio, as defined in the Third A&R Credit Agreement, on a pro forma basis, does not exceed 2.75x, plus, (iii) the aggregate amounts of any voluntary repayments of term loans, if any, and aggregate amount of voluntary repayments of revolving credit facilities that are accompanied by a corresponding termination or reduction of revolving credit commitments.

Liquidity Restrictions

Our liquidity is affected by restricted cash balances, which totaled \$8.6 million and \$20.8 million as of December 31, 2022 and 2021, respectively. As of December 31, 2022, restricted cash consisted of cash equivalents held as assets for a supplemental employment retention agreement for a former executive.

Indefinite Reinvestment of Foreign Earnings

We earn a significant portion of our income from subsidiaries located in countries outside the United States. As of December 31, 2022, \$77.3 million of our total \$85.2 million of cash and cash equivalents were held by foreign subsidiaries. As of December 31, 2021, \$272.6 million of our total \$324.8 million of cash and cash equivalents were held by foreign subsidiaries. As part of our business strategies, we have determined that the undistributed historical earnings of our foreign operations for which we have not already recorded taxes will be deemed indefinitely reinvested outside of the United States.

Our plans to indefinitely reinvest certain earnings are supported by projected working capital and long-term capital requirements in each foreign subsidiary location in which the earnings are generated. We have analyzed our domestic operation's cash repatriation strategies, projected cash flows, projected working capital and liquidity, and the expected availability within the debt or equity markets to provide funds for our domestic needs. Based on our analysis, we believe we have the ability to indefinitely reinvest our historical foreign earnings. If our expectations change based on future developments such that some or all of the undistributed earnings of our foreign subsidiaries may be remitted to the United States in the foreseeable future, we will be required to recognize deferred tax expense and liabilities and pay additional taxes on any amounts that we are unable to repatriate in a tax-free manner.

Liquidity Requirements

Our short-term liquidity requirements include: funding for debt service (including finance leases); operating lease obligations; payments of deferred compensation; working capital; operating expenses; capital expenditures; and business development activities.

Long-term liquidity requirements include: payments on long-term debt (including finance leases); operating lease obligations; payments of deferred compensation; and payments of other third-party obligations.

Debt

Our debt obligations consisted of \$100.0 million of borrowings under the Senior Secured Credit Facility and \$86.0 million of other debt as of December 31, 2022. In addition, our finance lease obligations and sale-leaseback financings were \$48.2 million.

Senior Secured Credit Facility

As of December 31, 2022 and 2021, there was \$100.0 million and no balance outstanding under our Senior Secured Credit Facility, respectively. During the fourth quarter of 2022, the Company borrowed on our Senior Secured Credit Facility primarily to fund the repurchase of shares in connection with the secondary offering that the Company completed in November 2022. For more detail on the secondary offering, see Note 11, Share-based Compensation and Equity, in our consolidated financial statements included elsewhere in this Form 10-K.

Other Debt

Other debt includes lines of credit and short-term borrowing arrangements of subsidiaries and notes payable, the significant components of which are described below.

As of December 31, 2022 and 2021, the aggregate outstanding balances on our lines of credit were \$13.8 million and \$10.1 million, respectively.

In December 2017, one of our subsidiaries in Mexico entered into an agreement with a bank for a loan of MXN 1,700.0 million (approximately \$89.0 million at the time of the loan). The loan matures in June 2024 and carries a variable interest rate, plus an applicable margin, which is established based on the ratio of debt to EBITDA, as defined in the agreement (12.26% as of December 31, 2022). The current quarterly payments on the loan total MXN 72.3 million (\$3.7 million at December 31, 2022) and increase over the remaining term of the loan to MXN 76.5 million (\$3.9 million at December 31, 2022), with a balloon payment of MXN 425.0 million (\$21.9 million at December 31, 2022) due at maturity. As of December 31, 2022 and 2021, the outstanding balance of this loan was \$41.4 million and \$52.5 million, respectively.

In December 2017, one of our subsidiaries in Peru entered into an agreement to borrow PEN 247.5 million (approximately \$76.0 million at the agreement date). The loan bears interest at a fixed rate of 6.62% per annum and matures in December 2023. Over the remaining term of the loan, quarterly payments of PEN 14.4 million (\$3.8 million at December 31, 2022) are due. As of December 31, 2022 and 2021, this loan had a balance of \$15.1 million and \$29.0 million, respectively.

Covenants

Under the Third A&R Credit Agreement, we are subject to a Consolidated Senior Secured Debt to Consolidated EBITDA financial maintenance covenant that applies only to the revolving credit facility (a leverage ratio covenant), as defined in the Third A&R Credit Agreement, unless certain conditions are satisfied. As of December 31, 2022, these conditions were satisfied and, therefore, we were not subject to the leverage ratio. The maximum ratio, as defined, is 3.50x as of the last day of each quarter commencing with the quarter ending December 31, 2019 and thereafter. In addition, indebtedness at some of our locations contain financial maintenance covenants. We were in compliance with these covenants as of December 31, 2022.

Leases

We conduct a significant portion of our operations from leased facilities, including many of our higher education facilities and other office locations. As discussed in Note 9, Leases, in our consolidated financial statements included elsewhere in this Form 10-K, we have significant operating lease liabilities recorded related to our leased facilities, which will require future cash payments. As of December 31, 2022 and 2021, the present value of operating lease liabilities was \$415.9 million and \$415.3 million, respectively. Based on the leases outstanding at December 31, 2022, \$83.6 million of minimum lease payments will be required during 2023.

Capital Expenditures

Capital expenditures primarily consist of purchases of property and equipment. Our capital expenditure program is a component of our liquidity and capital management strategy. This program includes discretionary spending, which we can adjust in response to economic and other changes in our business environment, to grow our network through the following: (1) capacity expansion at institutions to support enrollment growth; (2) new campuses for institutions in our existing markets; and (3) information technology to increase efficiency and controls. Our non-discretionary spending includes the maintenance of existing facilities. We typically fund our capital expenditures through cash flow from operations and external financing. In the event that we are unable to obtain the necessary funding for capital expenditures, our long-term growth strategy could be significantly affected. We believe that our internal sources of cash and our ability to obtain additional third-party financing, subject to market conditions, will be sufficient to fund our investing activities.

Our total capital expenditures for our continuing and discontinued operations, excluding receipts from the sale of subsidiaries and property and equipment, were \$53.1 million, \$56.3 million and \$89.2 million during 2022, 2021 and 2020, respectively. The 6% decrease in capital expenditures for 2022 compared to 2021 was primarily due to the year-over-year effect of divestitures completed in 2021 combined with lower spending in Peru and Corporate, partially offset by higher spending in health science programs in Mexico. The 37% decrease in capital expenditures for 2021 compared to 2020 was primarily due to the completed divestitures.

Cash Flows

In the consolidated statements of cash flows, the changes in operating assets and liabilities are presented excluding the effects of exchange rate changes and reclassifications, as these effects do not represent operating cash flows. Accordingly, the amounts in the consolidated statements of cash flows do not agree with the changes of the operating assets and liabilities as presented in the consolidated balance sheets. The effects of exchange rate changes on cash are presented separately in the consolidated statements of cash flows.

The following table summarizes our cash flows from operating, investing, and financing activities for each of the past three fiscal years:

<u>(in millions)</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Cash provided by (used in):			
Operating activities	\$ 178.2	\$ (156.1)	\$ 259.6
Investing activities	30.3	2,044.2	587.4
Financing activities	(461.6)	(2,683.2)	(272.7)
Effects of exchange rate changes on cash	1.2	(14.7)	(0.5)
Change in cash included in current assets held for sale ..	<u>—</u>	<u>288.1</u>	<u>195.8</u>
Net change in cash and cash equivalents and restricted cash	<u>\$ (251.8)</u>	<u>\$ (521.7)</u>	<u>\$ 769.5</u>

Comparison of Cash Flows for the Year Ended December 31, 2022 to the Year Ended December 31, 2021

Operating activities

Cash flows from operating activities changed by \$334.3 million to a cash inflow of \$178.2 million for 2022, compared to a cash outflow of \$(156.1) million for 2021. This increase in operating cash flows was attributable to: (1) increased operating income combined with the net effect of changes in operating assets and liabilities, which increased operating cash by \$143.8 million compared to 2021; (2) lower cash paid for taxes of \$97.3 million, from \$251.1 million in 2021 to \$153.8 million in 2022, a decrease primarily driven by the payment of estimated taxes related to the sale of Walden University in 2021 and payment of withholding taxes for intercompany loans that were capitalized during 2021; (3) the year-over-year effect of \$46.8 million of payments for lease termination agreements in 2021; and (4) a decrease in cash paid for interest of \$46.4 million, from \$63.2 million in 2021 to \$16.8 million in 2022, attributable to lower average debt balances.

Investing activities

Cash provided by investing activities decreased by \$2,013.9 million to \$30.3 million for 2022 from \$2,044.2 million in 2021. This decrease was primarily attributable to lower cash receipts from the sales of discontinued operations of \$2,067.4 million, from \$2,150.8 million, net, in 2021 (primarily for the sale of Walden University, our operations in Honduras and Brazil, the receipt of the note receivable related to the 2020 divestiture of our Chilean operations, and the receipt of a portion of the purchase prices that were withheld in connection to the 2018 sale of our China operations and the 2020 sale of our Malaysia operations) to \$83.4 million, net, in 2022 (primarily related to the receipt of the escrow receivable related the 2021 sale of Walden University, and the collection of certain receivables from the sale of our Brazilian operations). This decrease in investing cash flows was partially offset by the year-over-year effect of \$50.3 million of payments made in 2021 for derivative instruments related to foreign exchange swap agreements associated with the sale of our Brazil operations. Additionally, cash used for capital expenditures decreased by \$3.2 million compared to 2021.

Financing activities

Cash used in financing activities decreased by \$2,221.6 million to \$461.6 million for 2022 from \$2,683.2 million for 2021. This decrease in financing cash outflows was attributable to: (1) lower cash distributions to shareholders of \$1,121.7 million, from \$1,374.9 million in 2021 following the sale of Walden University, to \$253.2 million in 2022; (2) net proceeds from issuance of long-term debt in 2022 as compared to net payments of long-term debt in 2021, primarily related to the repayment in full of the balance outstanding under the Senior Notes due 2025, for a change of \$958.1 million; (3) lower year-over-year payments to repurchase shares of our common stock of \$98.3 million; (4) the year-over-year effect of \$33.0 million in payments made in 2021 for call premiums associated with the redemption of the Senior Notes due 2025; and (5) higher proceeds from the exercises of common stock options of \$9.8 million during 2022, as compared to 2021. Other items accounted for the remaining difference of \$0.7 million.

Comparison of Cash Flows for the Year Ended December 31, 2021 to the Year Ended December 31, 2020

Operating activities

Cash flows from operating activities changed by \$415.7 million to cash outflow of \$(156.1) million for 2021, compared to a cash inflow \$259.6 million for 2020. This decrease in operating cash was primarily attributable to: (1) changes in working capital and divestitures of subsidiaries that contributed positive operating cash flows during 2020, which accounted for \$266.6 million of the decrease; (2) higher cash paid for taxes of \$159.7 million, from \$91.4 million in 2020 to \$251.1 million in 2021, primarily due to the payment of estimated taxes related to the sale of Walden University in 2021 and payment of withholding taxes for intercompany loans that were capitalized during 2021; and (3) payments of \$46.8 million for lease termination agreements in 2021.

These decreases in operating cash flow were partially offset by a decrease in cash paid for interest of \$57.4 million, prior to interest income, from \$120.6 million in 2020 to \$63.2 million in 2021, attributable to lower average debt balances.

Investing activities

Cash provided by investing activities increased by \$1,456.8 million to \$2,044.2 million for 2021 from \$587.4 million in 2020. This increase was primarily attributable to higher cash receipts from the sales of discontinued operations of \$1,474.2 million, from \$676.6 million in 2020 (for the net effect of the sales of NSAD and our operations in Costa Rica, Chile, Malaysia, Australia and New Zealand, net of cash sold, and the receipt of a portion of the escrow receivable balance related to the 2018 sale of our China operations) to \$2,150.8 million, net, in 2021 (primarily for the sale of Walden University, our operations in Honduras and Brazil, the receipt of the note receivable related to the 2020 divestiture of our Chilean operations, and the receipt of a portion of the purchase prices that were withheld in connection to the 2018 sale of our China operations and the 2020 sale of our Malaysia operations). In addition, cash used for capital expenditures decreased by \$32.9 million compared to 2020. These increases in investing cash were partially offset by payments of \$50.3 million for derivative instruments related to foreign exchange swap agreements associated with the sale of our Brazil operations.

Financing activities

Cash used in financing activities increased by \$2,410.5 million to \$2,683.2 million for 2021 from \$272.7 million for 2020. This increase in financing cash outflows was primarily attributable to: (1) payments of special cash distributions to shareholders in 2021 of \$1,374.9 million following the sale of Walden University; (2) higher net payments of long-term debt in 2021 as compared to 2020 of \$718.6 million, primarily related to the 2021 repayment in full of the balance outstanding under the Senior Notes due 2025; (3) higher payments in 2021 of \$281.0 million to repurchase shares of our common stock under our stock repurchase program; (4) higher payments of call premiums and debt issuance costs of \$32.2 million, mainly the call premiums associated with the redemption of the Senior Notes due 2025 during 2021; and (5) lower proceeds from stock option exercises of \$22.3 million during 2021, as compared to 2020. These increases in financing cash outflows were partially offset by the year-over-year effect of a \$13.7 million payment in 2020 to the minority owner of our Malaysia operations in connection with the sale of those operations and \$5.7 million of deferred purchase price payments in 2020 related to acquisitions. Other items accounted for the remaining difference of \$0.9 million.

Critical Accounting Policies and Estimates

The preparation of the consolidated financial statements in conformity with GAAP requires our management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the related disclosure of contingent assets and liabilities. Actual results could differ from these estimates. Our significant accounting policies are discussed in Note 2, Significant Accounting Policies, in our consolidated financial statements included elsewhere in this Form 10-K. Our critical accounting policies require the most significant judgments and estimates about the effect of matters that are inherently uncertain. As a result, these accounting policies and estimates could materially affect our financial statements and are critical to the understanding of our results of operations and financial condition. Management has discussed the selection of these critical accounting policies and estimates with the audit committee of the Board of Directors.

Goodwill and Indefinite-lived Intangible Assets

We perform annual impairment tests of indefinite-lived intangible assets, including goodwill and tradenames, as of October 1st each year. We also evaluate these assets on an interim basis if events or changes in circumstances between annual tests indicate that the assets may be impaired. For example, during the second quarter of 2020, we recorded an impairment of the indefinite-lived intangible assets that were part of the Chile reporting unit. We

have not made material changes to the methodology used to assess impairment loss on indefinite-lived tradenames during the past three fiscal years. If the estimates and related assumptions used in assessing the recoverability of our goodwill and indefinite-lived tradenames decline, we may be required to record impairment charges for those assets. We base our fair value estimates on assumptions that we believe to be reasonable but that are unpredictable and inherently uncertain. Actual results may differ from those estimates. In addition, we make certain judgments and assumptions in allocating shared assets and liabilities to determine the carrying values for each of our reporting units.

Goodwill

On January 1, 2020, the Company adopted Accounting Standards Update (ASU) No. 2017-04, Intangibles - Goodwill and Other (Topic 350): Simplifying the Accounting for Goodwill Impairment. This ASU requires entities to calculate goodwill impairment as the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill.

Under the updated guidance, the Company continues to have the option of first performing a qualitative goodwill impairment assessment (i.e., step zero) in order to determine if the quantitative impairment test is necessary. The requirement to perform a qualitative assessment for a reporting unit with a zero or negative carrying amount is eliminated. A reporting unit is defined as a component of an operating segment for which discrete financial information is available and regularly reviewed by management of the segment. Based on the qualitative assessment, if we determine that it is more likely than not that the fair value of the reporting unit is greater than its carrying amount, the quantitative impairment test is not required.

If we do not perform the qualitative assessment for a reporting unit or determine that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, a quantitative fair value-based test is performed. We estimate the fair value of each reporting unit, and, if the carrying amount of the reporting unit is less than the reporting unit's estimated fair value, then there is no goodwill impairment. If the carrying amount of the reporting unit exceeds its estimated fair value, then goodwill is impaired and the difference between the reporting unit's carrying amount and its fair value is recognized as a loss on impairment of assets in the Consolidated Statements of Operations. We completed our annual impairment testing, and no impairments of goodwill were identified.

Our valuation approach to estimate the fair value of a reporting unit has historically utilized a weighted combination of a discounted cash flow analysis and a market multiples analysis. The discounted cash flow analysis relies on historical data and internal estimates, which are developed as a part of our long-range plan process, and includes an estimate of terminal value based on these expected cash flows using the generally accepted Gordon Dividend Growth formula, which derives a valuation using an assumed perpetual annuity based on the reporting unit's residual cash flows. The discount rate is based on the generally accepted Weighted Average Cost of Capital methodology, and is derived using a cost of equity based on the generally accepted Capital Asset Pricing Model and a cost of debt based on the typical rate paid by market participants. The market multiples analysis utilizes multiples of business enterprise value to revenues, operating income and earnings before interest, taxes, depreciation and amortization of comparable publicly traded companies and multiples based on fair value transactions where public information is available. Significant assumptions used in estimating the fair value of each reporting unit include: (1) the revenue and profitability growth rates and (2) the discount rate.

If we perform a quantitative impairment test, we also evaluate the sensitivity of a change in assumptions related to goodwill impairment, assessing whether a 10% reduction in our estimates of revenue or a 1% increase in our estimated discount rates would result in impairment of goodwill. We have determined that neither of our reporting units with material goodwill were at risk of failing the goodwill impairment test as of December 31, 2022.

We completed our initial public offering (IPO) on February 6, 2017 at an initial public offering price that was below the expected range, and since then our stock price at times has traded below the initial public offering price. While our market capitalization is currently in excess of the carrying value of our stockholders' equity, a significant decline in our stock price for an extended period of time could be considered an impairment indicator that would cause us to perform an interim impairment test that could result in additional impairments of goodwill or other intangible assets.

Indefinite-lived Intangible Assets

The impairment test for indefinite-lived intangible assets, such as indefinite-lived tradenames, generally requires a new determination of the fair value of the intangible asset using the relief-from-royalty method. This method estimates the amount of royalty expense that we would expect to incur if the assets were licensed from a third party. We use publicly available information in determining certain assumptions to assist us in estimating fair value using market participant assumptions. If the fair value of the intangible asset is less than its carrying value, the intangible asset is adjusted to its new estimated fair value, and an impairment loss is recognized. Significant assumptions used in estimating the fair value of indefinite-lived tradenames include: (1) the revenue growth rates; (2) the discount rates; and (3) the estimated royalty rates.

In 2020, following the reclassification of several of our subsidiaries as held-for-sale, the Company tested the Laureate tradename for impairment and concluded that the estimated fair value of the Laureate tradename was less than its carrying value. As a result, the Company recognized an impairment charge of \$320.0 million, in accordance with ASC 350-30-35-17. Additionally, the Company determined that the remaining Laureate tradename asset no longer had an indefinite life.

During the first quarter of 2021, the Company decided that, during 2021, it would wind down certain support functions related to the Laureate network and would no longer invest in and support the Laureate tradename, a finite-lived intangible asset, beyond 2021. As a result, the Company tested the asset for impairment and estimated the fair value of the tradename asset using the relief-from-royalty method, based on the projected revenues for each business over the estimated remaining useful life of the asset. As a result of the impairment test, the Company concluded that the estimated fair value of the Laureate tradename was less than its carrying value by approximately \$51.4 million and recorded an impairment charge for that amount. The remaining carrying value of the tradename asset was fully amortized as of December 31, 2021.

Long-Lived Assets

We evaluate our long-lived assets, including property and equipment, to determine whether events or changes in circumstances indicate that the remaining estimated useful lives of such assets may warrant revision or that their carrying values may not be fully recoverable.

Indicators of impairment include, but are not limited to:

- a significant deterioration of operating results;
- a change in regulatory environment;
- a change in business plans; or
- an adverse change in anticipated cash flows.

If an impairment indicator is present, we evaluate recoverability by a comparison of the carrying amount of the assets to future undiscounted net cash flows expected to result from the use and eventual disposition of the assets. If the assets are determined to be impaired, the impairment recognized is the excess of the carrying amount over the fair value of the assets. Fair value is generally determined by the discounted cash flow method. The discount rate used in any estimate of discounted cash flows is the rate commensurate with a similar investment of similar

risk. We use judgment in determining whether a triggering event has occurred and in estimating future cash flows and fair value. Changes in our judgments could result in impairments in future periods. See Note 7, Goodwill and Other Intangible Assets, in our consolidated financial statements included elsewhere in this Form 10-K for further details on impairments.

Income Taxes

We record the amount of income taxes payable or refundable for the current year, as well as deferred tax assets and liabilities for the expected future tax consequences of events that we have recognized in our consolidated financial statements or tax returns. We exercise judgment in assessing future profitability and the likely future tax consequences of these events.

Deferred Taxes

Estimates of deferred tax assets and liabilities are based on current tax laws, rates and interpretations, and, in certain cases, business plans and other expectations about future outcomes. We develop estimates of future profitability based upon historical data and experience, industry projections, forecasts of general economic conditions, and our own expectations. Our accounting for deferred tax consequences represents management's best estimate of future events that can be appropriately reflected in our accounting estimates. Changes in existing tax laws and rates, their related interpretations, as well as the uncertainty generated by the current economic environment, may impact the amounts of deferred tax liabilities or the valuations of deferred tax assets.

Tax Contingencies

We are subject to regular review and audit by both domestic and foreign tax authorities. We apply a more-likely-than-not threshold for tax positions, under which we must conclude that a tax position is more likely than not to be sustained in order for us to continue to recognize the benefit. This assumes that the position will be examined by the appropriate taxing authority and that full knowledge of all relevant information is available. In determining the provision for income taxes, judgment is used, reflecting estimates and assumptions, in applying the more-likely-than-not threshold. A change in the assessment of the outcome of a tax review or audit could materially adversely affect our consolidated financial statements.

See Note 13, Income Taxes, in our consolidated financial statements included elsewhere in this Form 10-K for details of our deferred taxes and tax contingencies.

Indefinite Reinvestment of Foreign Earnings

We earn substantially all of our income from subsidiaries located in countries outside the United States. Deferred tax liabilities have not been recognized for undistributed historical foreign earnings because management believes that the historical retained earnings will be indefinitely reinvested outside the United States under the Company's planned tax-neutral methods. Our assertion that earnings from our foreign operations will be indefinitely reinvested is supported by projected working capital and long-term capital plans in each foreign subsidiary location in which the earnings are generated. Additionally, we believe that we have the ability to indefinitely reinvest foreign earnings based on our domestic operation's cash repatriation strategies, projected cash flows, projected working capital and liquidity, and the expected availability of capital within the debt or equity markets. If our expectations change based on future developments, such that some or all of the undistributed earnings of our foreign subsidiaries may be remitted to the United States in the foreseeable future, we will be required to recognize deferred tax expense and liabilities on any amounts that we are unable to repatriate in a tax-free manner.

Revenue Recognition

Our revenues primarily consist of tuition and educational service revenues. We also generate other revenues from student fees and other education-related activities. These other revenues are less material to our overall financial results and have a tendency to trend with tuition revenues. Revenues are recognized when control of the promised goods or services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. These revenues are recognized net of scholarships and other discounts, refunds and waivers. For further description, see also Note 3, Revenue, in our consolidated financial statements included elsewhere in this Form 10-K.

Allowance for Doubtful Accounts

Receivables are deemed to be uncollectible when they have been outstanding for two years, or earlier when collection efforts have ceased, at which time they are written off. Prior to that, we record an allowance for doubtful accounts to reduce our receivables to their net realizable value. Our allowance estimation methodology is based on the age of the receivables, the status of past-due amounts, historical collection trends, current economic conditions and student enrollment status. In the event that current collection trends differ from historical trends, an adjustment is made to the allowance account and bad debt expense.

Share-Based Compensation

We use the Black-Scholes-Merton option pricing model to calculate the fair value of stock options. This option valuation model requires the use of subjective assumptions, including the estimated fair value of the underlying common stock, the expected stock price volatility, and the expected term of the option. Prior to the IPO, the estimated fair value of the underlying common stock was based on third-party valuations. After our IPO, the estimated fair value of the underlying common stock is based on the closing price of our common stock on the grant date. Because we have only been publicly traded since February 2017, our volatility estimates are based on an average of: (1) a peer group of companies and (2) Laureate's historical volatility. We estimate the expected term of awards to be the weighted average mid-point between the vesting date and the end of the contractual term. We use this method to estimate the expected term because we do not have sufficient historical exercise data.

We have granted restricted stock, restricted stock units and performance awards for which the vesting is based on our annual performance metrics. For interim periods, we use our year-to-date actual results, financial forecasts, and other available information to estimate the probability of the award vesting based on the performance metrics. The related compensation expense recognized is affected by our estimates of the vesting probability of these performance awards. See Note 11, Share-based Compensation and Equity, in our consolidated financial statements included elsewhere in this Form 10-K for further discussion of these arrangements.

Recently Issued Accounting Standards

Refer to Note 2, Significant Accounting Policies, in our consolidated financial statements included elsewhere in this Form 10-K for recently issued accounting standards.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risk primarily from fluctuations in interest rates and foreign currency exchange rates. We may seek to control a portion of these risks through a risk-management program that includes the use of derivatives to reduce earnings and cash flow volatility associated with changes in interest rates and foreign currency exchange rates. As a policy, we do not engage in speculative or leveraged transactions, nor do we hold or issue derivatives for trading purposes.

Interest Rate Risk

We are subject to risk from fluctuations in interest rates, primarily relating to our Senior Secured Credit Facility and certain local debt, which bear interest at variable rates. Based on our outstanding variable-rate debt as of December 31, 2022, an increase of 100 basis points in our weighted-average interest rate would result in an increase in interest expense of \$1.4 million on an annual basis.

Foreign Currency Exchange Risk

We use the USD as our reporting currency. We derived substantially all of our revenues outside of the United States for the year ended December 31, 2022. Our business is transacted through a network of international and domestic subsidiaries, generally in the local currency, considered the functional currency for that subsidiary.

Our foreign currency exchange rate risk is related to the following items:

- Adjustments relating to the translation of our assets and liabilities from the subsidiaries' functional currencies to USD. These adjustments are recorded in accumulated other comprehensive income (loss) on our consolidated balance sheets.
- Gains and losses resulting from foreign currency exchange rate changes related to intercompany loans that are not deemed to have the characteristics of a long-term investment. These gains and losses are recorded in foreign currency exchange gain (loss) on our consolidated statements of operations.
- Gains and losses on foreign currency transactions. These gains and losses are recorded in foreign currency exchange gain (loss) on our consolidated statements of operations.

For the year ended December 31, 2022, a hypothetical 10% adverse change in average annual foreign currency exchange rates would have decreased Operating income and Adjusted EBITDA by approximately \$35.6 million and \$41.3 million, respectively.

We monitor the impact of foreign currency movements related to differences between our subsidiaries' local currencies and the USD. Our U.S. debt facilities are primarily denominated in USD. We may enter into foreign exchange forward contracts to protect the USD value of our assets and future cash flows, as well as to reduce the earnings impact of exchange rate fluctuations on receivables and payables denominated in currencies other than the functional currencies. See Note 12, Derivative Instruments, in our consolidated financial statements included elsewhere in this Form 10-K for additional discussion regarding our derivatives.

Item 8. Financial Statements and Supplementary Data

Report of Management on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. We conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2022, based on the framework in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013. Based on our evaluation, we have concluded that our internal control over financial reporting was effective as of December 31, 2022.

The effectiveness of our internal control over financial reporting as of December 31, 2022, has been audited by PricewaterhouseCoopers LLP (PCAOB No. 238), an independent registered public accounting firm, as stated in their report which appears herein.

Date: February 23, 2023

/s/ EILIF SERCK-HANSSSEN

Eilif Serck-Hanssen
President and Chief Executive Officer

/s/ RICHARD M. BUSKIRK

Richard M. Buskirk
Senior Vice President and Chief Financial Officer

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Laureate Education, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Laureate Education, Inc. and its subsidiaries (the “Company”) as of December 31, 2022 and 2021, and the related consolidated statements of operations, of comprehensive income, of stockholders’ equity and of cash flows for each of the three years in the period ended December 31, 2022, including the related notes (collectively referred to as the “consolidated financial statements”). We also have audited the Company’s internal control over financial reporting as of December 31, 2022, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on criteria established in Internal Control - Integrated Framework (2013) issued by the COSO.

Basis for Opinions

The Company’s management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Report of Management on Internal Control over Financial Reporting. Our responsibility is to express opinions on the Company’s consolidated financial statements and on the Company’s internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed 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. A company’s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance

with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Certain Reserves for Uncertain Tax Positions

As described in Notes 2 and 13 to the consolidated financial statements, the Company's reserves for uncertain tax positions were \$284.9 million as of December 31, 2022. Certain reserves for uncertain tax positions represent a portion of the consolidated balance. A tax position must meet a minimum probability threshold before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position and having full knowledge of all relevant information. This involves the use of significant estimates and assumptions by management with respect to the potential outcome of positions taken on tax returns that may be reviewed by tax authorities.

The principal considerations for our determination that performing procedures relating to certain reserves for uncertain tax positions is a critical audit matter are (i) the significant judgment by management when determining certain reserves for uncertain tax positions; (ii) a high degree of auditor judgment, subjectivity and effort in performing procedures and evaluating management's determination of certain reserves for uncertain tax positions; (iii) the evaluation of audit evidence available to support certain reserves for uncertain tax positions is complex and resulted in significant auditor judgment as the nature of the evidence is often highly subjective, and (iv) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the recognition of reserves for uncertain tax positions. These procedures also included, among others, (i) testing the information used in the calculation of certain reserves for uncertain tax positions, such as international and federal filing positions, and the related final tax returns; (ii) testing the calculation of certain reserves for uncertain tax positions; and (iii) evaluating management's assessment of the technical merits of tax positions and estimates of the amount of tax benefit expected to be sustained, as well as the likelihood of the possible outcome. Professionals with specialized skill and knowledge were used to assist in evaluating the amount of potential benefit to be realized and the application of relevant tax laws.

/s/ PricewaterhouseCoopers LLP

Baltimore, Maryland
February 23, 2023

We have served as the Company's auditor since 2007, which includes periods before the Company became subject to SEC reporting requirements.

LAUREATE EDUCATION, INC. AND SUBSIDIARIES
Consolidated Statements of Operations
IN THOUSANDS, except per share amounts

<u>For the years ended December 31,</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Revenues	\$1,242,271	\$1,086,701	\$1,024,917
Costs and expenses:			
Direct costs	907,365	814,490	802,458
General and administrative expenses	64,750	204,370	199,790
Loss on impairment of assets	144	72,488	351,971
Operating income (loss)	270,012	(4,647)	(329,302)
Interest income	7,567	4,378	2,169
Interest expense	(16,418)	(46,275)	(100,894)
Loss on debt extinguishment	—	(77,940)	(610)
Loss on derivatives, net	—	(24,517)	(25,980)
Other income (expense), net	770	(1,695)	(2,420)
Foreign currency exchange (loss) gain, net	(17,444)	13,791	13,474
Gain (loss) on disposals of subsidiaries, net	1,364	(602)	(7,276)
Income (loss) from continuing operations before income taxes and equity in net income of affiliates	245,851	(137,507)	(450,839)
Income tax (expense) benefit	(185,391)	(145,573)	130,069
Equity in net income of affiliates, net of tax	258	—	172
Income (loss) from continuing operations	60,718	(283,080)	(320,598)
Income (loss) from discontinued operations, net of tax benefit (expense) of \$508, \$(234,326) and \$(114,257), respectively	8,260	486,865	(298,104)
Net income (loss)	68,978	203,785	(618,702)
Net loss (income) attributable to noncontrolling interests	595	(11,339)	5,371
Net income (loss) attributable to Laureate Education, Inc.	\$ 69,573	\$ 192,446	\$ (613,331)
Basic earnings (loss) per share:			
Income (loss) from continuing operations	\$ 0.37	\$ (1.56)	\$ (1.53)
Income (loss) from discontinued operations	0.05	2.57	(1.40)
Basic earnings (loss) per share	\$ 0.42	\$ 1.01	\$ (2.93)
Diluted earnings (loss) per share:			
Income (loss) from continuing operations	\$ 0.36	\$ (1.56)	\$ (1.53)
Income (loss) from discontinued operations	0.05	2.57	(1.40)
Diluted earnings (loss) per share	\$ 0.41	\$ 1.01	\$ (2.93)

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

LAUREATE EDUCATION, INC. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
IN THOUSANDS

<u>For the years ended December 31,</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Net income (loss)	\$ 68,978	\$203,785	\$(618,702)
Other comprehensive income (loss):			
Foreign currency translation adjustment, net of tax of \$0 for all years ..	77,233	421,972	133,827
Minimum pension liability adjustment, net of tax of \$140, \$0 and \$0, respectively	560	(202)	(1,200)
Total other comprehensive income	<u>77,793</u>	<u>421,770</u>	<u>132,627</u>
Comprehensive income (loss)	146,771	625,555	(486,075)
Net comprehensive loss (income) attributable to noncontrolling interests ...	<u>582</u>	<u>(11,327)</u>	<u>4,739</u>
Comprehensive income (loss) attributable to Laureate Education, Inc.	<u>\$147,353</u>	<u>\$614,228</u>	<u>\$(481,336)</u>

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

LAUREATE EDUCATION, INC. AND SUBSIDIARIES
Consolidated Balance Sheets
IN THOUSANDS, except per share amounts

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 85,167	\$ 324,801
Restricted cash	8,617	20,774
Receivables:		
Accounts and notes receivable	133,105	117,987
Other receivables	9,486	96,229
Allowance for doubtful accounts	(61,882)	(62,226)
Receivables, net	80,709	151,990
Income tax receivable	32,261	30,474
Prepaid expenses and other current assets	19,445	16,280
Total current assets	<u>226,199</u>	<u>544,319</u>
Property and equipment:		
Land	127,154	121,173
Buildings	348,931	328,343
Furniture, equipment and software	494,004	459,189
Leasehold improvements	117,820	106,813
Construction in-progress	11,871	9,622
Accumulated depreciation and amortization	(576,373)	(525,623)
Property and equipment, net	523,407	499,517
Operating lease right-of-use assets, net	389,565	384,344
Goodwill	583,493	546,795
Tradenames, net	151,645	142,848
Deferred costs, net	5,310	5,981
Deferred income taxes	51,941	38,713
Other assets	40,677	42,629
Long-term assets held for sale	—	6,164
Total assets	<u><u>\$1,972,237</u></u>	<u><u>\$2,211,310</u></u>

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

LAUREATE EDUCATION, INC. AND SUBSIDIARIES
Consolidated Balance Sheets (continued)
IN THOUSANDS, except per share amounts

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 42,842	\$ 26,870
Accrued expenses	50,563	65,558
Accrued compensation and benefits	85,215	90,454
Deferred revenue and student deposits	51,264	43,959
Current portion of operating leases	38,994	38,149
Current portion of long-term debt and finance leases	56,184	49,082
Income taxes liabilities	38,738	38,705
Other current liabilities	17,587	18,097
Current liabilities held for sale	—	1,054
Total current liabilities	<u>381,387</u>	<u>371,928</u>
Long-term operating leases, less current portion	376,898	377,104
Long-term debt and finance leases, less current portion	175,929	104,588
Deferred compensation	10,379	11,896
Income taxes payable	131,301	96,463
Deferred income taxes	89,765	73,624
Other long-term liabilities	30,823	24,640
Long-term liabilities held for sale	—	9,795
Total liabilities	<u>1,196,482</u>	<u>1,070,038</u>
Redeemable noncontrolling interests and equity	1,398	1,714
Stockholders' equity:		
Preferred stock, par value \$0.001 per share – 50,000 shares authorized and no shares issued and outstanding as of December 31, 2022 and December 31, 2021	—	—
Common stock, par value \$0.004 per share – 700,000 shares authorized, 230,779 shares issued and 157,013 shares outstanding as of December 31, 2022 and 228,831 shares issued and 180,611 shares outstanding as of December 31, 2021	923	915
Additional paid-in capital	2,204,755	2,388,783
Retained earnings	39,244	15,523
Accumulated other comprehensive loss	(442,424)	(520,204)
Treasury stock at cost (73,766 shares held at December 31, 2022 and 48,220 shares held at December 31, 2021)	<u>(1,026,272)</u>	<u>(744,174)</u>
Total Laureate Education, Inc. stockholders' equity	<u>776,226</u>	<u>1,140,843</u>
Noncontrolling interests	<u>(1,869)</u>	<u>(1,285)</u>
Total stockholders' equity	<u>774,357</u>	<u>1,139,558</u>
Total liabilities and stockholders' equity	<u>\$ 1,972,237</u>	<u>\$ 2,211,310</u>

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

LAUREATE EDUCATION, INC. AND SUBSIDIARIES
Consolidated Statements of Stockholders' Equity
IN THOUSANDS

Laureate Education, Inc. Stockholders												
	Class A Common Stock		Class B Common Stock		Common Stock		Additional paid-in capital	Retained earnings (accumulated deficit)	Accumulated other comprehensive (loss) income	Treasury stock at cost	Non- controlling interests	Total stockholders' equity
	Shares	Amount	Shares	Amount	Shares	Amount						
Balance at December 31,												
2019	119,575	\$ 542	90,831	\$ 363	—	\$—	\$ 3,724,636	\$ 436,509	\$(1,073,981)	\$(271,106)	\$(12,812)	\$ 2,804,151
Non-cash stock compensation	—	—	—	—	—	—	13,298	—	—	—	—	13,298
Conversion of Class B shares to Class A shares	39	—	(39)	—	—	—	—	—	—	—	—	—
Purchase of treasury stock at cost	(6,035)	—	—	—	—	—	—	—	—	(94,210)	—	(94,210)
Exercise of stock options and vesting of restricted stock and restricted stock units, net of shares withheld to satisfy tax withholding	1,540	6	—	—	—	—	24,556	—	—	—	—	24,562
Change in noncontrolling interests	—	—	—	—	—	—	(2,610)	—	—	—	3,471	861
Accretion of redeemable noncontrolling interests and equity	—	—	—	—	—	—	149	—	—	—	—	149
Reclassification of redeemable noncontrolling interests and equity	—	—	—	—	—	—	—	—	—	—	1,198	1,198
Net loss	—	—	—	—	—	—	—	(613,331)	—	—	(5,371)	(618,702)
Foreign currency translation adjustment, net of tax of \$0	—	—	—	—	—	—	—	—	133,195	—	632	133,827
Minimum pension liability adjustment, net of tax of \$0	—	—	—	—	—	—	—	—	(1,200)	—	—	(1,200)
Balance at December 31,												
2020	115,119	\$ 548	90,792	\$ 363	—	\$—	\$ 3,760,029	\$(176,822)	\$ (941,986)	\$(365,316)	\$(12,882)	\$ 2,263,934
Entity restructuring adjustment	—	—	—	—	—	—	—	(101)	—	—	—	(101)
Non-cash stock compensation	—	—	—	—	—	—	10,172	—	—	—	—	10,172
Exercise of stock options and vesting of restricted stock and restricted stock units, net of shares withheld to satisfy tax withholding	581	2	—	—	296	2	638	—	—	—	—	642
Conversion of Class A and Class B common stock to Common Stock	(90,497)	(550)	(90,792)	(363)	181,289	913	—	—	—	—	—	—
Purchase of treasury stock at cost	(25,203)	—	—	—	(974)	—	—	—	—	(378,858)	—	(378,858)
Special cash distributions and equitable adjustments to stock-based compensation awards	—	—	—	—	—	—	(1,381,787)	—	—	—	—	(1,381,787)
Change in noncontrolling interests	—	—	—	—	—	—	(181)	—	—	—	271	90
Accretion of redeemable noncontrolling interests and equity	—	—	—	—	—	—	(88)	—	—	—	—	(88)
Reclassification of redeemable noncontrolling interests and equity	—	—	—	—	—	—	—	—	—	—	(1)	(1)
Net income	—	—	—	—	—	—	—	192,446	—	—	11,339	203,785
Foreign currency translation adjustment, net of tax of \$0	—	—	—	—	—	—	—	—	421,984	—	(12)	421,972
Minimum pension liability adjustment, net of tax of \$0	—	—	—	—	—	—	—	—	(202)	—	—	(202)
Balance at December 31,												
2021	—	\$ —	—	\$ —	180,611	\$915	\$ 2,388,783	\$ 15,523	\$ (520,204)	\$(744,174)	\$(1,285)	\$ 1,139,558

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

LAUREATE EDUCATION, INC. AND SUBSIDIARIES
Consolidated Statements of Stockholders' Equity (continued)
IN THOUSANDS

	Laureate Education, Inc. Stockholders							Total stockholders' equity
	Common Stock		Additional paid-in capital	(Accumulated deficit) retained earnings	Accumulated other comprehensive (loss) income	Treasury stock at cost	Non- controlling interests	
	Shares	Amount						
Balance at December 31, 2021	180,611	\$915	\$2,388,783	\$ 15,523	\$(520,204)	\$ (744,174)	\$(1,285)	\$1,139,558
Non-cash stock compensation	—	—	8,776	—	—	—	—	8,776
Exercise of stock options and vesting of restricted stock and restricted stock units, net of shares withheld to satisfy tax withholding	1,948	8	11,214	—	—	—	—	11,222
Purchase of treasury stock at cost	(25,546)	—	—	—	—	(282,098)	—	(282,098)
Special cash distribution, special cash dividend, and equitable adjustments to stock-based compensation awards	—	—	(204,336)	(45,852)	—	—	—	(250,188)
Change in noncontrolling interests	—	—	2	—	—	—	(2)	—
Reclassification of redeemable equity to non-redeemable equity	—	—	316	—	—	—	—	316
Net income	—	—	—	69,573	—	—	(595)	68,978
Foreign currency translation adjustment, net of tax of \$0	—	—	—	—	77,220	—	13	77,233
Minimum pension liability adjustment, net of tax of \$140	—	—	—	—	560	—	—	560
Balance at December 31, 2022	<u>157,013</u>	<u>\$923</u>	<u>\$2,204,755</u>	<u>\$ 39,244</u>	<u>\$(442,424)</u>	<u>\$(1,026,272)</u>	<u>\$(1,869)</u>	<u>\$ 774,357</u>

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

LAUREATE EDUCATION, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
IN THOUSANDS

For the years ended December 31,	2022	2021	2020
Cash flows from operating activities			
Net income (loss)	\$ 68,978	\$ 203,785	\$(618,702)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization expense	59,132	101,178	143,516
Amortization of operating lease right-of-use assets	29,394	44,078	80,203
Loss on impairment of assets	144	73,756	790,229
Gain on sales and disposal of subsidiaries, property and equipment and leases, net	(11,146)	(609,529)	(22,756)
Loss on derivative instruments	—	24,517	25,980
Payments for settlement of derivative contracts	—	—	(626)
Loss on debt extinguishment	—	77,999	610
Non-cash interest expense	1,591	6,761	17,450
Interest paid on deferred purchase price for acquisitions	—	—	(3,969)
Non-cash share-based compensation expense	8,776	10,172	13,298
Bad debt expense	21,972	34,370	117,867
Deferred income taxes	(530)	195,563	(185,652)
Unrealized foreign currency exchange loss (gain)	13,907	(7,033)	26,344
Non-cash loss from non-income tax contingencies	743	12,150	3,059
Payments for lease settlements	—	(46,804)	—
Other, net	6,086	1,106	408
Changes in operating assets and liabilities:			
Receivables	(27,524)	(15,986)	(323,036)
Prepaid expenses and other assets	4,800	(17,433)	(28,504)
Accounts payable and accrued expenses	(10,464)	(45,329)	(47,200)
Income tax receivable/payable, net	31,330	(101,126)	99,563
Deferred revenue and other liabilities	(18,959)	(98,277)	171,474
Net cash provided by (used in) operating activities	<u>178,230</u>	<u>(156,082)</u>	<u>259,556</u>
Cash flows from investing activities			
Purchase of property and equipment	(52,756)	(50,444)	(74,624)
Expenditures for deferred costs	(312)	(5,843)	(14,538)
Receipts from sales of discontinued operations, net of cash sold, property and equipment	83,414	2,150,820	676,569
Settlement of derivatives related to sale of discontinued operations and net investment hedge	—	(50,341)	—
Other, net	—	—	(7)
Net cash provided by investing activities	<u>30,346</u>	<u>2,044,192</u>	<u>587,400</u>
Cash flows from financing activities			
Proceeds from issuance of long-term debt, net of original issue discount	496,253	46,493	528,382
Payments on long-term debt	(433,705)	(942,030)	(705,353)
Payments of deferred purchase price for acquisitions	—	—	(5,680)
Payments to purchase noncontrolling interests	—	—	(13,716)
Payments of special cash distributions, dividend, and dividend equivalent rights	(253,188)	(1,374,855)	—
Proceeds from exercise of stock options	13,216	3,411	25,716
Payments to repurchase common stock	(282,151)	(380,505)	(99,523)
Withholding of shares to satisfy tax withholding for vested stock awards and exercised stock options	(1,994)	(2,769)	(1,154)
Payments of call premiums and debt issuance costs	—	(32,980)	(779)
Distributions to noncontrolling interest holders	—	—	(609)
Net cash used in financing activities	<u>(461,569)</u>	<u>(2,683,235)</u>	<u>(272,716)</u>
Effects of exchange rate changes on Cash and cash equivalents and Restricted cash	1,202	(14,724)	(546)
Change in cash included in current assets held for sale	—	288,126	195,787
Net change in Cash and cash equivalents and Restricted cash	(251,791)	(521,723)	769,481
Cash and cash equivalents and Restricted cash at beginning of period	345,575	867,298	97,817
Cash and cash equivalents and Restricted cash at end of period	<u>\$ 93,784</u>	<u>\$ 345,575</u>	<u>\$ 867,298</u>

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

Laureate Education, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
(Dollars and shares in thousands)

Note 1. Description of Business

Laureate Education, Inc. and subsidiaries (hereinafter Laureate, we, us, our, or the Company) provide higher education programs and services to students through licensed universities and higher education institutions (institutions). Laureate's programs are provided through institutions that are campus-based and through electronically distributed educational programs (online). We are domiciled in Delaware as a public benefit corporation, a demonstration of our long-term commitment to our mission to benefit our students and society. The Company completed its initial public offering (IPO) on February 6, 2017, and its shares are listed on the Nasdaq Global Select Market under the symbol "LAUR."

Discontinued Operations

As a result of the strategic review first announced in January 2020, during the third quarter of 2020, the Company completed a sale of its operations in Chile and signed agreements to sell its operations in Brazil, Australia and New Zealand, as well as Walden University in the United States. These sales were completed during 2020 and 2021. Additionally, prior to 2020, the Company had announced the divestiture of certain other subsidiaries in Europe, Asia and Central America, which has been completed. These announcements represented strategic shifts that had a major effect on the Company's operations and financial results. Accordingly, all of the divestitures that were part of these strategic shifts were accounted for as Discontinued Operations for all periods presented in accordance with Accounting Standards Codification (ASC) 205-20, "Discontinued Operations" (ASC 205).

All planned divestitures have now been completed, and the Company has concluded its strategic review process. The Company's continuing operations are Mexico and Peru. All other markets have been divested (the Discontinued Operations). See Note 4, Discontinued Operations and Assets Held for Sale, and Note 5, Dispositions, for more information. Unless indicated otherwise, the information in the footnotes to the Consolidated Financial Statements relates to continuing operations.

Note 2. Significant Accounting Policies

The preparation of the Consolidated Financial Statements in conformity with accounting principles generally accepted in the United States (GAAP) requires our management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the related disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

Principles of Consolidation

General

Our Consolidated Financial Statements include all accounts of Laureate and our majority-owned subsidiaries. Intercompany accounts and transactions have been eliminated in consolidation.

Noncontrolling Interests

A noncontrolling interest is the portion of a subsidiary that is not attributable to us either directly or indirectly. A noncontrolling interest can also be referred to as a minority interest. We recognize noncontrolling interest holders' share of equity and net income or loss separately in Noncontrolling interests in the Consolidated Balance Sheets and Net loss (income) attributable to noncontrolling interests in the Consolidated Statements of Operations.

Foreign Currency Translation and Transaction Gains and Losses

The United States Dollar (USD) is the reporting currency of Laureate. Our subsidiaries' financial statements are maintained in their functional currencies. The functional currency of each of our foreign subsidiaries is the currency of the economic environment in which the subsidiary primarily does business. Our foreign subsidiaries' financial statements are translated into USD using the exchange rates applicable to the dates of the financial statements. Assets and liabilities are translated into USD using the period-end spot foreign exchange rates. Income and expenses are translated at the weighted-average exchange rates in effect during the period. Equity accounts are translated at historical exchange rates. The effects of these translation adjustments are reported as a component of Accumulated other comprehensive income (loss) included in the Consolidated Statements of Stockholders' Equity.

In the past, Laureate has had certain intercompany loans that were deemed to have the characteristics of a long-term investment. That is, the settlement of the intercompany loan was not planned or anticipated in the foreseeable future. Transaction gains and losses related to these types of loans are recorded as a component of Accumulated other comprehensive income (loss) included in the Consolidated Statements of Stockholders' Equity. Transaction gains and losses related to all other intercompany loans are included in Foreign currency exchange gain (loss), net in the Consolidated Statements of Operations.

For any transaction that is in a currency different from the entity's functional currency, Laureate records a gain or loss based on the difference between the exchange rate at the transaction date and the exchange rate at the transaction settlement date (or rate at period end, if unsettled) as Foreign currency exchange gain (loss), net in the Consolidated Statements of Operations.

Cash and Cash Equivalents

Laureate considers all highly liquid investments that are purchased with an original maturity of three months or less to be cash equivalents.

Restricted Cash

Restricted cash includes cash equivalents held as assets for a supplemental employment retention agreement for a former executive and, in 2021, cash equivalents held to collateralize letters of credit. In addition, Laureate may at times have restricted cash in escrow or otherwise have cash that is not available for use in current operations.

Financial Instruments

Laureate's financial instruments consist of cash and cash equivalents, restricted cash, accounts and notes receivable, other receivables, accounts payable, debt, and operating and finance lease obligations. The fair value of these financial instruments approximates their carrying amounts reported in the Consolidated Balance Sheets, as discussed in Note 8, Debt.

Our cash accounts are maintained with high-quality financial institutions. Our accounts receivable are not concentrated with any one significant customer.

Accounts and Notes Receivable

We recognize student receivables when an academic session begins, although students generally enroll in courses prior to the start of the academic session. Receivables are recognized only to the extent that it is probable that we will collect substantially all of the consideration to which we are entitled in exchange for the goods and services that will be transferred to the student. Occasionally, certain of our institutions have sold certain student receivables to local financial institutions without recourse. These transactions were deemed sales of receivables and the receivables were derecognized from our Consolidated Balance Sheets.

Allowance for Doubtful Accounts

Receivables are deemed to be uncollectible when they have been outstanding for two years, or earlier when collection efforts have ceased, at which time they are written off. Prior to that, Laureate records an allowance for doubtful accounts to reduce our receivables to their net realizable value. Our allowance estimation methodology is based on the age of the receivables, the status of past-due amounts, historical collection trends, current economic conditions and student enrollment status. In the event that current collection trends differ from historical trends, an adjustment is made to the allowance account and bad debt expense.

The reconciliations of the beginning and ending balances of the Allowance for doubtful accounts were as follows:

<u>For the years ended December 31,</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Balance at beginning of period	\$ 62,226	\$ 76,694	\$ 60,465
Additions: charges to bad debt expense	21,972	21,302	44,707
Deductions ^(a)	(22,316)	(35,770)	(28,478)
Balance at end of period	<u>\$ 61,882</u>	<u>\$ 62,226</u>	<u>\$ 76,694</u>

^(a) Deductions include accounts receivable written off against the allowance (net of recoveries) and foreign currency translation.

Property and Equipment, and Leased Assets

Property and equipment includes land, buildings, furniture, equipment, software, library books, leasehold improvements, and construction in-progress. We record property and equipment at cost less accumulated depreciation and amortization. Software that is developed for internal use is classified within the line item titled Furniture, equipment and software in our Consolidated Balance Sheets. Repairs and maintenance costs are expensed as incurred. Assets under construction are recorded in Construction in-progress until they are available for use. Interest is capitalized as a component of the cost of projects during the construction period.

We conduct a significant portion of our operations at leased facilities, including many of Laureate’s higher education facilities and other office locations. Laureate analyzes each lease agreement to determine whether it should be classified as a finance lease or an operating lease. For operating leases, right-of-use (ROU) assets and lease liabilities are recognized at the commencement date of the lease based on the estimated present value of lease payments over the lease term. For finance leases, we initially record the assets and lease liabilities at the present value of the future minimum lease payments. As most of the Company’s leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. The significant assumption used in estimating the present value of the lease payments is the incremental borrowing rate.

Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets. Leasehold improvements, including structural improvements, are amortized using the straight-line method over the lesser of the estimated useful life of the asset or the lease term, including reasonably assured renewals or purchase options that are considered likely to be exercised. Laureate includes the amortization of assets recorded under finance leases within depreciation expense. Assets under finance leases are typically amortized over the related lease term using the straight-line method. We recognize operating lease rent expense on a straight-line basis over the lease term.

Depreciation and amortization periods are as follows:

Buildings	10-50 years
Furniture, equipment and software	2-10 years
Leasehold improvements	2-25 years

Direct and Deferred Costs

Direct costs reported on the Consolidated Statements of Operations represent the cost of operations, including selling and administrative expenses, which are directly attributable to specific business units.

Deferred costs on the Consolidated Balance Sheets consist primarily of direct costs associated with costs to obtain a contract. As discussed in Note 3, Revenue, Laureate defers certain commissions and bonuses earned by third-party agents and our employees that are considered incremental and recoverable costs of obtaining a contract with a customer. These costs are amortized over the period of benefit which ranges from two to four years. As of December 31, 2022 and 2021, the unamortized balances of contract costs were \$3,855 and \$2,678, respectively.

Debt Issuance Costs

Debt issuance costs were paid as a result of certain debt transactions and are presented as a deduction from debt. These debt issuance costs are amortized over the term of the associated debt instruments. The amortization expense is recognized as a component of Interest expense in the Consolidated Statements of Operations. As of December 31, 2022 and 2021, the unamortized balances of deferred financing costs were \$2,060 and \$3,588, respectively.

Goodwill, Other Intangible Assets and Long-lived Assets

Goodwill

Goodwill primarily represents the amounts paid by Wengen Alberta, Limited Partnership (Wengen) in excess of the fair value of the net assets acquired in the August 2007 leveraged buyout transaction (LBO), plus the excess purchase price over fair value of net assets for businesses acquired after the LBO transaction.

Goodwill is evaluated annually as of October 1st each year for impairment at the reporting unit level, in accordance with ASC 350, "Intangibles - Goodwill and Other." We also evaluate goodwill for impairment on an interim basis if events or changes in circumstances between annual tests indicate that the asset may be impaired. Goodwill is impaired when the carrying amount of a reporting unit's goodwill exceeds its implied fair value. A reporting unit is defined as a component of an operating segment for which discrete financial information is available and regularly reviewed by management of the segment.

On January 1, 2020, the Company adopted Accounting Standards Update (ASU) No. 2017-04, Intangibles - Goodwill and Other (Topic 350): Simplifying the Accounting for Goodwill Impairment. This ASU requires entities to calculate goodwill impairment as the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill.

Under the updated guidance, the Company continues to have the option of first performing a qualitative goodwill impairment assessment (i.e., step zero) in order to determine if the quantitative impairment test is necessary. The requirement to perform a qualitative assessment for a reporting unit with a zero or negative carrying amount is eliminated. Based on the qualitative assessment, if we determine that it is more likely than not that the fair value of the reporting unit is greater than its carrying amount, the quantitative impairment test is not required.

If we do not perform the qualitative assessment for a reporting unit or determine that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, a quantitative fair value-based test is performed. We estimate the fair value of each reporting unit, and, if the carrying amount of the reporting unit is less than the reporting unit's estimated fair value, then there is no goodwill impairment. If the carrying amount of the reporting unit exceeds its estimated fair value, then goodwill is impaired and the difference between the reporting unit's carrying amount and its fair value is recognized as a loss on impairment of assets in the Consolidated Statements of Operations. We completed our annual impairment testing, and no impairments of goodwill were identified.

Our valuation approach to estimate the fair value of a reporting unit has historically utilized a weighted combination of a discounted cash flow analysis and a market multiples analysis. The discounted cash flow analysis relies on historical data and internal estimates, which are developed as a part of our long-range plan process, and includes an estimate of terminal value based on these expected cash flows using the generally accepted Gordon Dividend Growth formula, which derives a valuation using an assumed perpetual annuity based on the reporting unit's residual cash flows. The discount rate is based on the generally accepted Weighted Average Cost of Capital methodology, and is derived using a cost of equity based on the generally accepted Capital Asset Pricing Model and a cost of debt based on the typical rate paid by market participants. The market multiples analysis utilizes multiples of business enterprise value to revenues, operating income and earnings before interest, taxes, depreciation and amortization of comparable publicly traded companies and multiples based on fair value transactions where public information is available. Significant assumptions used in estimating the fair value of each reporting unit include: (1) the revenue and profitability growth rates and (2) the discount rate.

Other Intangible Assets

Other intangible assets on the Consolidated Balance Sheets include acquired indefinite-lived tradenames, which are valued using the relief-from-royalty method. This method estimates the amount of royalty expense that we would expect to incur if the assets were licensed from a third party. We use publicly available information in determining certain assumptions to assist us in estimating fair value using market participant assumptions. Any costs incurred to internally develop new tradenames are expensed as incurred. Accreditations are not considered a separate unit of account and their values are embedded in the cash flows generated by the institution, which are used to value its tradename. The Company does not believe accreditations have significant value on their own due to the fact that they are neither exclusive nor scarce, and the direct costs associated with obtaining accreditations are not material. Other intangible assets also included the Laureate tradename, which in 2020 was determined to no longer have an indefinite life and was fully amortized as of December 31, 2021.

Indefinite-lived tradenames are evaluated annually as of October 1st each year for impairment as well as on an interim basis if events or changes in circumstances between annual tests indicate that the asset may be impaired. The impairment test for indefinite-lived intangible assets generally requires a new determination of the fair value of the intangible asset using the relief-from-royalty method. If the fair value of the intangible asset is less than its carrying value, the intangible asset is adjusted to its new estimated fair value, and an impairment loss is recognized. Significant assumptions used in estimating the fair value of indefinite-lived tradenames include: (1) the revenue growth rates; (2) the discount rates; and (3) the estimated royalty rates.

Long-lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or group of assets may not be fully recoverable. These events or changes in circumstances may include, but are not limited to, a significant deterioration of operating results, a change in regulatory environment, changes in business plans, or adverse changes in anticipated future cash flows. If an impairment indicator is present, we evaluate recoverability by a comparison of the carrying amount of the assets to future undiscounted net cash flows expected to result from the use and eventual disposition of the assets. If the assets are determined to be impaired, the impairment recognized is the excess of the carrying amount over the fair value of the assets. Fair value is generally determined by the discounted cash flow method. The discount rate used in any estimate of discounted cash flows is the rate commensurate with a similar investment of similar risk.

Derivative Instruments

In the normal course of business, our operations have exposure to fluctuations in foreign currency values and interest rate changes. Accordingly, Laureate may seek to mitigate a portion of these risks through a risk-

management program that includes the use of derivative financial instruments (derivatives). In the past, Laureate has selectively entered into foreign exchange forward contracts to reduce the earnings impact related to receivables and payables that are denominated in foreign currencies. In addition, in certain cases Laureate has used interest rate swaps to mitigate certain risks associated with floating-rate debt arrangements. We do not engage in speculative or leveraged transactions, nor do we hold or issue derivatives for trading purposes. Laureate reports any derivatives on our Consolidated Balance Sheets at fair value, including any identified embedded derivatives. Realized and unrealized gains and/or losses resulting from derivatives are recognized in our Consolidated Statements of Operations, unless designated and effective as a hedge.

For derivatives that are both designated and effective as cash flow hedges, gains or losses associated with the change in fair value of the derivatives are recognized on our Consolidated Balance Sheets as a component of Accumulated other comprehensive income (loss) and amortized over the term of the related hedged items. For derivatives that are both designated and effective as net investment hedges, gains or losses associated with the change in fair value of the derivatives are recognized on our Consolidated Balance Sheets as a component of Accumulated other comprehensive income (loss).

Revenue Recognition

Our revenues primarily consist of tuition and educational service revenues. We also generate other revenues from student fees and other education-related activities. These other revenues are less material to our overall financial results and have a tendency to trend with tuition revenues. Revenues are recognized when control of the promised goods or services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. These revenues are recognized net of scholarships and other discounts, refunds and waivers. For further description, see Note 3, Revenue.

Advertising

Laureate expenses advertising costs as incurred. Advertising expenses were \$61,871, \$53,629 and \$45,318 for the years ended December 31, 2022, 2021 and 2020, respectively, and are recorded in Direct costs in our Consolidated Statements of Operations.

Share-based Compensation

Share-based compensation expense is based on the grant-date fair value estimated in accordance with the provisions of ASC 718, "Compensation – Stock Compensation." Laureate recognizes share-based compensation expense, less estimated forfeitures, on a straight-line basis over the requisite service period for time-based awards and graded vesting basis for performance-based awards. Laureate estimates forfeitures based on historical activity, expected employee turnover, and other qualitative factors which are adjusted for changes in estimates and award vesting. All expenses for an award will be recognized by the time it becomes fully vested.

We use the Black-Scholes-Merton option pricing model to calculate the fair value of stock options. This option valuation model requires the use of subjective assumptions, including the estimated fair value of the underlying common stock, the expected stock price volatility, and the expected term of the option. Prior to the IPO, the estimated fair value of the underlying common stock was based on third-party valuations. After our IPO, the estimated fair value of the underlying common stock is based on the closing price of our common stock on the grant date. Because we have only been publicly traded since February 2017, our volatility estimates are based on an average of: (1) a peer group of companies and (2) Laureate's historical volatility. We estimate the expected term of awards to be the weighted average mid-point between the vesting date and the end of the contractual term. We use this method to estimate the expected term because we do not have sufficient historical exercise data.

During the years ended, December 31, 2022, 2021, and 2020, Laureate has granted restricted stock, restricted stock units, and performance awards for which the vesting is based on annual performance metrics of the

Company. For interim periods, we use our year-to-date actual results, financial forecasts, and other available information to estimate the probability of the award vesting based on the performance metrics. The related compensation expense recognized is affected by our estimates of the vesting probability of these performance awards.

Income Taxes

Laureate records the amount of taxes payable or refundable for the current year. Deferred income tax assets and liabilities are recorded with respect to temporary differences in the accounting treatment of items for GAAP financial reporting purposes and for income tax purposes. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in earnings in the period in which the new rate is enacted. Where, based on the weight of all available evidence, it is more likely than not that some portion of recorded deferred tax assets will not be realized, a valuation allowance is established for the amount that, in management's judgment, is sufficient to reduce the deferred tax asset to an amount that is more likely than not to be realized.

A tax position must meet a minimum probability threshold before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position and having full knowledge of all relevant information. This involves the use of significant estimates and assumptions by management with respect to the potential outcome of positions taken on tax returns that may be reviewed by tax authorities.

We earn substantially all of our income from subsidiaries located in countries outside the United States. Deferred tax liabilities have not been recognized for undistributed historical foreign earnings because management believes that the historical retained earnings will be indefinitely reinvested outside the United States under the Company's planned tax-neutral methods. Our assertion that earnings from our foreign operations will be indefinitely reinvested is supported by projected working capital and long-term capital plans in each foreign subsidiary location in which the earnings are generated. Additionally, we believe that we have the ability to indefinitely reinvest foreign earnings based on our domestic operation's cash repatriation strategies, projected cash flows, projected working capital and liquidity, and the expected availability of capital within the debt or equity markets. If our expectations change based on future developments, such that some or all of the undistributed earnings of our foreign subsidiaries may be remitted to the United States in the foreseeable future, we will be required to recognize deferred tax expense and liabilities on any amounts that we are unable to repatriate in a tax-free manner.

For additional information regarding income taxes and deferred tax assets and liabilities, see Note 13, Income Taxes.

Contingencies

Laureate accrues for contingent obligations when it is probable that a liability has been incurred and the amount or range of amounts is reasonably estimable. As new facts become known to management, the assumptions related to a contingency are reviewed and adjustments are made, as necessary. Any legal costs incurred related to contingencies are expensed as incurred.

Recently Adopted Accounting Standards

Accounting Standards Update (ASU) No. 2020-04 (ASU 2020-04), Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting

In March 2020, the Financial Accounting Standards Board (FASB) issued ASU 2020-04 which provides optional expedients for a limited period of time for accounting for contracts, hedging relationships, and other transactions

affected by the London Interbank Offered Rate (LIBOR) or other reference rates expected to be discontinued. Specifically, to the extent the Company's debt and other agreements are modified to replace LIBOR with another interest rate index, ASU 2020-04 will permit the Company to account for the modification as a continuation of the existing contract without additional analysis. These optional expedients can be applied from March 2020 through December 31, 2022 on a prospective basis. In December 2022, the FASB issued ASU No. 2022-06, *Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848*, to extend the period the optional expedients can be applied from December 31, 2022 to December 31, 2024. During the fourth quarter of 2022, the Company adopted the optional relief guidance provided under ASU 2020-04 in connection with the amendment of our revolving credit facility. The amendment was done in response to the planned phase out of LIBOR and the only contractual change was to update the reference rate from LIBOR to the Secured Overnight Financing Rate (SOFR). See Note 8, Debt, for further discussion. There was no material impact to our consolidated financial statements during the year ended December 31, 2022 as a result of adoption of this standard.

Note 3. Revenue

Revenue Recognition

Our revenues primarily consist of tuition and educational service revenues. We also generate other revenues from student fees and other education-related activities. These other revenues are less material to our overall financial results and have a tendency to trend with tuition revenues. Revenues are recognized when control of the promised goods or services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for those goods or services. These revenues are recognized net of scholarships and other discounts, refunds and waivers. Laureate's institutions have various billing and academic cycles.

We determine revenue recognition through the five-step model prescribed by ASC Topic 606, *Revenue from Contracts with Customers*, as follows:

- Identification of the contract, or contracts, with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when, or as, we satisfy a performance obligation.

We assess collectibility on a portfolio basis prior to recording revenue. Generally, students cannot re-enroll for the next academic session without satisfactory resolution of any past-due amounts. If a student withdraws from an institution, Laureate's obligation to issue a refund depends on the refund policy at that institution and the timing of the student's withdrawal. Generally, our refund obligations are reduced over the course of the academic term. We record refunds as a reduction of deferred revenue as applicable.

The following table shows the components of Revenues by reportable segment and as a percentage of total net revenue for the years ended December 31, 2022, 2021 and 2020:

	<u>Mexico</u>	<u>Peru</u>	<u>Corporate⁽¹⁾</u>	<u>Total</u>	
2022					
Tuition and educational services	\$ 778,066	\$613,379	\$ —	\$1,391,445	112%
Other	<u>112,294</u>	<u>58,087</u>	<u>4,091</u>	<u>174,472</u>	<u>14%</u>
Gross revenue	890,360	671,466	4,091	1,565,917	126%
Less: Discounts / waivers / scholarships	<u>(276,418)</u>	<u>(47,228)</u>	<u>—</u>	<u>(323,646)</u>	<u>(26)%</u>
Total	<u>\$ 613,942</u>	<u>\$624,238</u>	<u>\$4,091</u>	<u>\$1,242,271</u>	<u>100%</u>
2021					
Tuition and educational services	\$ 679,430	\$526,987	\$ —	\$1,206,417	111%
Other	<u>92,719</u>	<u>48,363</u>	<u>9,216</u>	<u>150,298</u>	<u>14%</u>
Gross revenue	772,149	575,350	9,216	1,356,715	125%
Less: Discounts / waivers / scholarships	<u>(231,720)</u>	<u>(38,294)</u>	<u>—</u>	<u>(270,014)</u>	<u>(25)%</u>
Total	<u>\$ 540,429</u>	<u>\$537,056</u>	<u>\$9,216</u>	<u>\$1,086,701</u>	<u>100%</u>
2020					
Tuition and educational services	\$ 634,956	\$482,977	\$ —	\$1,117,933	109%
Other	<u>81,764</u>	<u>41,869</u>	<u>7,432</u>	<u>131,065</u>	<u>13%</u>
Gross revenue	716,720	524,846	7,432	1,248,998	122%
Less: Discounts / waivers / scholarships	<u>(182,113)</u>	<u>(41,968)</u>	<u>—</u>	<u>(224,081)</u>	<u>(22)%</u>
Total	<u>\$ 534,607</u>	<u>\$482,878</u>	<u>\$7,432</u>	<u>\$1,024,917</u>	<u>100%</u>

⁽¹⁾ Includes the elimination of inter-segment revenues.

Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of accounting in Topic 606. A contract's transaction price is allocated to each performance obligation identified in the arrangement based on the relative standalone selling price of each distinct good or service in the contract and recognized as revenue when, or as, the performance obligation is satisfied. The primary method used to estimate standalone selling price is the adjusted market assessment approach, under which we evaluate the market and estimate the price that a customer would be willing to pay for the goods and services we provide.

Our performance obligations are primarily satisfied over time during the course of an academic semester or academic year. Laureate's transaction price is determined based on gross price, net of scholarships and other discounts, refunds and waivers. The majority of our revenue is derived from tuition and educational services agreements with students, and thus, is recognized over time on a weekly straight-line basis over each academic session. We view the knowledge gained by the student as the benefit which the student receives during the academic sessions. We use the output method to recognize tuition and educational services revenue as this method faithfully depicts our performance toward complete satisfaction of the performance obligation. Dormitory/residency revenues, which are included in the Other line item in the table above, are recognized over time throughout the occupancy period using the output method based on the proportional period of time elapsed which faithfully depicts our performance toward complete satisfaction of the performance obligation.

We have elected the optional exemption to not disclose amounts where the performance obligation is part of a contract that has an original expected duration of one year or less. We expect to recognize substantially all revenue on these remaining performance obligations over the next 12 months.

Contract Balances

The timing of billings, cash collections and revenue recognition results in accounts receivable (contract assets) and deferred revenue and student deposits (contract liabilities) on the Consolidated Balance Sheets. We have various billing and academic cycles and recognize student receivables when an academic session begins, although students generally enroll in courses prior to the start of the academic session. Receivables are recognized only to the extent that it is probable that we will collect substantially all of the consideration to which we are entitled in exchange for the goods and services that will be transferred to the student. We receive advance payments or deposits from our students before revenue is recognized, which are recorded as contract liabilities in deferred revenue and student deposits. Payment terms vary by university with some universities requiring payment in advance of the academic session and other universities allowing students to pay in installments over the term of the academic session.

All of our contract assets are considered accounts receivable and are included within the Accounts and notes receivable balance in the accompanying Consolidated Balance Sheets. Total accounts receivable from our contracts with students were \$133,105 and \$117,987 as of December 31, 2022 and 2021, respectively. All contract asset amounts are classified as current. Contract liabilities in the amount of \$51,264 and \$43,959 were included within the Deferred revenue and student deposits balance in the current liabilities section of the accompanying Consolidated Balance Sheets as of December 31, 2022 and 2021, respectively. Substantially all of the contract liability balance at the beginning of the year was recognized into revenue during the year ended December 31, 2022.

Costs to Obtain a Contract

Certain commissions and bonuses earned by third-party agents and our employees are considered incremental and recoverable costs of obtaining a contract with a customer. These costs are deferred and then amortized over the period of benefit which ranges from two to four years. We determined the expected period of benefit, by university, as the expected student enrollment period. As of December 31, 2022 and 2021, the asset balances were approximately \$8,800 and \$5,800, respectively, and the accumulated amortization balances were approximately \$4,900 and \$3,100, respectively, both of which are included in Deferred costs, net, in the accompanying Consolidated Balance Sheets. The associated operating costs of approximately \$1,700 and \$1,400, respectively, were recorded in Direct costs in the accompanying Consolidated Statement of Operations for the years ended December 31, 2022 and 2021. We also pay certain commissions and bonuses where the period of benefit is one year or less.

Practical Expedients

We recognize the incremental costs of obtaining a contract with a student as an expense when incurred in instances where the amortization period of the asset that we would have recognized is one year or less.

We have made an accounting policy election to exclude from the measurement of the transaction price all taxes assessed by governmental authorities that are both imposed on and concurrent with specific revenue-producing transactions and collected by the entity from our customers (e.g., sales, use, value added and excise taxes).

Note 4. Discontinued Operations and Assets Held for Sale

As discussed in Note 1, Description of Business, the Company's principal markets are Mexico and Peru. All other markets have been divested.

Summarized operating results and cash flows of the Discontinued Operations are presented in the following table:

<u>For the years ended December 31,</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Revenues	\$ —	\$ 542,979	\$ 1,674,602
Depreciation and amortization expense	—	—	(60,378)
Share-based compensation expense	—	(1,277)	(3,050)
Other direct costs	—	(433,127)	(1,313,258)
Loss on impairment of assets	—	(1,268)	(438,258)
Other non-operating expense	—	(22,288)	(68,553)
Gain on sale of discontinued operations before taxes, net	<u>7,752</u>	<u>636,172</u>	<u>25,048</u>
Pretax income (loss) of discontinued operations	7,752	721,191	(183,847)
Income tax benefit (expense)	<u>508</u>	<u>(234,326)</u>	<u>(114,257)</u>
Income (loss) from discontinued operations, net of tax	<u>\$8,260</u>	<u>\$ 486,865</u>	<u>\$ (298,104)</u>
Operating cash flows of discontinued operations	\$ —	\$ 39,544	\$ 288,271
Investing cash flows of discontinued operations	\$ —	\$ (11,161)	\$ (48,428)
Financing cash flows of discontinued operations	<u>\$ —</u>	<u>\$ (18,054)</u>	<u>\$ (969)</u>

2021 Loss Recognized on Held-For-Sale Disposal Group

Brazil

During the first quarter of 2021, the Company recorded a loss of approximately \$32,400 related to the Brazil disposal group, which was classified as a Discontinued Operation, in order to write down the carrying value of those assets to their estimated fair value less costs to sell as of March 31, 2021, in accordance with ASC 360-10, “Impairment and Disposal of Long-lived Assets” (ASC 360-10). The estimated fair value was based on the sale agreement for the disposal group that was announced on November 2, 2020, as previously disclosed. The sale of the Brazil disposal group closed on May 28, 2021. See Note 5, Dispositions, for more information.

2020 Impairments and Losses Recognized on Held-For-Sale Disposal Groups

Chile

As described in Note 1, Description of Business, in January 2020, Laureate’s Board of Directors authorized the Company to explore strategic alternatives for each of its businesses to unlock shareholder value. As part of that process, the Company evaluated all potential options for its remaining businesses, including sales, spin-offs or business combinations. During the second quarter of 2020, the Company received and considered information regarding the market valuation for control of its Chilean operations, which was both a reporting unit and an asset group. In a divestiture scenario, this market feedback revealed the range of values that could be expected to be offered by potential investors, and this range of values was lower than carrying value. The reasons for this included uncertainties that market participants had around operating higher education institutions in Chile related to the challenging political and regulatory environment and the possibility that a new Chilean constitution could become effective. These uncertainties particularly affected the views of market participants (as well as the views of the Company) about operating a not-for-profit education institution in Chile.

After assessing these factors, the Company concluded that it was more likely than not that the fair value of its Chile reporting unit was less than its carrying value. Accordingly, the Company performed an impairment test of the long-lived assets that were part of the Chile reporting unit. Because Chile had not yet met the held-for-sale criteria as of June 30, 2020, the long-lived assets other than goodwill were evaluated for impairment under the held-and-used model, based on the probability-weighted cash flows expected to be generated by the asset group.

Goodwill was also evaluated for impairment. The projections used in the impairment testing included key assumptions around the effect of regulatory uncertainties on the future cash flows expected to be generated, reducing the estimates of those cash flows. In addition, the projections incorporated assumptions around growth rates, tax rates and discount rates. The inputs used were not observable to active markets and were therefore deemed “Level 3” inputs in the fair value hierarchy.

As a result of the impairment test, the Company determined that the carrying value of the Chile asset group exceeded its fair value by approximately \$418,000 and recorded an impairment charge in that amount during the second quarter of 2020, as follows:

Goodwill and tradenames	\$238,400
Land and buildings	80,600
Other long-lived assets	36,500
Operating lease right-of-use assets, net	<u>62,500</u>
Total Chile impairment	<u><u>\$418,000</u></u>

In addition, the Company had recorded within stockholders’ equity, as a component of accumulated other comprehensive income, approximately \$293,000 of accumulated foreign currency translation losses associated with the Chilean operations. As discussed further in Note 5, Dispositions, the Company completed the divestiture of its Chilean operations during the third quarter of 2020 and, as a result, these accumulated foreign currency translation losses were recognized as part of the loss on sale.

Honduras

During the second quarter of 2020, the Company recorded a loss of approximately \$10,000 related to the Honduras disposal group, which was classified as a Discontinued Operation, in order to write down the carrying value of those assets to their estimated fair value at that time, in accordance with ASC 360-10. During the third quarter of 2020, the Company recorded an additional loss of approximately \$10,000 related to the Honduras disposal group, in order to adjust the carrying value of those assets to their estimated fair value based on the sale agreement for the institution that was signed in October 2020.

Brazil

During the third quarter of 2020, the Company signed an agreement to sell its Brazil operations and, as a result, Brazil was classified as a Discontinued Operation for all periods presented. In connection with this decision to sell Brazil, the Company recorded a loss of approximately \$190,000 in order to write down the carrying value of the Brazil disposal group to its estimated fair value less costs to sell, as required by ASC 360-10. The estimated fair value was based on an offer received from a market participant. Because the held-for-sale criteria were met during the third quarter, the carrying value used to evaluate the Brazil business included the accumulated foreign currency translation losses associated with Brazil, resulting in this loss. During the fourth quarter of 2020, the Company recorded an additional loss of approximately \$15,000 in order to adjust the carrying value of the Brazil disposal group to its estimated fair value less costs to sell as of December 31, 2020.

During the second quarter of 2022, the Company completed the transfer of the remaining assets and liabilities of the Discontinued Operations that were classified as held for sale as of December 31, 2021, which resulted in a gain of approximately \$4,300. The carrying amounts of the major classes of assets and liabilities that were classified as held for sale as of December 31, 2021 are presented in the following table:

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Assets of Discontinued Operations		
Operating lease assets	\$—	\$ 6,164
Total assets held for sale	<u>\$—</u>	<u>\$ 6,164</u>
Liabilities of Discontinued Operations		
Operating leases, including current portion	\$—	\$10,849
Total liabilities held for sale	<u>\$—</u>	<u>\$10,849</u>

Note 5. Dispositions

2022 Receipt of Escrow Receivable from Sale of Walden

On August 12, 2021, pursuant to the Membership Interest Purchase Agreement (the Walden Purchase Agreement) with Adtalem Global Education Inc. (the Walden Purchaser), the Company sold to the Walden Purchaser all of the issued and outstanding equity interest in Walden e-Learning, LLC, a Delaware limited liability company and a wholly owned subsidiary of the Company (Walden), and its subsidiary, Walden University, LLC, a Florida limited liability company and an indirect wholly owned subsidiary of the Company (together with Walden, the Walden Group). At the closing date of August 12, 2021, the Walden Purchaser paid an additional \$74,000 of the sale transaction value into an escrow account, which was to be released in full or in part to the Company one year following the closing of the transaction pursuant to the terms and conditions of the escrow agreement. On August 23, 2022, the Company received approximately \$71,700 of the escrow amount.

2021 Dispositions

Honduras Divestiture

On March 8, 2021, the Company completed the divestiture of its operations in Honduras to Fundación Nasser, a not-for-profit foundation in Honduras. In connection with the transaction, the Company transferred control of Fundaempresa, which manages Universidad Tecnológica Centroamericana (UNITEC), including Centro Universitario Tecnológico (CEUTECH). The proceeds received, net of cash sold, closing costs and a working capital adjustment that was completed during the second quarter of 2021, were approximately \$24,000. As a result of the sale, the Company recognized a pre-tax loss of approximately \$1,700, which is included in Income (loss) from discontinued operations, net of tax in the Consolidated Statement of Operations for the year ended December 31, 2021. Under the transaction terms, additional consideration of \$2,000 was paid into an escrow account at closing and, assuming certain conditions are met, will be released to the Company based on the following schedule: 50% after 18 months, 25% after 24 months and 25% after 36 months. During the third quarter of 2022, the Company received the first scheduled escrow payment of \$1,000.

Receipt of Remaining Escrow Receivable from Sale of China Operations

On January 25, 2018, the Company completed the sale of LEI Lie Ying Limited in China. At the closing of the sale on January 25, 2018, a portion of the total transaction value was paid into an escrow account, to be distributed to the Company pursuant to the terms and conditions of the escrow agreement. In June 2020, the Company received approximately one-half of the escrow account, and the remainder was due in January 2021. In April 2021, the Company received 168,284 Hong Kong Dollars (approximately \$21,650 at the date of receipt), which represented payment in full for the remainder of the escrow account. Accordingly, the Company

recognized a gain of approximately \$13,600, which is included in Income (loss) from discontinued operations, net of tax, in the Consolidated Statement of Operations for the year ended December 31, 2021.

Brazil Divestiture

On May 28, 2021, the Company completed the sale of its operations in Brazil to Ânima Holding S.A. (Anima). The proceeds received at the date of sale, net of cash sold, transaction fees and settlement of foreign currency swaps, were approximately \$625,000. The Company used a portion of the proceeds to repay the remaining balance outstanding under its Senior Notes due 2025. Additionally, the buyer assumed indebtedness, gross of cash sold, of approximately \$121,000. The Company recognized a pre-tax gain on the sale of approximately \$33,000, which included: i) the derecognition of the carrying value of the disposal group; ii) working capital and purchase price adjustments that were completed during the third and fourth quarters of 2021; and iii) contingent consideration of approximately \$6,500 that was recognized during the fourth quarter of 2021, in accordance with the terms of the sale agreement. This gain is included in Income (loss) from discontinued operations, net of tax in the Consolidated Statement of Operations for the year ended December 31, 2021.

Walden Divestiture

On August 12, 2021, the Company closed the transaction pursuant to the Membership Interest Purchase Agreement (the Walden Purchase Agreement), dated September 11, 2020, with Adtalem Global Education Inc., a Delaware corporation (the Walden Purchaser). Pursuant to the Walden Purchase Agreement, the Company sold to the Walden Purchaser all of the issued and outstanding equity interest in Walden e-Learning, LLC, a Delaware limited liability company and a wholly owned subsidiary of the Company (Walden), and its subsidiary, Walden University, LLC, a Florida limited liability company and an indirect wholly owned subsidiary of the Company (together with Walden, the Walden Group).

The cash proceeds received, net of cash sold, transaction fees, and certain closing adjustments, were approximately \$1,403,500. Also, at the closing date of August 12, 2021, the Walden Purchaser paid an additional \$74,000 of the sale transaction value into an escrow account, which was to be released in full or in part to the Company one year following the closing of the transaction pursuant to the terms and conditions of the escrow agreement. As described above, on August 23, 2022, the Company received approximately \$71,700 of the escrow amount. In addition, approximately \$83,600 of restricted cash that related to collateralized regulatory obligations was released during the fourth quarter of 2021. The Company recognized a pre-tax gain on the sale of approximately \$619,400, as well as estimated tax expense of approximately \$278,000. The gain included the derecognition of the carrying value of Walden as well as a working capital settlement that was completed during the fourth quarter of 2021 and is included in Income (loss) from discontinued operations, net of tax in the Consolidated Statement of Operations for the year ended December 31, 2021.

Collection of Note Receivable from Divestiture of Chilean Operations

On September 10, 2020, the Company completed the divestiture of its operations in Chile. Under the terms of the agreement, the purchase price included a note receivable of \$21,500 that was payable one year from the date of divestiture. In September 2021, the Company collected this receivable.

2020 Dispositions

Sale of Costa Rica Operations

On January 10, 2020, Laureate International B.V., a Netherlands private limited liability company (Laureate International), an indirect, wholly owned subsidiary of the Company, entered into, and consummated the transactions contemplated by, an Equity Purchase Agreement (the Costa Rica Agreement) with SP Costa Rica Holdings, LLC, a Delaware limited liability company (the Costa Rica Buyer).

Pursuant to the Agreement, the Costa Rica Buyer purchased from Laureate International (i) all of the equity units of Education Holding Costa Rica, S.R.L., which owned, directly or indirectly, all of the equity units of Lusitania S.R.L., Universidad ULatina, S.R.L. (ULatina) and Universidad Americana UAM, S.R.L. (collectively, Laureate Costa Rica) and (ii) a note due from ULatina to Laureate International. Consideration for the transaction consisted of \$15,000 paid at closing and up to \$7,000 to be paid within the next two years if Laureate Costa Rica met certain performance metrics. The relevant performance metrics were not met, and accordingly the Company did not receive any additional proceeds. The proceeds received, net of cash sold, transaction fees and a working capital adjustment that was completed during the second quarter of 2020, were approximately \$1,800. Additionally, Laureate Costa Rica retained obligations to pay approximately \$30,000 in finance lease indebtedness for which the Costa Rica Buyer has no recourse to Laureate International. During 2019, the Company recorded a loss of approximately \$25,000 on the held-for-sale Costa Rica disposal group, in order to write down the carrying value of those assets to their estimated fair value, per ASC 360-10. Upon completion of the sale in January 2020 and after including the working capital adjustment, the Company recognized additional pre-tax loss of approximately \$18,600, which related to subsequent changes in net carrying values and is included in Income (loss) from discontinued operations, net of tax on the Consolidated Statement of Operations for the year ended December 31, 2020.

The Costa Rica Buyer was controlled by certain affiliates of Sterling Capital Partners II, L.P. (Sterling II). Previously, Sterling II had the right to designate a director to the Laureate Board of Directors pursuant to a securityholders agreement, and Steven Taslitz served as the Sterling-designated director. Mr. Taslitz did not participate in the Laureate Board of Directors' consideration of the transaction, which was approved by Laureate's Audit Committee as a related party transaction.

Sale of NewSchool of Architecture and Design, LLC (NSAD)

On March 6, 2020, the Company completed the sale of NSAD. Under the terms of the membership interests purchase agreement, Exeter Street Holdings, LLC, an indirect wholly owned subsidiary of the Company, sold 100% of the outstanding membership interests of NSAD to Ambow NSAD, Inc. and Ambow Education Holding, Ltd. (the NSAD Buyers) for a purchase price of one dollar, subject to certain adjustments. NSAD is a higher education institution located in California that offers undergraduate and graduate degrees and non-degree certificates in design and construction management. Under the terms of the agreement, the Company agreed to pay subsidies to the NSAD Buyers totaling approximately \$7,300, of which all but \$2,800 was settled at the closing date. The remaining subsidy of \$2,800 was being paid to the NSAD Buyers ratably on a quarterly basis over the next four years. During the fourth quarter of 2021, the Company and the NSAD Buyers reached an agreement to offset the subsidy amount that remained at that time with amounts that the NSAD Buyers owed to the Company, resulting in a net payment to the NSAD Buyers of approximately \$625. During 2020, the Company recognized a pre-tax loss on the sale of approximately \$5,900, which is included in Income (loss) from discontinued operations, net of tax on the Consolidated Statement of Operations for the year ended December 31, 2020.

Divestiture of Chilean Operations

On September 10, 2020, Laureate International and Laureate I, B.V., each a Netherlands private limited liability company (together, the LDES Sellers), and Servicios Regionales Universitarios LE, S.C., a Mexican company (sociedad civil) (together with the LDES Sellers, the Controlling Entities), all of which are indirect, wholly owned subsidiaries of the Company, entered into a Master Agreement (the Chile Agreement) with Fundación Educación y Cultura, a Chilean non-for-profit foundation (the Chile Buyer).

Pursuant to the Chile Agreement, as of September 11, 2020, Laureate completed the divestiture of its operations in Chile through the transfer of control of its not-for-profit institutions, Universidad Andrés Bello, Universidad de Las Américas and Universidad Viña del Mar, to the Chile Buyer, and the sale of its for-profit operations, which includes the sale of Instituto Profesional AIEP to Universidad Andrés Bello. The not-for-profit institutions

were consolidated by Laureate under the variable interest entity model. The cash proceeds received at closing, prior to transaction fees, were approximately \$195,300. In addition, the purchase price included a note receivable of \$21,500 that was payable one year from the date of divestiture and was subsequently collected by the Company in September 2021, as noted above. At the closing date, the Chilean operations had a cash balance (cash sold) of approximately \$288,000 that was transferred to the Chile Buyer as part of the transaction.

This divestiture resulted in a pre-tax loss of approximately \$338,200, which related primarily to the accumulated foreign currency translation losses associated with the Chilean operations. The loss is recorded in Income (loss) from discontinued operations, net of tax in the Consolidated Statements of Operations for the year ended December 31, 2020. As discussed in Note 4, Discontinued Operations and Assets Held for Sale, during the second quarter of 2020, the Company recorded an impairment charge of approximately \$418,000 related to the long-lived assets, indefinite-lived intangible assets and goodwill of the Chilean operations, in order to write down the carrying value of the Chilean operations assets to its estimated fair value.

Inti Education Holdings Sdn. Bhd. (Inti Holdings)

On February 28, 2020, Exeter Street Holdings Sdn. Bhd., a Malaysia corporation (the Malaysia Seller), and LEI Holdings, LTD., a Hong Kong corporation (the Malaysia Seller Guarantor), each of which is an indirect wholly owned subsidiary of Laureate, entered into a Share Sale & Purchase Agreement (the Malaysia Sale Agreement) with HOPE Education Group (Hong Kong) Company Limited (the Malaysia Purchaser) and HOPE Education Group Co. Ltd. (the Malaysia Purchaser Guarantor). Pursuant to the Malaysia Sale Agreement, the Malaysia Purchaser would purchase from the Malaysia Seller all of the issued and outstanding shares in the capital of Inti Education Holdings Sdn. Bhd., a Malaysia corporation (Inti Holdings), the Malaysia Seller's Guarantor would guarantee certain obligations of the Malaysia Seller and the Malaysia Purchaser's Guarantor would guarantee certain obligations of the Malaysia Purchaser. Inti Holdings was the indirect owner of INTI University and Colleges, a higher education institution with five campuses in Malaysia. In connection with the Malaysia Sale Agreement, the Malaysia Seller entered into a separate agreement with the current minority owner of the equity of Inti Holdings relating to the purchase by the Malaysia Seller of the minority owner's 10.10% interest in Inti Holdings, the closing of which was a precondition to the closing of the transaction under the Malaysia Sale Agreement.

The sale of Inti Holdings was completed on September 29, 2020. The total purchase price, including the payment to the minority owner, was \$140,000. The closing of the transaction was subject to customary closing conditions, including approval by regulators in Malaysia. At the time of the signing of the Malaysia Sale Agreement in February 2020, the Malaysia Purchaser paid to the Malaysia Seller a cash deposit of \$5,000, which the Company initially recorded as a liability pending the closing of the sale, and which was recognized as part of the gain on sale upon the closing of the transaction in September 2020. The cash proceeds received, prior to transaction fees and net of approximately \$19,500 of cash sold, were approximately \$116,300 and are included in Receipts from sales of discontinued operations, net of cash sold, property and equipment within investing activities in the Consolidated Statement of Cash Flows for the year ended December 31, 2020. In addition, the Malaysia Purchaser withheld \$4,200 for taxes that the Company collected in February 2021. The payment to the minority owner for their 10.10% interest in Inti Holdings, which totaled approximately \$13,700, was made in early October 2020. An additional \$420, which represented the minority owner's share of the taxes that were withheld as noted above, was paid to the minority owner following receipt by the Company. The Company recognized a pre-tax gain on sale of approximately \$47,900, which is included in Income (loss) from discontinued operations in the Consolidated Statements of Operations for the year ended December 31, 2020.

Divestiture of Turkey Operations: Receipt of Portion of Deferred Consideration

In August 2019, the Company completed the divestiture of its operations in Turkey. The total consideration included a deferred payment of \$15,000 in the form of an instrument that was payable one year after closing. At the time of the divestiture, the Company determined that this deferred amount would be recognized if collected.

Subsequently, the Company received a total of \$11,436 in settlement of the deferred consideration and settlement of all future claims.

Australia and New Zealand Operations

On July 29, 2020, LEI AMEA Investments B.V., a Netherlands private limited liability company (the ANZ Seller), an indirect, wholly owned subsidiary of the Company, and the Company, solely as guarantor of certain of the ANZ Seller's obligations thereunder, entered into a Sale and Purchase Agreement (the ANZ Purchase Agreement) with SEI Newco Inc., a Delaware corporation (the ANZ Purchaser), and Strategic Education, Inc., a Maryland corporation (the ANZ Purchaser's Guarantor).

Pursuant to the ANZ Purchase Agreement, the ANZ Seller agreed to sell to the ANZ Purchaser all of the issued and outstanding shares in the capital of (i) LEI Higher Education Holdings Pty Ltd, an Australian private company and the direct owner of Torrens University Australia, (ii) LEI Australia Holdings Pty Ltd, an Australian private company and the indirect owner of Think Education, (iii) LESA Education Services Holdings Pty Ltd, an Australian private company, and (iv) LEI New Zealand, a New Zealand company and the indirect owner of Media Design School (collectively, the ANZ Target Companies). The ANZ Purchaser's Guarantor will guarantee the obligations of the ANZ Purchaser.

The closing of the transaction occurred on November 3, 2020, following completion of the required regulatory approvals and other customary closing conditions. The proceeds received, net of cash sold and transaction fees, were approximately \$624,200. The Company recognized a pre-tax gain on sale of approximately \$555,800, which is included in Income (loss) from discontinued operations, net of tax, in the Consolidated Statements of Operations for the year ended December 31, 2020.

Campus Guadalajara Norte Sale

In November 2020, an agreement was signed between Universidad del Valle de Mexico, SC (UVM) and Grupo Dalton for the sale of the land and buildings of Campus Guadalajara Norte, after a decision was made to relocate all students from the Campus Guadalajara Norte to the nearby Campus Zapopan in Jalisco, Mexico. The total purchase price was approximately \$13,900, prior to transaction fees. In 2020, the Company received approximately \$7,000 of the total purchase price, and the remaining balance was collected in November 2021. The Company recognized a pre-tax operating gain on the sale of this property and equipment of approximately \$5,800, which is included in Direct costs in the Consolidated Statements of Operations for the year ended December 31, 2020.

Note 6. Business and Geographic Segment Information

Laureate's educational services are offered through two reportable segments: Mexico and Peru. Laureate determines its segments based on information utilized by the chief operating decision maker to allocate resources and assess performance.

Our segments generate revenues by providing an education that emphasizes profession-oriented fields of study with undergraduate and graduate degrees in a wide range of disciplines. Our educational offerings utilize campus-based, online and hybrid (a combination of online and in-classroom) courses and programs to deliver their curriculum. The Mexico and Peru markets are characterized by what we believe is a significant imbalance between supply and demand. The demand for higher education is large and growing and is fueled by several demographic and economic factors, including a growing middle class, global growth in services and technology-related industries and recognition of the significant personal and economic benefits gained by graduates of higher education institutions. The target demographics are primarily 18- to 24-year-olds in the countries in which we compete. We compete with other private higher education institutions on the basis of price, educational quality, reputation and location. We believe that we compare favorably with competitors because of our focus on quality,

professional-oriented curriculum and the competitive advantages provided by our network. There are a number of private and public institutions in both of the countries in which we operate, and it is difficult to predict how the markets will evolve and how many competitors there will be in the future. We expect competition to increase as the Mexican and Peruvian markets mature. Essentially all of our revenues were generated from private pay sources as there are no material government-sponsored loan programs in Mexico or Peru. Specifics related to both of our reportable segments are discussed below.

In Mexico, the private sector plays a meaningful role in higher education, bridging supply and demand imbalances created by a lack of capacity at public universities. Laureate owns two nationally licensed institutions and is present throughout the country with a footprint of over 35 campuses. Students in our Mexican institutions typically finance their own education.

In Peru, private universities are increasingly providing the capacity to meet growing demand in the higher-education market. Laureate owns three institutions in Peru.

As discussed in Note 1, Description of Business, and Note 4, Discontinued Operations and Assets Held for Sale, in prior periods, a number of our subsidiaries met the requirements to be classified as Discontinued Operations and were subsequently sold. As a result, the Discontinued Operations have been excluded from the segment information for all periods presented.

Inter-segment transactions are accounted for in a similar manner as third-party transactions and are eliminated in consolidation. The Corporate amounts presented in the following tables include corporate charges that were not allocated to our reportable segments and adjustments to eliminate inter-segment items.

We evaluate segment performance based on Adjusted EBITDA, which is a non-GAAP performance measure defined as Income (loss) from continuing operations before income taxes and equity in net income of affiliates, adding back the following items: Gain (loss) on disposals of subsidiaries, net, Foreign currency exchange (loss) gain, net, Other income (expense), net, Loss on derivatives, net, Loss on debt extinguishment, Interest expense, Interest income, Depreciation and amortization expense, Loss on impairment of assets, Share-based compensation expense and expenses related to our Excellence-in-Process (EiP) initiative. Our EiP initiative was completed as of December 31, 2021, except for certain EiP expenses related to the run out of programs that began in prior periods. EiP was an enterprise-wide initiative to optimize and standardize Laureate's processes, creating vertical integration of procurement, information technology, finance, accounting and human resources. It included the establishment of regional shared services organizations (SSOs), as well as improvements to the Company's system of internal controls over financial reporting. The EiP initiative also included other back- and mid-office areas, as well as certain student-facing activities, expenses associated with streamlining the organizational structure, an enterprise-wide program aimed at revenue growth, and certain non-recurring costs incurred in connection with the dispositions that are described in Note 5, Dispositions.

Adjusted EBITDA is a key measure used by our management and Board of Directors to understand and evaluate our core operating performance and trends, to prepare and approve our annual budget and to develop short- and long-term operational plans. In particular, the exclusion of certain expenses in calculating Adjusted EBITDA can provide a useful measure for period-to-period comparisons of our core business. Additionally, Adjusted EBITDA is a key financial measure used by the compensation committee of our Board of Directors and our Chief Executive Officer in connection with the payment of incentive compensation to our executive officers and other members of our management team. Accordingly, we believe that Adjusted EBITDA provides useful information to investors and others in understanding and evaluating our operating results in the same manner as our management and Board of Directors. We use total assets as the measure of assets for reportable segments.

The following tables provide financial information for our reportable segments, including a reconciliation of Adjusted EBITDA to Income (loss) from continuing operations before income taxes and equity in net income of affiliates, as reported in the Consolidated Statements of Operations, for the years ended December 31, 2022, 2021 and 2020:

	<u>Mexico</u>	<u>Peru</u>	<u>Corporate</u>	<u>Total</u>
2022				
Revenues	\$ 613,942	\$624,238	\$ 4,091	\$1,242,271
Depreciation and amortization expense	31,369	23,953	3,810	59,132
Loss on impairment of assets	144	—	—	144
Total assets	1,220,630	536,141	215,466	1,972,237
Expenditures for long-lived assets	<u>36,045</u>	<u>16,777</u>	<u>246</u>	<u>53,068</u>
2021				
Revenues	\$ 540,429	\$537,056	\$ 9,216	\$1,086,701
Depreciation and amortization expense	29,461	24,196	47,574	101,231
Loss on impairment of assets	9,319	—	63,169	72,488
Total assets	1,251,791	598,862	360,657	2,211,310
Expenditures for long-lived assets	<u>23,121</u>	<u>19,029</u>	<u>2,895</u>	<u>45,045</u>
2020				
Revenues	\$ 534,607	\$482,878	\$ 7,432	\$1,024,917
Depreciation and amortization expense	29,032	26,962	27,139	83,133
Loss on impairment of assets	989	—	350,982	351,971
Expenditures for long-lived assets	<u>13,377</u>	<u>18,505</u>	<u>8,376</u>	<u>40,258</u>

In order to reconcile to total consolidated assets as of December 31, 2022 and 2021 in the table above, assets held for sale related to Discontinued Operations of \$0 and \$6,164, respectively, are included in the Corporate amounts.

<u>For the years ended December 31,</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Adjusted EBITDA of reportable segments:			
Mexico	\$123,368	\$ 95,812	\$ 112,917
Peru	<u>266,660</u>	<u>245,677</u>	<u>189,488</u>
Total Adjusted EBITDA of reportable segments	390,028	341,489	302,405
Reconciling items:			
Corporate	(51,151)	(88,102)	(96,708)
Depreciation and amortization expense	(59,132)	(101,231)	(83,133)
Loss on impairment of assets	(144)	(72,488)	(351,971)
Share-based compensation expense	(8,776)	(8,895)	(10,248)
EiP expenses	<u>(813)</u>	<u>(75,420)</u>	<u>(89,647)</u>
Operating income (loss)	270,012	(4,647)	(329,302)
Interest income	7,567	4,378	2,169
Interest expense	(16,418)	(46,275)	(100,894)
Loss on debt extinguishment	—	(77,940)	(610)
Loss on derivatives, net	—	(24,517)	(25,980)
Other income (expense), net	770	(1,695)	(2,420)
Foreign currency exchange (loss) gain, net	(17,444)	13,791	13,474
Gain (loss) on disposals of subsidiaries, net	<u>1,364</u>	<u>(602)</u>	<u>(7,276)</u>
Income (loss) from continuing operations before income taxes and equity in net income of affiliates	<u>\$245,851</u>	<u>\$(137,507)</u>	<u>\$(450,839)</u>

Geographic Information

No individual customer accounted for more than 10% of Laureate's consolidated revenues. Revenues from customers by geographic area, primarily generated by students enrolled at institutions in those areas, were as follows:

<u>For the years ended December 31,</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
External Revenues⁽¹⁾			
Mexico	\$ 613,623	\$ 539,549	\$ 532,530
Peru	624,167	537,056	482,819
United States	4,481	10,096	9,509
Other foreign countries	—	—	59
Consolidated total	<u>\$1,242,271</u>	<u>\$1,086,701</u>	<u>\$1,024,917</u>

⁽¹⁾ Excludes intercompany revenues and therefore does not agree to the table above

Long-lived assets are composed of Property and equipment, net. Laureate's long-lived assets by geographic area were as follows:

<u>December 31,</u>	<u>2022</u>	<u>2021</u>
Long-lived assets		
Mexico	\$225,346	\$206,745
Peru	289,482	281,057
United States	8,579	11,715
Consolidated total	<u>\$523,407</u>	<u>\$499,517</u>

Note 7. Goodwill and Other Intangible Assets

The change in the net carrying amount of Goodwill from December 31, 2020 through December 31, 2022 was composed of the following items:

	<u>Mexico</u>	<u>Peru</u>	<u>Total</u>
Balance at December 31, 2020	\$500,250	\$74,582	\$574,832
Currency translation adjustments	(21,027)	(7,010)	(28,037)
Balance at December 31, 2021	<u>\$479,223</u>	<u>\$67,572</u>	<u>\$546,795</u>
Currency translation adjustments	33,767	2,931	36,698
Balance at December 31, 2022	<u>\$512,990</u>	<u>\$70,503</u>	<u>\$583,493</u>

Tradenames and Other Intangible Assets

Amortization expense for intangible assets included only the finite-lived tradename, as all other intangible assets subject to amortization were fully amortized as of December 31, 2022 and 2021. Amortization expense was \$0, \$23,069 and \$7,583 for the years ended December 31, 2022, 2021 and 2020, respectively. The finite-lived tradename was fully amortized as of December 31, 2021.

The following table summarizes our identifiable intangible assets as of December 31, 2022:

	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Net Carrying Amount</u>	<u>Weighted Average Amortization Period (Yrs)</u>
<i>Tradenames</i>				
Finite-lived tradename	\$ 30,652	\$(30,652)	\$ —	—
Indefinite-lived tradenames	<u>151,645</u>	<u>—</u>	<u>151,645</u>	—
Total tradenames	182,297	(30,652)	151,645	
<i>Other intangible assets</i>				
Student rosters	20,455	(20,455)	—	—
Other	<u>1,720</u>	<u>(1,720)</u>	<u>—</u>	—
Total	<u>\$204,472</u>	<u>\$(52,827)</u>	<u>\$151,645</u>	

The following table summarizes our identifiable intangible assets as of December 31, 2021:

	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Net Carrying Amount</u>	<u>Weighted Average Amortization Period (Yrs)</u>
<i>Tradenames</i>				
Finite-lived tradename	\$ 30,652	\$(30,652)	\$ —	—
Indefinite-lived tradenames	<u>142,848</u>	<u>—</u>	<u>142,848</u>	—
Total tradenames	173,500	(30,652)	142,848	
<i>Other intangible assets</i>				
Student rosters	19,231	(19,231)	—	—
Other	<u>1,616</u>	<u>(1,616)</u>	<u>—</u>	—
Total	<u>\$194,347</u>	<u>\$(51,499)</u>	<u>\$142,848</u>	

Impairment Tests

The following table summarizes the Loss on impairment of assets:

<u>For the years ended December 31,</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Impairments of Goodwill	\$—	\$ —	\$ —
Impairments of Tradenames	—	51,437	320,000
Impairments of long-lived assets and deferred costs	<u>144</u>	<u>21,051</u>	<u>31,971</u>
Total	<u>\$144</u>	<u>\$72,488</u>	<u>\$ 351,971</u>

We perform annual impairment tests of our non-amortizable intangible assets, which consist of goodwill and indefinite-lived tradenames, in the fourth quarter of each year. The impairment charges discussed below were recorded to reduce the assets' carrying values to fair value.

For the purposes of our annual impairment testing of the Company's goodwill, fair value measurements are determined primarily using the income approach, based largely on inputs that are not observable to active markets, which would be deemed "Level 3" fair value measurements. Level 3 inputs are defined as unobservable inputs that are supported by little or no market activity. These inputs include our expectations about future revenue growth and profitability, marginal income tax rates by jurisdiction, and the discount rate. Where a market approach is used, the inputs also include publicly available data about our competitors' financial ratios and transactions.

For purposes of our annual impairment testing of the Company's indefinite-lived tradenames, fair value measurements were determined using the income approach, based largely on inputs that are not observable to active markets, which would be deemed "Level 3" fair value measurements as defined above. These inputs include our expectations about future revenue growth, marginal income tax rates by jurisdiction, the discount rate and the estimated royalty rate. We use publicly available information and proprietary third-party arm's length agreements that Laureate has entered into with various licensors in determining certain assumptions to assist us in estimating fair value using market participant assumptions.

2021 Loss on Impairment of Assets

Impairment of Finite-Lived Tradename (Laureate Tradename)

During the first quarter of 2021, the Company recognized an impairment charge of approximately \$51,400 on the Laureate tradename, a finite-lived intangible asset. In March 2021, the Company decided that, during 2021, it would wind down certain support functions related to the Laureate network and would no longer invest in and support the Laureate tradename beyond 2021. As a result, the Company tested the asset for impairment and estimated the fair value of the tradename asset using the relief-from-royalty method, based on the projected revenues for each business over the estimated remaining useful life of the asset.

As a result of the impairment test, the Company concluded that the estimated fair value of the Laureate tradename was less than its carrying value by approximately \$51,400 and recorded an impairment charge for that amount. The significant assumptions used in estimating the fair value included: (1) the revenue growth rates and (2) the estimated royalty rates. The inputs used were not observable to active markets and are therefore deemed "Level 3" inputs in the fair value hierarchy. The decrease in the fair value of the tradename was attributable to the shortened duration of the estimated future revenues. The remaining carrying value of the tradename asset was fully amortized as of December 31, 2021.

2020 Loss on Impairment of Assets

Impairment of Finite-Lived Tradename (Laureate Tradename)

During the third quarter of 2020, the Company recognized an impairment charge of \$320,000 on the Laureate tradename, an intangible asset. As described in Note 1, Description of Business, the Company had previously announced that it would explore strategic alternatives for each of its businesses, and, during the third quarter of 2020, the Company announced that it had completed a sale of its operations in Chile and that it had signed agreements to sell its operations in Brazil, Australia and New Zealand, as well as Walden University. Because of these events, the Company determined that the useful life of the Laureate tradename asset was no longer indefinite, and, in accordance with ASC 350-30-35-17, the Company tested the asset for impairment. The Company estimated the fair value of the tradename asset using the relief-from-royalty method, based on the projected revenues for each business over the estimated period that each business would remain part of the Laureate network.

As a result of the impairment test, the Company concluded that the estimated fair value of the Laureate tradename was less than its carrying value by approximately \$320,000 and recorded an impairment charge for that amount. The significant assumptions used in estimating the fair value included: (1) the estimates of revenue projections, including the period of those projections; (2) the discount rates; and (3) the estimated royalty rate. The inputs used were not observable to active markets and are therefore deemed "Level 3" inputs in the fair value hierarchy. The decrease in the fair value of the tradename was primarily caused by the shortened duration of the estimated future revenues.

Impairment of Brazil E2G Software Assets

As part of a transformation initiative for the enrollment to graduation cycle (E2G), the Company began developing a solution to standardize the information systems and processes in Brazil. During development, those

costs that qualified for capitalization as internal-use software were classified within Construction in-progress on our Consolidated Balance Sheets. In addition, a portion of the Brazil E2G project costs were deemed to be implementation costs of a hosting arrangement and were capitalized within Other assets on our Consolidated Balance Sheets. These capitalized costs were recorded on our Brazil and Corporate segments, as most of the Brazil E2G expenditures were made by Corporate. During the second quarter of 2020, the Company determined that it was no longer probable that the Brazil E2G project would be completed and placed into service, and that the likelihood that a potential buyer of the Brazil business would utilize this system was low due to its cost and associated complexities. As stated in ASC 350-40-35-3, there is a presumption that uncompleted software has a fair value of \$0. Accordingly, during the second quarter of 2020, the Company recorded an impairment charge to fully write off the Brazil E2G project assets. Approximately \$23,800 of the impairment charge was related to assets recorded on the Corporate segment and was therefore included in continuing operations. The remaining portion of the impairment charge, approximately \$3,300, related to assets recorded on the Brazil segment and was therefore included in Discontinued Operations.

Note 8. Debt

Outstanding long-term debt was as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Senior long-term debt:		
Senior Secured Credit Facility (stated maturity date October 2024)	\$100,000	\$ —
Other debt:		
Lines of credit	13,778	10,131
Notes payable and other debt	<u>72,209</u>	<u>102,003</u>
Total senior and other debt	185,987	112,134
Finance lease obligations and sale-leaseback financings	<u>48,186</u>	<u>45,124</u>
Total long-term debt and finance leases	234,173	157,258
Less: total unamortized deferred financing costs	2,060	3,588
Less: current portion of long-term debt and finance leases	<u>56,184</u>	<u>49,082</u>
Long-term debt and finance leases, less current portion	<u>\$175,929</u>	<u>\$104,588</u>

As of December 31, 2022, aggregate annual maturities of the senior and other debt, excluding finance lease obligations and sale-leaseback financings, were as follows:

<u>Years Ended December 31,</u>	<u>Senior and Other Debt</u>
2023	\$ 50,010
2024	131,355
2025	4,622
2026	—
2027	—
Thereafter	—
Total senior and other debt	<u>\$185,987</u>

Senior Secured Credit Facility

Revolving Credit Facility

Under the Company's Third Amended and Restated Credit Agreement (the Third A&R Credit Agreement), the Company maintains a revolving credit facility (the Senior Secured Credit Facility) that has a borrowing capacity of \$410,000 and has a maturity date of October 7, 2024.

On December 23, 2022, the Company entered into the Second Amendment of the Third A&R Credit Agreement. This amendment was done in response to the planned phase out of LIBOR and the only contractual change was to update the reference rate from LIBOR to the Secured Overnight Financing Rate (SOFR). As described in Note 2, Significant Accounting Policies, in connection with this amendment, the Company adopted the optional relief guidance provided under ASU 2020-04, which permits the Company to account for the modification as a continuation of the existing contract without additional analysis.

The Senior Secured Credit Facility bears interest at a per annum interest rate, at the option of the Company, at either the SOFR rate or the ABR rate, as defined in the agreement, plus an applicable margin of 2.50% per annum, 2.25% per annum, 2.00% per annum or 1.75% per annum for Term SOFR loans, and 1.50% per annum, 1.25% per annum, 1.00% per annum or 0.75% per annum for ABR loans, in each case, based on the Company's Consolidated Total Debt to Consolidated EBITDA ratio, as defined in the agreement.

The Senior Secured Credit Facility provides for letter of credit commitments in the aggregate amount of \$50,000. The Third A&R Credit Agreement also provides, subject to the satisfaction of certain conditions, for incremental revolving and term loan facilities, at the request of the Company, not to exceed (i) the greater of (a) \$565,000 and (b) 100% of the consolidated EBITDA of the Company, plus (ii) additional amounts so long as both immediately before and after giving effect to such incremental facilities the Company's Consolidated Senior Secured Debt to Consolidated EBITDA ratio, as defined in the Third A&R Credit Agreement, on a pro forma basis, does not exceed 2.75x, plus, (iii) the aggregate amounts of any voluntary repayments of term loans, if any, and aggregate amount of voluntary repayments of revolving credit facilities that are accompanied by a corresponding termination or reduction of revolving credit commitments.

As of December 31, 2022 and December 31, 2021, the Senior Secured Credit Facility had a total outstanding balance of \$100,000 and \$0, respectively. During the fourth quarter of 2022, the Company borrowed on its Senior Secured Credit Facility primarily to fund the repurchase of shares that the Company completed in connection with the November 2022 secondary offering described in Note 11, Share-based Compensation and Equity.

Guarantors of the Senior Secured Credit Facility

Laureate Education, Inc. is the borrower under our Senior Secured Credit Facility. All of Laureate's required United States legal entities, excluding certain subsidiaries that the Company considers dormant based on the lack of activity, are guarantors of the Senior Secured Credit Facility, and all of the guarantors' assets, both real and intangible, are pledged as collateral. Additionally, not more than 65% of the shares held directly by Laureate Education, Inc. or any guarantors in non-domestic subsidiaries are pledged as collateral.

Estimated Fair Value of Debt

As of December 31, 2022 and December 31, 2021, the estimated fair value of our debt approximated its carrying value.

Certain Covenants

As of December 31, 2022, our Third A&R Credit Agreement contained certain negative covenants including, among others: (1) limitations on additional indebtedness; (2) limitations on dividends; (3) limitations on asset

sales, including the sale of ownership interests in subsidiaries and sale-leaseback transactions; and (4) limitations on liens, guarantees, loans or investments. The Third A&R Credit Agreement provides, solely with respect to the revolving credit facility, that the Company shall not permit its Consolidated Senior Secured Debt to Consolidated EBITDA ratio, as defined in the Third A&R Credit Agreement, to exceed 3.50x as of the last day of each quarter commencing with the quarter ending December 31, 2019 and thereafter. The agreement also provides that if (i) the Company's Consolidated Total Debt to Consolidated EBITDA ratio, as defined in the Third A&R Credit Agreement, is not greater than 4.75x as of such date and (ii) less than 25% of the revolving credit facility is utilized as of that date, then such financial covenant shall not apply. As of December 31, 2022, these conditions were satisfied and, therefore, we were not subject to the leverage ratio. In addition, indebtedness at some of our locations contain financial maintenance covenants. We were in compliance with these covenants as of December 31, 2022.

Debt Modification and Loss on Debt Extinguishment

In connection with the repayment of the Senior Notes during the year ended December 31, 2021, the Company recorded a Loss on debt extinguishment of \$77,940, related to the redemption premium paid and the write off of the unamortized deferred financing costs associated with the repaid debt balances.

In 2020, the Company recorded a Loss on debt extinguishment of \$610 related primarily to the write off of a pro-rata portion of the unamortized deferred financing costs associated with repaid debt balances.

Debt Issuance Costs

Amortization of debt issuance costs and accretion of debt discounts that are recorded in Interest expense in the Consolidated Statements of Operations totaled approximately \$1,561, \$4,628 and \$10,103 for the years ended December 31, 2022, 2021 and 2020, respectively. Certain unamortized debt issuance costs were written off in 2021 and 2020 in connection with early repayment of debt balances and debt agreement amendments, as discussed above. As of December 31, 2022 and 2021, our unamortized debt issuance costs were \$2,060 and \$3,588, respectively.

Other Debt

Lines of Credit

Individual Laureate subsidiaries have the ability to borrow pursuant to unsecured lines of credit and similar short-term borrowing arrangements (collectively, lines of credit). The lines of credit are available for working capital purposes and enable us to borrow and repay until those lines mature. At December 31, 2022 and 2021, the aggregate outstanding balances on our lines of credit were \$13,778 and \$10,131, respectively. At December 31, 2022, we had approximately \$63,700 additional available borrowing capacity under our outstanding lines of credit. At December 31, 2022, interest rates on our lines of credit ranged from 8.10% to 9.34%. At December 31, 2021, interest rates on our lines of credit ranged from 2.30% to 5.99%. Our weighted-average short-term borrowing rate was 8.61% and 2.72% at December 31, 2022 and 2021, respectively.

Notes Payable

Notes payable include mortgages payable that are secured by certain fixed assets. The notes payable have varying maturity dates and repayment terms through 2025. Interest rates on notes payable ranged from 5.09% to 12.26% and 5.09% to 10.25% at December 31, 2022 and 2021, respectively.

In December 2017, Universidad del Valle de México (UVM Mexico) entered into an agreement with a bank for a loan of MXN 1,700,000 (approximately \$89,000 at the time of the loan). In 2019, this loan was reassigned to Estrater, S.A. de C.V., SOFOM ENR (Estrater). In 2021, Estrater was merged into Laureate Education Mexico S

de RL de CV (LEM), a wholly owned Mexican subsidiary of the Company. Consequently, the loan was reassigned to LEM. The loan matures in June 2024 and carries a variable interest rate based on the 28-day Mexican Interbanking Offer Rate (TIIE), plus an applicable margin, which is established based on the ratio of debt to EBITDA, as defined in the agreement (12.26% and 8.12% as of December 31, 2022 and 2021, respectively). The current quarterly payments on the loan total MXN 72,250 (\$3,725 at December 31, 2022) and increase over the remaining term of the loan to MXN 76,500 (\$3,944 at December 31, 2022), with a balloon payment of MXN 425,000 (\$21,913 at December 31, 2022) due at maturity. As of December 31, 2022 and December 31, 2021, the outstanding balance of this loan was \$41,416 and \$52,533, respectively.

The Company obtained financing to fund the construction of two new campuses at one of our institutions in Peru, Universidad Peruana de Ciencias Aplicadas (UPC). As of December 31, 2022 and 2021, one loan remains outstanding, which matures in November 2025 and carries an interest rate of 5.09%. Principal payments, plus accrued and unpaid interest, are made semi-annually in April and October. As of December 31, 2022 and 2021, the outstanding balance of this loan was \$8,246 and \$10,284, respectively.

On December 22, 2017, a Laureate subsidiary in Peru entered into an agreement to borrow PEN 247,500 (approximately \$76,000 at the agreement date). The loan bears interest at a fixed rate of 6.62% per annum and matures in December 2023. Quarterly payments in the amount of PEN 14,438 (\$3,786 at December 31, 2022) are due through the loan's maturity. As of December 31, 2022 and 2021, this loan had a balance of \$15,142 and \$29,035, respectively.

Note 9. Leases

Laureate conducts a significant portion of its operations at leased facilities, including many of Laureate's higher education facilities and other office locations. Laureate analyzes each lease agreement to determine whether it should be classified as a finance lease or an operating lease.

Finance Leases

Our finance lease agreements are for property and equipment. The lease assets are included within buildings as well as furniture, equipment and software and the related lease liability is included within debt and finance leases on the consolidated balance sheets.

Operating Leases

Our operating lease agreements are primarily for real estate space and are included within operating lease ROU assets and operating lease liabilities on the Consolidated Balance Sheets. The terms of our operating leases vary and generally contain renewal options. Certain of these operating leases provide for increasing rent over the term of the lease. Laureate also leases certain equipment under noncancellable operating leases, which are typically for terms of 60 months or less.

ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. As discussed in Note 2, Significant Accounting Policies, ROU assets and lease liabilities are recognized at the commencement date of the lease based on the estimated present value of lease payments over the lease term. Our variable lease payments consist of non-lease services related to the lease. Variable lease payments are excluded from the ROU assets and lease liabilities and are recognized in the period in which the obligation for those payments is incurred. As most of our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. Many of our lessee agreements include options to extend the lease, which we do not include in our minimum lease terms unless they are reasonably certain to be exercised. On occasion, Laureate has entered into sublease agreements for certain leased office space; however, the sublease income from these agreements is immaterial.

Supplemental balance sheet information related to leases as of December 31, 2022 and 2021 was as follows:

<u>Leases</u>	<u>Classification</u>	<u>2022</u>	<u>2021</u>
Assets:			
Operating	Operating lease right-of-use assets, net	\$389,565	\$384,344
Finance	Buildings, Furniture, equipment and software, net	41,049	39,756
Total leased assets		<u>\$430,614</u>	<u>\$424,100</u>
Liabilities:			
Current			
Operating	Current portion of operating leases	38,994	38,149
Finance	Current portion of long-term debt and finance leases	6,173	5,258
Non-current			
Operating	Long-term operating leases, less current portion	376,898	377,104
Finance	Long-term debt and finance leases, less current portion	42,013	39,866
Total lease liabilities		<u>\$464,078</u>	<u>\$460,377</u>

<u>Lease Term and Discount Rate</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Weighted average remaining lease terms			
Operating leases	9.4 years	9.4 years	9.9 years
Finance leases	14.6 years	14.9 years	14.5 years
Weighted average discount rate			
Operating leases	9.40%	8.90%	9.20%
Finance leases	9.90%	9.60%	9.50%

The components of lease cost for the years ended December 31, 2022, 2021 and 2020 were as follows:

<u>Lease Cost</u>	<u>Classification</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Operating lease cost	Direct costs	\$58,701	\$70,256	\$68,488
Finance lease cost				
Amortization of leased assets	Direct costs	6,821	6,732	4,484
Interest on leased assets	Interest expense	3,990	4,092	2,750
Short-term lease costs	Direct costs	1,055	73	1,121
Variable lease costs	Direct costs	9,806	5,575	(877)
Sublease income	Revenues	(425)	(187)	(890)
Total lease cost		<u>\$79,948</u>	<u>\$86,541</u>	<u>\$75,076</u>

Rent Concessions

In 2020, the Company took actions with respect to certain of its existing leases, including engaging with landlords to discuss rent deferrals, as well as other rent concessions. Consistent with the updated guidance from the FASB in April 2020, the Company has elected the practical expedient for rent concessions where the total payments required by the modified contract are substantially the same or less than the total payments required by the original contract. In those cases, the Company treated the rent concessions as if there were no modification to the lease contract and accounted for these rent concessions as variable lease payments.

As of December 31, 2022, maturities of lease liabilities were as follows:

<u>Maturity of Lease Liability</u>	<u>Operating Leases</u>	<u>Finance Leases</u>
Year 1	\$ 83,560	\$ 10,623
Year 2	80,458	8,125
Year 3	79,659	6,649
Year 4	79,319	4,847
Year 5	68,779	3,878
Thereafter	<u>251,258</u>	<u>80,402</u>
Total lease payments	\$ 643,033	\$114,524
Less: interest and inflation	<u>(227,141)</u>	<u>(66,338)</u>
Present value of lease liabilities	<u>\$ 415,892</u>	<u>\$ 48,186</u>

Supplemental cash flow information related to leases for the years ended December 31, 2022, 2021 and 2020 was as follows:

<u>Other Information</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Cash paid for amounts included in the measurement of lease liabilities			
Operating cash flows used for operating leases	\$56,540	\$75,164	\$69,881
Operating cash flows used for finance leases	\$ 3,990	\$ 4,107	\$ 2,750
Financing cash flows used for finance leases	\$ 5,136	\$ 4,874	\$ 2,736
Leased assets obtained for new finance lease liabilities ..	\$ 5,226	\$ 1,997	\$27,757
Leased assets obtained for new operating lease liabilities	\$12,677	\$ 7,674	\$13,565

Corporate Office Lease Termination

In March 2021, the Company exercised its one-time right under the operating lease agreement for its former corporate headquarters in Baltimore, Maryland, to terminate the lease effective June 30, 2022. In connection with the exercise of this early termination option, the Company was required to pay an early termination fee of approximately \$1,200, half of which was paid in March 2021. In December 2021, the Company and the landlord agreed to a termination of the lease agreement, effective December 31, 2021. In connection with this lease termination, the Company made a total payment of approximately \$2,750, which included the second half of the early termination fee noted above, as well as all remaining amounts owed under the lease.

Kendall Lease Termination

In December 2021, the Company completed a lease termination agreement with the landlord of its Kendall property in Chicago, Illinois. In connection with the lease termination agreement, the Company made a total payment of approximately \$44,050 and recorded a loss of approximately \$25,800, which is included in Operating (loss) income in the Consolidated Statement of Operations for the year ended December 31, 2021.

Note 10. Commitments and Contingencies

Contingencies

Laureate is subject to legal actions arising in the ordinary course of its business. In management's opinion, we have adequate legal defenses, insurance coverage and/or accrued liabilities with respect to the eventuality of such actions. We do not believe that any settlement would have a material impact on our Consolidated Financial Statements.

Income Tax Contingencies

As of December 31, 2022 and 2021, Laureate has recorded cumulative liabilities for income tax contingencies of \$130,323 and \$91,585, respectively.

Non-Income Tax Loss Contingencies

Laureate has accrued liabilities for certain civil actions against our institutions, a portion of which existed prior to our acquisition of these entities. Laureate intends to vigorously defend against these matters. As of December 31, 2022 and 2021, approximately \$11,400 and \$7,200, respectively, of loss contingencies were included in Other long-term liabilities and Other current liabilities on the Consolidated Balance Sheets.

We have also identified certain loss contingencies that we have assessed as being reasonably possible of loss, but not probable of loss, and could have an adverse effect on the Company's results of operations if the outcomes are unfavorable. In the aggregate, we estimate that the reasonably possible loss for these unrecorded contingencies could be up to approximately \$11,900 if the outcomes were unfavorable.

Guarantees

In connection with a loan agreement entered into by a Laureate subsidiary in Peru, all of the shares of Universidad Privada del Norte, one of our universities, were pledged to the third-party lender as a guarantee of the payment obligations under the loan.

During the first quarter of 2021, one of our Peruvian institutions issued a bank guarantee in order to appeal a preliminary tax assessment received related to tax audits of 2014 and 2015. As of December 31, 2022 and 2021, the amount of the guarantee was \$7,076 and \$5,885, respectively.

Standby Letters of Credit (LOCs)

Spanish Tax Audits

As of December 31, 2021, we had approximately \$10,700 posted as cash collateral for LOCs related to the Spanish tax audits. This was recorded in continuing operations and classified as Restricted cash on our December 31, 2021 Consolidated Balance Sheet. The cash collateral is related to final assessments issued by the Spanish Taxing Authority (STA) in October 2018 and January 2020 to Iniciativas Culturales de España, S.L. (ICE), our former Spanish holding company. During the second quarter of 2020, ICE was migrated to the Netherlands and its name was changed to Laureate Netherlands Holding B.V. In October 2021, the Company paid to the STA the final assessments of approximately \$9,300, in order to reduce the amount of future interest that could be incurred as the appeal process continues. Following the payment, the letter of credit was no longer required and the cash was subsequently released in October 2022. The Company has paid all of the final assessments that were issued as a result of the Spanish tax audits and does not expect that the matter will have a material effect on its consolidated financial statements.

Note 11. Share-based Compensation and Equity

Share-based compensation expense was as follows:

<u>For the years ended December 31,</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<i>Continuing operations</i>			
Stock options, net of estimated forfeitures	\$ —	\$ 468	\$ 1,291
Restricted stock awards	<u>8,776</u>	<u>8,427</u>	<u>8,957</u>
Total continuing operations	\$8,776	\$ 8,895	\$10,248
<i>Discontinued operations</i>			
Share-based compensation expense for discontinued operations	<u>—</u>	<u>1,277</u>	<u>3,050</u>
Total continuing and discontinued operations	<u>\$8,776</u>	<u>\$10,172</u>	<u>\$13,298</u>

2013 Long-Term Incentive Plan

On June 13, 2013, the Board approved the Laureate Education, Inc. 2013 Long-Term Incentive Plan (2013 Plan). The 2013 Plan became effective in June 2013, following approval by the stockholders of Laureate. Under the 2013 Plan, the Company may grant stock options, stock appreciation rights, unrestricted common stock or restricted stock, unrestricted stock units or restricted stock units, and other stock-based awards, to eligible individuals on the terms and subject to the conditions set forth in the 2013 Plan. As of the effective date in June 2013, the total number of shares of common stock issuable under the 2013 Plan were 7,521. In September 2015, the Board and Shareholders approved an amendment to increase the total number of shares of common stock issuable under the 2013 Plan by 1,219, and in December 2016, the Board and Shareholders approved an amendment to increase the total number of shares of common stock issuable under the 2013 Plan by 3,884. Shares that are forfeited, terminated, canceled, allowed to expire unexercised, withheld to satisfy tax withholding, or repurchased are available for re-issuance. Any awards that have not vested upon termination of employment for any reason are forfeited. Holders of restricted stock shall have all of the rights of a stockholder of common stock including, without limitation, the right to vote and the right to receive dividends. However, dividends declared payable on performance-based restricted stock shall be subjected to forfeiture at least until achievement of the applicable performance target related to such shares of restricted stock. Any accrued but unpaid dividends on unvested restricted stock shall be forfeited upon termination of employment. Holders of stock units do not have any rights of a stockholder of common stock and are not entitled to receive dividends. All awards outstanding under the 2013 Plan terminate upon the liquidation, dissolution or winding up of Laureate.

Stock options, stock appreciation rights and restricted stock units granted under the 2013 Plan have provisions for accelerated vesting if there is a change in control of Laureate. As defined in the 2013 Plan, a change in control means the first of the following to occur: (i) a change in ownership of Laureate or Wengen or (ii) a change in the ownership of assets of Laureate. A change in ownership of Laureate or Wengen shall occur on the date that more than 50% of the total voting power of the capital stock of Laureate is sold or more than 50% of the partnership interests of Wengen is sold in a single or a series of related transactions. A change in the ownership of assets of Laureate would occur if 80% or more of the total gross fair market value of all of the assets of Laureate are sold during a 12-month period. The gross fair market value of Laureate is determined without regard to any liabilities associated with such assets. Upon consummation of the change in control and an employee's "qualifying termination" (as defined in the employee's award agreement): (a) those time-based stock options and stock appreciation rights that would have vested and become exercisable on or prior to the third anniversary of the effective time of change in control would become fully vested and immediately exercisable; (b) those performance-based stock options and stock appreciation rights that would have vested and become exercisable had Laureate achieved the performance targets in the three fiscal years ending coincident with or immediately subsequent to the effective time of such change in control, excluding the portion of awards that would have vested only pursuant to any catch-up provisions, would become fully vested and immediately exercisable;

(c) those time-based restricted stock awards that would have become vested and free of forfeiture risk and lapse restriction on or prior to the third anniversary of the effective time of such change in control would become fully vested and immediately exercisable; (d) those performance-based restricted stock awards that would have vested and become free of forfeiture risk and lapse restrictions had Laureate achieved the target performance in the three fiscal years ending coincident with or immediately subsequent to the effective time of such change in control would become fully vested and immediately exercisable; (e) those time-based restricted stock units that would have become vested or earned on or prior to the third anniversary of the effective time of such change in control would become vested and earned and be settled in cash or shares of common stock as promptly as practicable; and (f) those performance-based restricted stock units, performance shares and performance units that would have become vested or earned had Laureate achieved the target performance in the three fiscal years ending coincident with or immediately subsequent to the effective time of such change in control would become vested and earned and be settled in cash or shares of common stock as promptly as practicable. After giving effect to the foregoing change in control acceleration, any remaining unvested time-based and performance-based stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares and performance share units shall be forfeited for no consideration.

As discussed in Note 1, Description of Business, on January 27, 2020, the Company announced that it would explore strategic alternatives for each of its businesses to unlock shareholder value. Also on January 27, 2020, in connection with such announcement, the Company's Board of Directors determined that, during the strategic alternatives process, any outstanding awards held by a participant at the time that such participant is terminated without cause as of and following January 27, 2020 and before a divestiture, sale, spin-off, or any other similar corporate transaction involving the participant's employing entity will receive the same treatment that such awards would have received upon a qualifying termination on or following a change in control (*i.e.*, accelerated vesting of unvested equity awards in accordance with the terms of such awards). The strategic alternatives process ended in April 2022.

Stock Options Under 2013 Plan

Stock option awards under the 2013 Plan generally have a contractual term of 10 years and are granted with an exercise price equal to or greater than the fair market value of Laureate's stock at the date of grant. These options typically vest over a period of five or three years. There were no stock options granted in 2022, 2021 and 2020. The Performance Options previously granted under the 2013 Plan are eligible for vesting based on achieving annual pre-determined Equity Value performance targets or Adjusted EBITDA targets, as defined in the plan, and the continued service of the employee. Some of the performance-based awards include a catch-up provision, allowing the grantee to vest in any year in which a target is missed if a following year's target is achieved, as long as the following year is within eight years from the grant date.

Compensation expense is recognized over the period during which an employee is required to provide service in exchange for the award, which is usually the vesting period. For Time Options, expense is recognized ratably over the five-year or three-year vesting period. For Performance Options, expense is recognized under a graded expense attribution method, to the extent that it is probable that the stated annual earnings target will be achieved and options will vest for any year. We assess the probability of each option tranche vesting throughout the life of each grant. As of December 31, 2022, all outstanding awards that were granted under the 2013 Plan are fully vested.

Amendment to 2013 Long-Term Incentive Plan

On June 19, 2017, the Board approved, subject to stockholder approval, an amendment and restatement of the 2013 Plan. Among other things, the amendment (i) increases the number of shares of common stock that may be issued pursuant to awards under the 2013 Plan to 14,714; (ii) adds performance metrics, the ability to grant cash awards, and annual limits on grants, intended to qualify awards as performance-based awards that are not subject to certain limits on tax deductibility of compensation payable to certain executives; and (iii) extends the term of

the 2013 Plan to June 18, 2027, the day before the 10th anniversary of the date of adoption of the amendment. On June 19, 2017, the holder of the majority of the voting power of the Company's outstanding stock at the time approved by written consent the amended and restated 2013 Plan and it became effective.

Stock Option Activity

The following tables summarize the stock option activity and the assumptions used to record the related share-based compensation expense for the years ended December 31, 2022, 2021 and 2020:

	2022			2021			2020		
	Options	Weighted Average Exercise Price	Aggregate Intrinsic Value	Options	Weighted Average Exercise Price	Aggregate Intrinsic Value	Options	Weighted Average Exercise Price	Aggregate Intrinsic Value
Outstanding at January 1 . . .	2,163	\$ 9.89	\$6,098	3,428	\$17.85	\$ 159	5,388	\$18.18	\$3,396
Granted	—	—	—	—	—	—	—	—	—
Exercised	(1,510)	9.43	4,080	(583)	12.25	883	(860)	17.60	2,353
Forfeited or expired	(94)	23.17	—	(682)	20.14	—	(1,100)	19.66	—
Outstanding at December 31	559	7.00	1,461	2,163	9.89	6,098	3,428	17.85	159
Exercisable at December 31	559	7.00	1,461	2,163	9.89	6,098	3,292	17.97	159
Vested and expected to vest	559	7.00	1,461	2,163	9.89	6,098	3,426	17.85	159

Exercise Prices	Options Outstanding		Options Exercisable		Assumption Range*		
	Number of Shares	Weighted Average Remaining Contractual Terms (Years)	Number of Shares	Weighted Average Remaining Contractual Terms (Years)	Risk-Free Interest Rate	Expected Terms in Years	Expected Volatility
Year Ended December 31, 2022							
\$4.87 - \$8.79 . .	559	3.64	559	3.64	1.45% - 3.05%	3.20 - 7.12	36.40% - 58.84%
Year Ended December 31, 2021							
\$6.38 - \$7.96 . .	414	5.98	414	5.98	2.68% - 3.05%	5.54 - 5.91	38.29% - 57.25%
\$8.79 - \$10.30 .	1,655	1.53	1,655	1.53	1.45% - 2.34%	3.20 - 7.12	35.20% - 58.84%
\$15.27 - \$24.33	94	0.44	94	0.44	0.76% - 2.35%	4.16 - 6.52	39.38% - 53.80%
Year Ended December 31, 2020							
\$13.97 - \$15.55	748	6.84	625	6.58	1.99% - 3.05%	3.25 - 5.91	38.29% - 64.18%
\$16.38 - \$17.89	2,247	2.72	2,235	2.68	1.38% - 2.34%	3.20 - 7.12	35.20% - 58.84%
\$21.00	146	0.70	146	0.70	1.81%	4.00	57.79%
\$22.88 - \$31.92	287	0.76	287	0.76	0.73% - 2.86%	4.00 - 6.52	39.03% - 53.80%

* The expected dividend yield is zero for all options in all years.

As noted above, no stock options were granted in 2022, 2021 or 2020.

As of December 31, 2022, Laureate had no unrecognized share-based compensation costs related to stock options outstanding.

Non-Vested Restricted Stock and Restricted Stock Units

The following table summarizes the non-vested restricted stock and restricted stock units activity for the years ended December 31, 2022, 2021 and 2020:

	<u>2022</u>		<u>2021</u>		<u>2020</u>	
	<u>Shares</u>	<u>Weighted Average Grant Date Fair Value</u>	<u>Shares</u>	<u>Weighted Average Grant Date Fair Value</u>	<u>Shares</u>	<u>Weighted Average Grant Date Fair Value</u>
Non-vested at January 1	691	\$14.82	1,000	\$15.81	1,251	\$14.69
Granted	685	12.15	818	13.98	969	15.80
Vested	(698)	14.05	(822)	15.01	(861)	14.11
Forfeited	(18)	12.37	(305)	15.32	(359)	15.95
Non-vested at December 31	<u>660</u>	<u>12.92</u>	<u>691</u>	<u>14.82</u>	<u>1,000</u>	<u>15.81</u>

Restricted stock units granted under the 2013 Plan during the years ended December 31, 2022, 2021 and 2020 consisted of time-based restricted stock units (RSU) and performance-based restricted stock units (PSU) with vesting periods over three years. PSUs are eligible to vest annually upon the Board's determination that the annual performance targets are met. The vesting percentage for PSUs is based on Laureate's attainment of a performance target or targets, provided that continued employment is required through the date the attainment of target is approved by the Compensation Committee.

The fair value of the non-vested restricted stock awards in the table above is measured using the fair value of Laureate's common stock on the date of grant or the most recent modification date, whichever is later.

As of December 31, 2022, unrecognized share-based compensation expense related to non-vested restricted stock and restricted stock unit awards was \$4,797. Of the total unrecognized cost, \$4,270 relates to time-based RSUs and \$527 relates to PSUs. This unrecognized expense for time-based restricted stock and restricted stock units will be recognized over a weighted-average expense period of 1.7 years.

Other Stockholders' Equity Transactions

Effective October 29, 2021, each share of Company Class A common stock and each share of Company Class B common stock automatically converted into one share of common stock of the Company. Following the conversion, the Company has only one class of common stock outstanding.

On November 17, 2022, the Company entered into an underwriting agreement by and among the Company, KKR 2006 Fund (Overseas), Limited Partnership (KKR Overseas) and KKR Partners II (International), L.P. (together with KKR Overseas, the Selling Stockholders or KKR), and Goldman Sachs & Co. LLC, as representative of the several underwriters named therein, relating to an underwritten offering (the Secondary Offering) of 32,842 shares of the Company's common stock, par value \$0.004 per share. On November 22, 2022, the Secondary Offering was completed at a price of \$9.40875 per share. The Selling Stockholders received all of the net proceeds from this offering and no shares of common stock were sold by the Company.

Stock Repurchases

Repurchases Pursuant to an Authorized Repurchase Program

On November 5, 2020, Laureate's Board of Directors announced a new stock repurchase program to acquire up to \$300,000 of the Company's common stock. On April 30, 2021, the Company's Board of Directors approved an increase of the authorization by \$200,000; on December 14, 2021, the Company's Board of Directors approved an increase of the authorization by \$100,000, and on March 14, 2022, the Company's Board of

Directors approved an increase of the authorization by \$50,000, for a total authorization (including the above authorized repurchases) of up to \$650,000 of the Company's common stock. The Company's repurchases could be made from time to time on the open market at prevailing market prices, in privately negotiated transactions, in block trades and/or through other legally permissible means, depending on market conditions and in accordance with applicable rules and regulations promulgated under the Exchange Act. Repurchases could be effected pursuant to a trading plan adopted in accordance with Rule 10b5-1 of the Exchange Act. During the third quarter of 2022, the Company's repurchases reached the total authorized limit of \$650,000.

Repurchases Made In Connection with Secondary Offering

In connection with the Secondary Offering completed on November 22, 2022, the Company's Board of Directors approved the Company's repurchase of 7,971 shares out of the 32,842 shares of common stock sold in the Secondary Offering, at a per share price of \$9.40875, for a total of approximately \$75,000.

2022 Special Cash Distribution

On September 14, 2022, the Company announced that its Board of Directors approved, pursuant to the previously announced adoption of a Partial Liquidation Plan related to the distribution of net proceeds from the Company's sale of Walden e-Learning LLC (the Walden Sale), the payment of a special cash distribution (the October 2022 Distribution) equal to \$0.83 per each share of the Company's common stock, par value \$0.004 per share, to each holder of record on September 28, 2022. The proceeds that were distributed were attributable to the release during the third quarter of 2022 of \$71,700 of escrowed funds from the Walden Sale, plus remaining net proceeds that had yet to be distributed. This is anticipated to be the final distribution pursuant to the Partial Liquidation Plan. On October 12, 2022, the Company paid approximately \$136,600 related to the October 2022 Distribution.

In connection with the October 2022 Distribution, the Board of Directors approved certain required adjustments under the Company's equity award compensation plans. The exercise prices of the Company's stock options were reduced by \$0.83 per share, and holders of restricted and performance stock units will receive an amount in cash equal to \$0.83 per unvested stock unit, payable when such unit vests.

2022 Special Cash Dividend

On October 24, 2022, the Board of Directors of the Company approved a special cash dividend (the 2022 Special Cash Dividend) equal to \$0.68 per each share of the Company's common stock, par value \$0.004 per share, to each holder of record on November 4, 2022. On November 17, 2022, the Company paid approximately \$112,000 related to the 2022 Special Cash Dividend.

In connection with the 2022 Special Cash Dividend, the Board approved certain required adjustments under the Company's equity award compensation plans. The exercise price of the Company's options was reduced by \$0.68 per share, and holders of restricted and performance stock units will receive an amount in cash equal to \$0.68 per unvested stock unit held payable when such unit vests.

2021 Special Cash Distributions

On September 15, 2021, the Board of Directors of the Company approved a plan of partial liquidation (the Partial Liquidation Plan) in connection with the sale of Walden e-Learning LLC. Pursuant to the Partial Liquidation Plan, the gross proceeds from the sale of the Walden Group, less expenses related to the sale, were distributed to the Company's stockholders before the end of calendar year 2022.

On September 15, 2021, after the adoption of the Partial Liquidation Plan, the Board approved the payment of a special cash distribution (the Distribution) pursuant to the Partial Liquidation Plan equal to \$7.01 per each share

of the Company's common stock, par value \$0.004 per share, to each holder of record on October 6, 2021. The Distribution was paid on October 29, 2021, based on the number of shares outstanding on October 6, 2021. The aggregate amount of the Distribution was approximately \$1,270,000. Gross proceeds from the sale included \$74,000 that was initially held in escrow until it was released in 2022, as well as approximately \$83,600 of restricted cash related to collateralized regulatory obligations associated with activities of the divested business.

The restricted cash was released during the fourth quarter of 2021. Accordingly, on December 3, 2021, the Company announced that its Board of Directors approved, pursuant to the previously announced Partial Liquidation Plan, the payment of a special cash distribution (the Second Distribution) equal to \$0.58 per each share of the Company's common stock, par value \$0.004 per share, to each holder of record on December 14, 2021. The Second Distribution was paid on December 28, 2021 and totaled approximately \$105,000, based on the number of shares outstanding on December 14, 2021. The amount of the Second Distribution included the restricted cash that had been released, in addition to other net proceeds from the sale of Walden e-Learning LLC that had not yet been distributed to the Company's stockholders.

In connection with the Distribution, the Board of Directors approved certain required adjustments under the Company's equity award compensation plans. These required equitable adjustments were effective on November 1, 2021 and were recorded in the consolidated financial statements during the fourth quarter of 2021. The exercise prices of the Company's options were reduced by \$7.01 per share, and holders of restricted and performance stock units will receive an amount in cash equal to \$7.01 per unvested stock unit, payable when such unit vests. In connection with the Second Distribution, the Board of Directors also approved the required adjustments under the Company's equity award compensation plans. These required equitable adjustments also were effective during the fourth quarter of 2021 and were recorded in the consolidated financial statements. The exercise prices of the Company's options were reduced by \$0.58 per share, and holders of restricted and performance stock units will receive an amount in cash equal to \$0.58 per unvested stock unit, payable when such unit vests. As of December 31, 2021, the Company had recorded a payable of \$6,932 related to the equitable adjustments for the equity award compensation plans.

Dividend Payable

As of December 31, 2022 and 2021, the Company had recorded a dividend payable of \$3,930 and \$6,932, respectively, related to the expected dividend payments remaining for the 2022 and 2021 equitable adjustments that were approved for the equity award compensation plans. During the year ended December 31, 2022, the Company paid approximately \$4,600 of dividends related to equivalent rights for share-based awards that vested.

Note 12. Derivative Instruments

In the normal course of business, our operations are exposed to fluctuations in foreign currency values and interest rate changes. We may seek to control a portion of these risks through a risk management program that includes the use of derivative instruments.

Historically, Laureate's senior long-term debt arrangements were primarily in USD. Our ability to make debt payments was subject to fluctuations in the value of the USD against foreign currencies, since a majority of our operating cash used to make these payments was generated by subsidiaries with functional currencies other than USD. As part of our overall risk management policies, Laureate has at times entered into foreign currency swap contracts and floating-to-fixed interest rate swap contracts. In addition, we occasionally entered into foreign exchange forward contracts to reduce the impact of other non-functional currency-denominated receivables and payables. We do not enter into speculative or leveraged transactions, nor do we hold or issue derivatives for trading purposes. We generally intend to hold our derivatives until maturity.

Laureate reports all derivatives at fair value. These contracts are recognized as either assets or liabilities, depending upon the derivative's fair value. Gains or losses associated with the change in the fair value of these

swaps are recognized in our Consolidated Statements of Operations on a current basis over the term of the contracts, unless designated and effective as a hedge. For swaps that are designated and effective as cash flow hedges, gains or losses associated with the change in fair value of the swaps are recognized in our Consolidated Balance Sheets as a component of Accumulated Other Comprehensive Income (AOCI) and amortized into earnings as a component of Interest expense over the term of the related hedged items. Upon early termination of an effective interest rate swap designated as a cash flow hedge, unrealized gains or losses are deferred in our Consolidated Balance Sheets as a component of AOCI and are amortized as an adjustment to Interest expense over the period during which the hedged forecasted transaction affects earnings. For derivatives that are both designated and effective as net investment hedges, gains or losses associated with the change in fair value of the derivatives are recognized on our Consolidated Balance Sheets as a component of AOCI and are deferred from earnings until the sale or liquidation of the hedged investee.

Laureate did not hold any derivatives as of December 31, 2022 and December 31, 2021.

Derivatives Not Designated as Hedging Instruments

BRL to USD Foreign Currency Swaps

In November 2020, in connection with the signing of the sale agreement for its Brazilian operations, Laureate entered into six BRL-to-USD swap agreements. The purpose of these swaps was to mitigate the risk of foreign currency exposure on the expected proceeds from the sale. Two of the swaps were deal contingent, with the settlement date occurring on the second business day following the completion of the sale. On the settlement date, Laureate would deliver the combined notional amount of BRL 1,900,000 (BRL 950,000 for each swap) and receive an amount in USD equal to each swap's notional amount multiplied by each swap's contract rate of exchange at the settlement date. The remaining four swaps were originally put/call options with a maturity date of May 13, 2021, where Laureate could put the combined notional amount of BRL 1,875,000 and call a combined USD amount of \$343,783 at an exchange rate of 5.4540 BRL per 1 USD. The terms of these options included deferred premium payments from Laureate to the counterparties of \$18,294, which were paid in full in January 2021. During the second quarter of 2021, all four of these swaps were converted to be deal contingent, with the settlement date occurring on the second business day following the aforementioned sale. This conversion resulted in cash proceeds to Laureate of \$1,663. On the settlement date, Laureate would deliver the combined notional amount of BRL 1,875,000 and receive an amount in USD equal to each swap's notional amount multiplied by each swap's contract rate of exchange at the settlement date.

As discussed in Note 5, Dispositions, the sale of Laureate's Brazilian operations closed on May 28, 2021. Per the terms of the agreements, the swaps were settled on June 2, 2021, which resulted in a realized loss and net settlement amount paid to the counterparties at closing of \$33,710. These swaps were not designated as hedges for accounting purposes.

AUD to USD Foreign Currency Swaps

In March 2020, Laureate entered into an AUD-to-USD swap agreement with a maturity date of April 15, 2020, in connection with an intercompany funding transaction. The terms of the swap stated that on the maturity date, Laureate would deliver the notional amount of AUD 21,000 and receive USD \$13,713 at a rate of exchange of 0.6530 USD per 1 AUD. On April 8, 2020, Laureate entered into a net settlement agreement for this swap to deliver USD \$12,999 and receive the notional amount of AUD 21,000 at a rate of exchange of 0.6190 USD per 1 AUD. This net settlement was executed on April 15, 2020, which resulted in a realized gain and proceeds received of \$714. This amount is included in Loss on derivatives, net on the Consolidated Statement of Operations for the year ended December 31, 2020. This swap was not designated as a hedge for accounting purposes.

On April 8, 2020, Laureate entered into a new AUD-to-USD swap agreement with a notional amount of AUD 21,000. On the maturity date of June 15, 2020, Laureate delivered the notional amount and received USD

\$12,921 at a rate of exchange of 0.6153 USD per 1 AUD, resulting in a realized loss of \$1,340. This amount is included in Loss on derivatives, net on the Consolidated Statements of Operations for the year ended December 31, 2020. This swap was not designated as a hedge for accounting purposes.

Components of the reported Gain (loss) on derivatives not designated as hedging instruments in the Consolidated Statements of Operations were as follows:

<u>For the years ended December 31,</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<i>Cross currency and interest rate swaps</i>			
Unrealized gain (loss)	\$—	\$ 25,824	\$(25,354)
Realized loss	—	(50,341)	(626)
Loss on derivatives, net	<u>\$—</u>	<u>\$(24,517)</u>	<u>\$(25,980)</u>

Credit Risk and Credit-Risk-Related Contingent Features

Derivatives expose us to credit risk to the extent that the counterparty may possibly fail to perform its contractual obligation. The amount of our credit risk exposure is equal to the fair value of the derivative when any of the derivatives are in a net gain position. Laureate limits its credit risk by only entering into derivative transactions with highly rated major financial institutions. We have not entered into collateral agreements with our derivatives' counterparties. As of December 31, 2022 and December 31, 2021, we did not hold any derivatives in a net gain position, and thus had no credit risk.

Laureate's agreements with its derivative counterparties typically contain a provision under which the Company could be declared in default on our derivative obligations if repayment of the underlying indebtedness is accelerated by the lender due to a default on the indebtedness. As of December 31, 2022 and December 31, 2021, the Company did not have any outstanding derivative agreements.

Note 13. Income Taxes

Significant components of the Income tax (expense) benefit on earnings from continuing operations were as follows:

<u>For the years ended December 31,</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Current:			
United States	\$ (33,097)	\$ (48,523)	\$ 6,391
Foreign	(152,931)	(148,437)	(72,660)
State	(273)	—	—
Total current	<u>(186,301)</u>	<u>(196,960)</u>	<u>(66,269)</u>
Deferred:			
United States	4,663	87,310	124,718
Foreign	(3,794)	(10,347)	25,612
State	41	(25,576)	46,008
Total deferred	<u>910</u>	<u>51,387</u>	<u>196,338</u>
Total income tax (expense) benefit	<u>\$(185,391)</u>	<u>\$(145,573)</u>	<u>\$130,069</u>

For the years ended December 31, 2022, 2021 and 2020, foreign income (loss) from continuing operations before income taxes was \$319,515, \$80,864, and \$(250,910), respectively. For the years ended December 31, 2022, 2021 and 2020, domestic loss from continuing operations before income taxes was \$(73,665), \$(218,371), and \$(199,928), respectively.

Significant components of deferred tax assets and liabilities arising from continuing operations were as follows:

<u>December 31,</u>	<u>2022</u>	<u>2021</u>
Deferred tax assets:		
Net operating loss and tax credits		
carryforwards	\$ 256,047	\$ 246,405
Operating leases	132,648	135,365
Depreciation	50,444	45,702
Interest	26,711	25,029
Deferred compensation	13,767	23,219
Deferred revenue	9,942	11,432
Nondeductible reserves	7,342	9,470
Allowance for doubtful accounts	6,781	8,437
Total deferred tax assets	<u>503,682</u>	<u>505,059</u>
Deferred tax liabilities:		
Operating leases	123,430	122,728
Investment in subsidiaries	77,055	74,310
Amortization of intangible assets	45,635	41,776
Deferred gain on Walden	452	14,652
Unrealized gain	3,212	2,559
Total deferred tax liabilities	<u>249,784</u>	<u>256,025</u>
Net deferred tax assets	253,898	249,034
Valuation allowance for deferred tax assets	<u>(291,722)</u>	<u>(283,945)</u>
Net deferred tax liabilities	<u>\$ (37,824)</u>	<u>\$ (34,911)</u>

Laureate does not provide deferred taxes on the portion of its unremitted earnings attributable to international companies that have been considered to be reinvested indefinitely. As of December 31, 2022, undistributed earnings from foreign subsidiaries totaled \$595,486.

If the Company were to remove its assertion and distribute the remaining unremitted earnings, we would record approximately \$16,375 in additional deferred tax liabilities. The amount of additional deferred tax liabilities recognized could increase if our expectations change based on future developments.

The Company has \$69,700 of deferred tax asset for US state net operating loss carryforwards that expire from 2023 to 2042 and \$2,900 of deferred tax asset for US state net operating loss carryforwards that do not expire. The Company has \$162,800 of foreign net operating loss carryforwards that expire from 2023 to 2031. The Company has \$166,000 of tax credit carryforwards that do not expire and \$75,100 of interest carryforwards that do not expire.

The Company assesses the realizability of deferred tax assets by examining all available evidence, both positive and negative. Accounting guidance restricts the amount of reliance the Company can place on projected taxable income to support the recovery of the deferred tax assets when a company is in a three-year cumulative loss position. A valuation allowance is recorded when the company is not able to identify a source of income to support realization of the deferred tax asset on a more-likely-than-not basis.

The reconciliations of the beginning and ending balances of the valuation allowance on deferred tax assets were as follows:

<u>For the years ended December 31,</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Balance at beginning of period	\$283,945	\$320,858	\$324,119
Additions (deductions) from tax expense from continuing operations	7,972	9,115	(19,879)
Charges to other accounts			
Additions	—	—	16,618
Deductions	(195)	(46,028)	—
Balance at end of period	<u>\$291,722</u>	<u>\$283,945</u>	<u>\$320,858</u>

The reconciliations of the reported Income tax (expense) benefit to the amount that would result by applying the United States federal statutory tax rate of 21% to income from continuing operations before income taxes were as follows:

<u>For the years ended December 31,</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Tax (expense) benefit at the United States statutory rate	\$ (51,628)	\$ 28,877	\$ 94,676
Permanent differences	(38,228)	(8,217)	(24,184)
Global intangible low taxed income	—	(30,616)	70,965
Netherlands intellectual property restructuring	—	(53,643)	(32,425)
State income tax benefit (expense), net of federal tax effect	669	(36,782)	36,343
Tax effect of foreign income taxed at higher rate . . .	(40,579)	(16,665)	(5,534)
Change in valuation allowance	(11,241)	17,642	3,241
Effect of tax contingencies	(37,151)	(12,573)	2,706
Tax credits	9,211	10,458	(2,302)
Withholding taxes	(16,275)	(43,578)	(13,254)
Other	(169)	(476)	(163)
Total income tax (expense) benefit	<u>\$(185,391)</u>	<u>\$(145,573)</u>	<u>\$130,069</u>

Included within permanent differences in the 2022 rate reconciliation was approximately \$7,700 of tax expense from stock option shortfalls, \$13,700 of non-deductible scholarship expenses, and \$4,200 of taxable income related to intercompany dividends, as well as \$11,200 of expense for a change in estimate related to unrealized foreign currency exchange that is fully offset by a corresponding increase in the valuation allowance.

The reconciliations of the beginning and ending amount of unrecognized tax benefits were as follows:

<u>For the years ended December 31,</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Beginning of the period	\$257,587	\$ 385,283	\$ 56,395
Additions for tax positions related to prior years	38,029	80,885	3,582
Decreases for tax positions related to prior years	(8,856)	(227,051)	—
Additions for tax positions related to current year	498	21,993	327,142
Decreases for unrecognized tax benefits as a result of a lapse in the statute of limitations	(2,329)	(3,523)	(1,836)
End of the period	<u>\$284,929</u>	<u>\$ 257,587</u>	<u>\$385,283</u>

Laureate records interest and penalties related to uncertain tax positions as a component of Income tax expense. During the years ended December 31, 2022, 2021 and 2020, Laureate recognized net interest and penalties related to income taxes of \$6,828, \$(6,479), and \$(3,056), respectively. Laureate had \$21,355 and \$14,527 of accrued interest and penalties at December 31, 2022 and 2021, respectively. During the year ended December 31, 2022, the Company recognized approximately \$32,500 of income tax reserves related to the application of the high-tax exception to global intangible low-taxed income. Approximately \$143,665 of unrecognized tax benefits, if recognized, will affect the effective income tax rate. It is reasonably possible that Laureate's unrecognized tax benefits may decrease within the next 12 months by up to approximately \$4,448 as a result of the lapse of statutes of limitations and as a result of the final settlement and resolution of outstanding tax matters in various jurisdictions.

Laureate and various subsidiaries file income tax returns in the United States federal jurisdiction, and in various states and foreign jurisdictions. With few exceptions, Laureate is no longer subject to United States federal, state and local, or foreign income tax examinations by tax authorities for years before 2010. United States federal and state statutes are generally open back to 2018; however, the Internal Revenue Service (the IRS) has the ability to challenge 2005 through 2017 net operating loss carryforwards. Statutes of other major jurisdictions are open back to 2011 for Mexico, 2009 for Peru and 2016 for the Netherlands.

Other Matters

Inflation Reduction Act of 2022

On August 16, 2022, the U.S. enacted the Inflation Reduction Act of 2022, which implemented a 15% minimum tax on book income of certain large corporations, a 1% excise tax on stock repurchases and tax incentives to promote clean energy, among other provisions. The Company does not believe that this legislation will have a material impact on the financial statements and will continue to monitor regulatory developments to assess potential impacts to the Company.

OECD Proposals

The Organization for Economic Co-operation and Development (OECD) has proposed changes to numerous long-standing tax principles. These proposals, if finalized and adopted by the associated countries, will likely increase tax uncertainty, and may adversely affect our provision for income taxes. The Company will continue to monitor regulatory developments to assess potential impacts to the Company.

Note 14. Earnings (Loss) Per Share

Effective October 29, 2021, each share of the Company's Class A common stock and each share of the Company's Class B common stock automatically converted into one share of common stock of the Company. Following the conversion, the Company has only one class of common stock outstanding. Prior to that, our common stock had a dual class structure, consisting of Class A common stock and Class B common stock. Other than voting rights, the Class B common stock had the same rights as the Class A common stock and therefore both were treated as the same class of stock for purposes of the earnings per share calculation. Laureate computes basic earnings per share (EPS) by dividing income available to common shareholders by the weighted average number of common shares outstanding for the reporting period. Diluted EPS reflects the potential dilution that would occur if share-based compensation awards were exercised or converted into common stock. To calculate the diluted EPS, the basic weighted average number of shares is increased by the dilutive effect of stock options, restricted stock, restricted stock units, and other share-based compensation arrangements determined using the treasury stock method.

The following tables summarize the computations of basic and diluted earnings per share:

<u>For the years ended December 31,</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Numerator used in basic and diluted earnings			
(loss) per common share for continuing operations:			
Income (loss) from continuing operations	\$ 60,718	\$(283,080)	\$(320,598)
Net loss (income) attributable to noncontrolling interests	<u>595</u>	<u>(11,839)</u>	<u>17</u>
Income (loss) from continuing operations attributable to Laureate Education, Inc.	61,313	(294,919)	(320,581)
Accretion of redemption value of redeemable noncontrolling interests and equity	<u>—</u>	<u>(88)</u>	<u>149</u>
Net income (loss) from continuing operations available to common stockholders for basic and diluted earnings per share	<u>61,313</u>	<u>(295,007)</u>	<u>(320,432)</u>
Numerator used in basic and diluted earnings			
(loss) per common share for discontinued operations:			
Income (loss) from discontinued operations, net of tax	8,260	486,865	(298,104)
Loss attributable to noncontrolling interests	<u>—</u>	<u>500</u>	<u>5,354</u>
Net income (loss) from discontinued operations for basic and diluted earnings per share	<u>\$ 8,260</u>	<u>\$ 487,365</u>	<u>\$(292,750)</u>
Denominator used in basic and diluted earnings			
(loss) per common share:			
Basic weighted average shares outstanding	167,670	189,692	209,710
Effect of dilutive stock options	310	—	—
Effect of dilutive restricted stock units	<u>288</u>	<u>—</u>	<u>—</u>
Diluted weighted average shares outstanding	<u>168,268</u>	<u>189,692</u>	<u>209,710</u>
Basic earnings (loss) per share:			
Income (loss) from continuing operations	\$ 0.37	\$ (1.56)	\$ (1.53)
Income (loss) from discontinued operations	<u>0.05</u>	<u>2.57</u>	<u>(1.40)</u>
Basic earnings (loss) per share	<u>\$ 0.42</u>	<u>\$ 1.01</u>	<u>\$ (2.93)</u>
Diluted earnings (loss) per share:			
Income (loss) from continuing operations	\$ 0.36	\$ (1.56)	\$ (1.53)
Income (loss) from discontinued operations	<u>0.05</u>	<u>2.57</u>	<u>(1.40)</u>
Diluted earnings (loss) per share	<u>\$ 0.41</u>	<u>\$ 1.01</u>	<u>\$ (2.93)</u>

The following table summarizes the number of stock options, shares of restricted stock and restricted stock units (RSUs) that were excluded from the diluted EPS calculations because the effect would have been antidilutive:

<u>For the years ended December 31,</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Stock options	40	2,953	4,040
Restricted stock and RSUs	<u>237</u>	<u>899</u>	<u>1,021</u>

Note 15. Related Party Transactions

Payment of Peruvian Capital Gains Tax

As discussed further in Note 17, Legal and Regulatory Matters, holders who sell, exchange or otherwise dispose of Company shares may be subject to a Peruvian nonresident capital gains tax (the Peruvian Tax). During the fourth quarter of 2021, certain investors in Wengen elected to have their interests in Wengen redeemed in exchange for delivery by Wengen to such investors of the number of shares of Company common stock corresponding to the Wengen interests so redeemed. As a result of this transfer, Wengen paid Peruvian Tax of approximately PEN 95,062 (approximately \$23,800 at the date of payment). For administrative convenience, Wengen advanced to Laureate the amount needed to pay the Peruvian Tax and Laureate paid the Peruvian Tax on Wengen's behalf.

Sterling Capital Partners (Sterling)

As discussed in Note 5, Dispositions, at the time of the transaction related to the sale of our former Costa Rica operations, the buyer of our Costa Rica operations was controlled by certain affiliates of Sterling, an entity that previously had the right to designate a director to the Laureate Board of Directors pursuant to a securityholders agreement.

Note 16. Benefit Plans

Domestic Defined Contribution Retirement Plan

Laureate sponsors a defined contribution retirement plan in the United States under section 401(k) of the Internal Revenue Code. The plan offers employees a traditional "pre-tax" 401(k) option and an "after-tax" Roth 401(k) option, providing the employees with choices and flexibility for their retirement savings. All employees are eligible to participate in the plan after meeting certain service requirements. Participants may contribute up to a maximum of 80% of their annual compensation and 100% of their annual cash bonus, as defined and subject to certain annual limitations. Laureate may, at its discretion, make matching contributions that are allocated to eligible participants. The matching on the "after-tax" Roth contributions is the same as the matching on the traditional "pre-tax" contributions. Laureate made discretionary contributions in cash to this plan of \$287, \$4,138, and \$4,636 for the years ended December 31, 2022, 2021 and 2020, respectively.

Laureate Education, Inc. Deferred Compensation Plan

Laureate maintained a deferred compensation plan that provided certain executive employees and members of our Board of Directors with the opportunity to defer their salaries, bonuses, and Board of Directors retainers and fees in order to accumulate funds for retirement on a pre-tax basis. Participants were 100% vested in their respective deferrals and the earnings thereon. Laureate did not make contributions to the plan or guarantee returns on the investments. Although plan investments and participant deferrals were kept in a separate trust account, the assets remained Laureate's property and were subject to claims of general creditors. The plan assets were recorded at fair value with the earnings (losses) on those assets recorded in Other income (expense). The plan liabilities were recorded at the contractual value, with the changes in value recorded in operating expenses.

During the first quarter of 2021, the Company's Board of Directors approved the termination of this deferred compensation plan, with such termination effective April 1, 2021. The plan participants received a distribution payout of their account balances in April 2022 and therefore there were no plan assets or liabilities remaining as of December 31, 2022. As of December 31, 2021, plan assets included in Other assets in our Consolidated Balance Sheet were \$1,924 and the plan liabilities reported in our Consolidated Balance Sheet were \$5,104. The Company funded the difference between the assets and the liabilities with operating cash flows.

Supplemental Employment Retention Agreement (SERA)

In November 2007, Laureate established a SERA for one of its then-executive officers, under which this individual received an annual SERA payment of \$1,500. The SERA provided annuity payments to the former

executive over the course of his lifetime, and, following the former executive's death in 2018, an annual payment of \$1,500 will be made to his spouse for the remainder of her life. The SERA is administered through a Rabbi Trust, and its assets are subject to the claims of creditors. At the inception of the plan, Laureate purchased annuities which provided funds for the SERA obligations until the former executive's death, at which point proceeds from corporate-owned life insurance policies were received and will be used to fund the future SERA obligations.

As of December 31, 2022 and 2021, the total SERA assets were \$8,161 and \$9,539, respectively, which were recorded on our Consolidated Balance Sheets in Restricted cash. As of December 31, 2022 and 2021, the total SERA liabilities recorded in our Consolidated Balance Sheets were \$11,879 and \$13,396, respectively, of which \$1,500 each year was recorded in Accrued compensation and benefits, and \$10,379 and \$11,896, respectively, was recorded in Deferred compensation.

Mexico Profit-Sharing

The Fiscal Reform that was enacted in Mexico in December 2013 subjects Laureate's Mexico entities to corporate income tax and also requires them to comply with profit-sharing legislation, whereby 10% of the taxable income of Laureate's Mexican entities will be set aside as employee compensation.

Note 17. Legal and Regulatory Matters

Laureate is subject to legal proceedings arising in the ordinary course of business. In management's opinion, we have adequate legal defenses, insurance coverage, and/or accrued liabilities with respect to the eventuality of these actions. Management believes that any settlement would not have a material impact on Laureate's financial position, results of operations, or cash flows. Our institutions are subject to uncertain and varying laws and regulations, and any changes to these laws or regulations or their application to us may materially adversely affect our business, financial condition and results of operations.

Peruvian Nonresident Capital Gains Tax

Stockholders who sell, exchange, or otherwise dispose of Company shares may be subject to Peruvian tax at a rate of 30% on their gain realized in such transaction determined under certain Peruvian valuation rules regardless of whether the transaction is taxable for non-Peruvian purposes. In determining the amount of such gain subject to such tax, the gain is first multiplied by the percentage of the Company's value that is represented by its Peruvian business determined under certain Peruvian valuation rules (the Peru Ratio). This tax applies if the value of stock determined under certain Peruvian valuation rules (calculated in PEN) transferred multiplied by the Peru Ratio exceeds approximately \$48,000 applying the PEN/USD exchange rate of December 31, 2022 (the Threshold). The Threshold is calculated in PEN and changes with currency exchange rates. For purposes of determining whether the Threshold has been exceeded by any holder, all transfers made by such holder over any 12-month period are aggregated. For purposes of determining whether any tax is owed, the holder must have their basis "certified" by the Peruvian tax authorities in advance of such transaction. If the holder exceeds the Threshold and does not obtain a tax basis certificate before the transaction, the holder's tax basis in the shares will be considered zero for Peruvian tax purposes.

In the event that a direct or indirect sale, exchange, or other disposition of Company shares occurs and any resulting Peruvian tax is not paid, the Company's Peruvian subsidiaries may be jointly and severally liable for such tax. Joint and several liability may be imposed if during any of the 12 months preceding the transaction, *inter alia*, the transferor of Company shares held an indirect or direct interest of more than 10% of the Company's outstanding shares. If such a transaction were to occur and the Peruvian tax authorities sought to collect the Peruvian capital gains taxes from the Company's Peruvian subsidiaries that were not paid by such transferor, it could have a material adverse effect on our business, financial condition or results of operations.

Note 18. Other Financial Information

Accumulated Other Comprehensive Income (Loss)

Accumulated other comprehensive income (loss) (AOCI) in our Consolidated Balance Sheets includes the accumulated translation adjustments arising from translation of foreign subsidiaries' financial statements, the unrealized gain on a derivative designated as an effective net investment hedge, and the accumulated net gains or losses that are not recognized as components of net periodic benefit cost for our minimum pension liability. The AOCI related to the net investment hedge will be deferred from earnings until the sale or liquidation of the hedged investee. Laureate reports changes in AOCI in our Consolidated Statements of Stockholders' Equity. The components of these balances were as follows:

December 31,	2022			2021		
	Laureate Education, Inc.	Noncontrolling Interests	Total	Laureate Education, Inc.	Noncontrolling Interests	Total
Foreign currency translation loss	\$(452,252)	\$959	\$(451,293)	\$(529,472)	\$946	\$(528,526)
Unrealized gains on derivatives	10,416	—	10,416	10,416	—	10,416
Minimum pension liability adjustment	(588)	—	(588)	(1,148)	—	(1,148)
Accumulated other comprehensive loss	<u>\$(442,424)</u>	<u>\$959</u>	<u>\$(441,465)</u>	<u>\$(520,204)</u>	<u>\$946</u>	<u>\$(519,258)</u>

Foreign Currency Exchange of Certain Intercompany Loans

Laureate periodically reviews its investment and cash repatriation strategies in order to meet our liquidity requirements in the United States. Laureate recognized currency exchange adjustments attributable to intercompany loans, that are not designated as indefinitely invested, of \$(27,198), \$27,292 and \$21,171 as part of Foreign currency exchange (loss) gain, net, in the Consolidated Statements of Operations for the years ended December 31, 2022, 2021 and 2020, respectively.

Write Off of Accounts and Notes Receivable

During the years ended December 31, 2022, 2021 and 2020, Laureate wrote off approximately \$25,500, \$31,600 and \$24,300, respectively, of fully reserved accounts and notes receivable that were deemed uncollectible.

Note 19. Supplemental Cash Flow Information

Cash interest payments, prior to interest income, for continuing operations and Discontinued Operations were \$16,752, \$63,153 and \$120,640 for the years ended December 31, 2022, 2021 and 2020, respectively. Net cash payments for income taxes for continuing operations and Discontinued Operations were \$153,761, \$251,098 and \$91,371 for the years ended December 31, 2022, 2021 and 2020, respectively.

Reconciliation of Cash and cash equivalents and Restricted cash

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the Consolidated Balance Sheets, as well as the December 31, 2020 balance, to the amounts shown in the Consolidated Statements of Cash Flows:

<u>For the year ended December 31,</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$85,167	\$324,801	\$750,147
Restricted cash	8,617	20,774	117,151
Total Cash and cash equivalents and Restricted cash shown in the Consolidated Statements of Cash Flows	<u>\$93,784</u>	<u>\$345,575</u>	<u>\$867,298</u>

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”), has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the “Exchange Act”), as of the end of the period covered by this report.

Based on that evaluation, our CEO and CFO have concluded that, as of December 31, 2022, our disclosure controls and procedures are effective. The Company’s disclosure controls and procedures are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to management, including our CEO and CFO, to allow timely decisions regarding required disclosures.

Management’s Report on Internal Control Over Financial Reporting

Management’s report on the Company’s internal control over financial reporting as of December 31, 2022 is included in Part II, Item 8 “Financial Statements.” The effectiveness of the Company’s internal control over financial reporting as of December 31, 2022 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm. Their report appears in Part II, Item 8 “Financial Statements.”

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended December 31, 2022 that have materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

None.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

Part III

Item 10. Directors, Executive Officers and Corporate Governance

Certain of this information will be contained in our definitive proxy statement for the 2023 Annual Meeting of Stockholders, to be filed within 120 days following the end of our fiscal year, and is incorporated herein by reference.

Information about our Executive Officers

The following table sets forth information regarding our current executive officers, including their ages. Executive officers serve at the request of the Board of Directors. There are no family relationships among any of our executive officers.

<u>Name</u>	<u>Age</u>	<u>Position</u>
Eilif Serck-Hanssen	57	Director, President and Chief Executive Officer
Richard M. Buskirk	46	Senior Vice President and Chief Financial Officer
Marcelo Barbalho Cardoso	51	Executive Vice President and Chief Operating Officer
Richard H. Sinkfield III	53	Chief Legal Officer and Chief Ethics & Compliance Officer

Eilif Serck-Hanssen has served as our Chief Executive Officer since January 2018 and became our President in July 2019. From March to December 2017, Mr. Serck-Hanssen served as our President and Chief Administrative Officer as well as our Chief Financial Officer. From 2008 to March 2017, Mr. Serck-Hanssen served as our Executive Vice President and Chief Financial Officer. Before joining the Company, Mr. Serck-Hanssen served as Chief Financial Officer and President of International Operations at XOJET, Inc. and was part of the team that founded premium airline, Eos Airlines, Inc., where he served Executive Vice President and Chief Financial Officer. Prior to starting Eos Airlines, Mr. Serck-Hanssen served in several executive positions at US Airways, Inc. (now American Airlines, Inc.) and Northwest Airlines, Inc. (now Delta Airlines, Inc.), including serving as a Senior Vice President and Treasurer of US Airways, Inc. Before joining the airline industry, Mr. Serck-Hanssen spent over five years with PepsiCo, Inc. in various international locations and three years with PricewaterhouseCoopers LLP (formerly Coopers & Lybrand Deloitte) in London. He is an Associate Chartered Accountant (ACA) and a member of the Institute of Chartered Accountants in England and Wales. Mr. Serck-Hanssen earned a B.S. in civil engineering from the Western Norway University of Applied Sciences, a B.A. in management science from the University of Kent at Canterbury (United Kingdom), and an M.B.A. from the University of Chicago Booth School of Business.

Richard M. Buskirk has served as our Senior Vice President and Chief Financial Officer since April 2021. Mr. Buskirk previously served as our Senior Vice President, Corporate Development from 2018 to April 2021 and as our Vice President, Global Financial Planning & Analysis from 2015 to 2018. Prior to joining Laureate, Mr. Buskirk was a CPA with Ernst & Young LLP, and an investment banker with Deutsche Bank, and worked for multiple global brands, including Vodafone, NII Holdings, Inc. (formerly Nextel International) and Sprint/Nextel in a range of financial, strategy and advisory positions. Mr. Buskirk earned a B.S. in accounting from the University of Maryland and a dual M.B.A. from Columbia University and London Business School.

Marcelo Barbalho Cardoso has served as our Executive Vice President and Chief Operating Officer since June 2021 and has also served as our Chief Executive Officer, Mexico since June 2022. Mr. Cardoso has been with Laureate since 2011, holding several leadership positions across our Brazil operations including Chief Executive Officer of Laureate Brazil from 2019 to June 2021, Global Chief Transformation Officer during 2019, Chief Operating Officer of Laureate Brazil from 2017 to 2018, and Vice President of Operations and President of FMU from 2013 to 2017. Prior to joining Laureate, Mr. Cardoso served as Latin America Vice President, Business Ops & CFO for Dell EMC Computer Systems and held senior leadership positions at Johnson Controls. Mr. Cardoso earned an undergraduate degree in chemical engineering from Universidade Estadual de Campinas (Brazil) and an MBA in management from the University of Michigan.

Richard H. Sinkfield III has served as our Chief Legal Officer and Chief Ethics & Compliance Officer since June 2020. Mr. Sinkfield previously served as Laureate's Senior Vice President and Assistant General Counsel, Latin America. He has been with Laureate since 2004, and during this time has overseen the work of corporate and university counsel across eight countries, including serving as Regional General Counsel for Brazil for five years. Prior to joining Laureate, Mr. Sinkfield practiced law at several top U.S. law firms, including the Washington D.C. offices of Sidley Austin LLP and Akin Gump Strauss Hauer & Feld LLP. He also has taught as an adjunct professor at the George Washington University Law School and has served on multiple non-profit boards in the United States and across Latin America. Mr. Sinkfield earned a B.S.F.S. from Georgetown University and a J.D. from Harvard Law School.

Item 11. Executive Compensation

This information will be contained in our definitive proxy statement for the 2023 Annual Meeting of Stockholders, to be filed within 120 days following the end of our fiscal year, and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

This information will be contained in our definitive proxy statement for the 2023 Annual Meeting of Stockholders, to be filed within 120 days following the end of our fiscal year, and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

This information will be contained in our definitive proxy statement for the 2023 Annual Meeting of Stockholders, to be filed within 120 days following the end of our fiscal year, and is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services

This information will be contained in our definitive proxy statement for the 2023 Annual Meeting of Stockholders, to be filed within 120 days following the end of our fiscal year, and is incorporated herein by reference.

Part IV

Item 15. Exhibits and Financial Statement Schedules

- (a) The following documents are filed as part of this report:
- (1) Financial Statements (certain schedules are omitted because they are not applicable or not required, or because the required information is included in the consolidated financial statements or notes thereto).
 - (2) Those exhibits required by Item 601 of Regulation S-K and by paragraph (b) below.
- (b) The following exhibits are filed as part of this Annual Report or, where indicated, were filed and are incorporated by reference:

<u>Exhibit No.</u>	<u>Exhibit Description</u>	<u>Form</u>	<u>File Number</u>	<u>Exhibit Number</u>	<u>Filing Date</u>
2.1#	Amended and Restated Sale and Purchase Agreement, dated as of November 22, 2017 and amended and restated on January 11, 2018, by and among LEI European Investments B.V., Laureate International B.V. and Galileo Global Education Luxco S.À R.L.	10-K	001-38002	2.7	03/20/2018
2.2#	Sale and Purchase Agreement, dated April 12, 2018, among LEI European Investments B.V., Laureate International B.V. and Global University Systems Germany B.V.	8-K	001-38002	2.1	04/18/2018
2.3#	Asset Purchase Agreement, dated January 15, 2018, among Kendall College, LLC, The Dining Room at Kendall NFP, National Louis University and Laureate Education, Inc.	8-K	001-38002	2.1	08/07/2018
2.4#	Membership Interest Purchase Agreement, dated April 24, 2018, by and among Laureate Education, Inc., Exeter Street Holdings, LLC, University of St. Augustine for Health Sciences, LLC and University of St. Augustine Acquisition Corp.	10-Q	001-38002	2.4	08/09/2018
2.5#	Sale and Purchase Agreement, dated December 12, 2018, by and among Iniciativas Culturales de España S.L., Laureate I B.V. and Samarinda Investments, S.L.	10-K	001-38002	2.5	02/28/2019
2.6#	Share Purchase Agreement relating to the sale and purchase of equity shares of Pearl Retail Solutions Private Limited, M-Power Energy India Private Limited and Data Ram Sons Private Limited	8-K	001-38002	2.1	05/13/2019
2.7#	Share Purchase Agreement relating to all the shares in the capital of Education Turkey B.V.	8-K	001-38002	2.1	08/29/2019
2.8#	Equity Purchase Agreement, dated January 10, 2020, by and among SP Costa Rica Holdings, LLC, Laureate International B.V. and Laureate Education, Inc.	10-K	001-38002	2.8	02/27/2020

<u>Exhibit No.</u>	<u>Exhibit Description</u>	<u>Form</u>	<u>File Number</u>	<u>Exhibit Number</u>	<u>Filing Date</u>
2.9#	Sale and Purchase Agreement, dated July 29, 2020, by and among LEI AMEA Investments B.V., Laureate Education, Inc., SEI Newco Inc. and Strategic Education, Inc.	10-Q	001-38002	2.9	11/05/2020
2.10#	Master Agreement, dated September 10, 2020, by and among Laureate International B.V., Laureate I, B.V., Servicios Regionales Universitarios LE, S.C. and Fundación Educación y Cultura	10-Q	001-38002	2.10	11/05/2020
2.11#	Membership Interest Purchase Agreement, dated September 11, 2020, by and between Laureate Education, Inc. and Adtalem Global Education Inc.	10-Q	001-38002	2.11	11/05/2020
2.12#	Transaction Agreement, dated September 11, 2020, by and among Laureate Education, Inc., Rede Internacional de Universidades Laureate Ltda., Ser Educacional S.A. and, solely for the purposes of certain provisions thereof, José Janguíê Bezerra Diniz and certain of his family members	10-Q	001-38002	2.12	11/05/2020
2.13#	Settlement, Release and Discharge Agreement, dated as of October 29, 2020, by and among Laureate Education, Inc., Rede Internacional de Universidades Laureate Ltda., Ser Educacional S.A., José Janguíê Bezerra Diniz and certain of his family members	10-K	001-38002	2.13	02/25/2021
2.14#	Transaction Agreement, dated October 30, 2020, by and among Laureate Education, Inc., Laureate Netherlands Holding B.V., ICE Inversiones Brazil, SL, Rede Internacional de Universidades Laureate Ltda., Ânima Holding S.A., VC Network Educação S.A., and, solely for the purposes of certain provisions thereof, the controlling shareholders of Ânima Holding S.A.	10-K	001-38002	2.14	02/25/2021
2.15#	Waiver and Amendment to Membership Interest Purchase Agreement by and between Adtalem Global Education Inc. and Laureate Education, Inc., dated as of July 21, 2021	8-K	001-38002	2.1	07/27/2021
2.16#	Amendment dated August 10, 2021 to Membership Interest Purchase Agreement, dated September 11, 2020, by and between Laureate Education, Inc. and Adtalem Global Education Inc.	10-Q	001-38002	2.2	11/04/2021

<u>Exhibit No.</u>	<u>Exhibit Description</u>	<u>Form</u>	<u>File Number</u>	<u>Exhibit Number</u>	<u>Filing Date</u>
2.17	First Amendment dated April 19, 2022 to the Transaction Agreement, dated October 30, 2020, by and among Laureate Education, Inc., Laureate Netherlands Holding B.V., ICE Inversiones Brazil, SL, Rede Internacional de Universidades Laureate Ltda., Ânima Holding S.A., and VC Network Educação S.A.	10-Q	001-38002	2.1	08/04/2022
3.1	Amended and Restated Certificate of Incorporation	S-1/A	333-207243	3.1	01/31/2017
3.2	Amended and Restated Bylaws	S-1/A	333-207243	3.2	01/31/2017
3.3	Certificate of Retirement of Convertible Redeemable Preferred Stock, Series A	8-K	001-38002	3.1	07/20/2018
3.4	Certificate of Retirement of Class A Common Stock and Class B Common Stock	8-K	001-38002	3.1	12/17/2021
4.1*	Description of Capital Stock of Laureate Education, Inc.				
10.1†	2013 Long-Term Incentive Plan Form of Stock Option Agreement effective as of September 11, 2013	S-1/A	333-207243	10.34	11/20/2015
10.2†	Form of Management Stockholder's Agreement for equityholders	S-1/A	333-207243	10.36	11/20/2015
10.3†	Employment Offer Letter, dated July 21, 2008, between Laureate Education, Inc. and Eilif Serck-Hanssen	S-1/A	333-207243	10.40	11/20/2015
10.4†	Amendment to Employment Offer Letter, dated December 9, 2010, between Laureate Education, Inc. and Eilif Serck-Hanssen	S-1/A	333-207243	10.41	11/20/2015
10.5†	Form of Stockholders' Agreement for Entity-Appointed Directors	S-1/A	333-207243	10.47	11/20/2015
10.6†	Form of Stockholders' Agreement for Individual Directors	S-1/A	333-207243	10.48	11/20/2015
10.7†	2013 Long-Term Incentive Plan Form of Stock Option Agreement for 2016 for Named Executive Officers	S-1/A	333-207243	10.57	05/20/2016
10.8†	2013 Long-Term Incentive Plan Form of Stock Option Agreement for 2016	S-1/A	333-207243	10.58	05/20/2016
10.9	Subscription Agreement, dated as of December 4, 2016, by and among Laureate Education, Inc., Macquarie Sierra Investment Holdings Inc., and each of the other Persons listed on Schedule A and Schedule B thereto.	S-1/A	333-207243	10.63	12/15/2016

<u>Exhibit No.</u>	<u>Exhibit Description</u>	<u>Form</u>	<u>File Number</u>	<u>Exhibit Number</u>	<u>Filing Date</u>
10.10	Registration Rights Agreement by and among Laureate Education, Inc., each of the Investors set forth on Schedule A thereto, Douglas L. Becker and Wengen Alberta, Limited Partnership	10-K	001-38002	10.29	03/20/2018
10.11	Investors' Stockholders Agreement by and among Laureate Education, Inc., Wengen Alberta, Limited Partnership and the Investors set forth on Schedule A thereto	10-K	001-38002	10.30	03/20/2018
10.12	Amended and Restated Securityholders Agreement by and among Wengen Alberta, Limited Partnership, Laureate Education, Inc. and the other parties thereto	8-K	001-38002	10.1	02/06/2017
10.13	Amendment No. 1 dated October 28, 2021 to the Amended and Restated Securityholders Agreement, dated as of February 6, 2017, among Wengen Alberta, Limited Partnership, Laureate Education, Inc. and the other parties thereto	10-K	001-38002	10.16	02/24/2022
10.14	Amended and Restated Registration Rights Agreement by and among Wengen Alberta, Limited Partnership, Wengen Investments Limited, Laureate Education, Inc. and the other parties thereto	8-K	001-38002	10.2	02/06/2017
10.15	Amended and Restated Guarantee, dated as of April 26, 2017, by Laureate Education, Inc. and certain domestic subsidiaries of Laureate Education, Inc. party thereto from time to time, as guarantors, in favor of Citibank, N.A., as collateral agent	10-Q	001-38002	10.83	05/11/2017
10.16	Amended and Restated Pledge Agreement, dated as of April 26, 2017, among Laureate Education, Inc. and certain domestic subsidiaries of Laureate Education, Inc. party thereto from time to time, as pledgors, and Citibank, N.A., as collateral agent	10-Q	001-38002	10.84	05/11/2017
10.17	Amended and Restated Security Agreement, dated as of April 26, 2017, among Laureate Education, Inc. and certain domestic subsidiaries of Laureate Education, Inc. party thereto from time to time, as grantors, and Citibank, N.A., as collateral agent	10-Q	001-38002	10.85	05/11/2017
10.18	Third Amended and Restated Credit Agreement, dated as of October 7, 2019, among Laureate Education, Inc., the lending institutions from time to time parties thereto, and Citibank, N.A., as administrative agent and collateral agent	8-K	001-38002	10.1	10/11/2019

<u>Exhibit No.</u>	<u>Exhibit Description</u>	<u>Form</u>	<u>File Number</u>	<u>Exhibit Number</u>	<u>Filing Date</u>
10.19	First Amendment to Third Amended and Restated Credit Agreement, dated as of July 20, 2020, by Laureate Education, Inc. and Citibank, N.A., as administrative agent	10-Q	001-38002	10.57	11/05/2020
10.20*	Second Amendment dated as of December 23, 2022 to Third Amended and Restated Credit Agreement, dated as of July 20, 2020, by Laureate Education, Inc. and Citibank, N.A., as administrative agent				
10.21†	Laureate Education, Inc. Amended and Restated 2013 Long-Term Incentive Plan	8-K	001-38002	10.1	06/20/2017
10.22†	Amended and Restated 2013 Long-Term Incentive Plan Form of Performance-based Stock Option Agreement for 2017	10-Q	001-38002	10.52	08/08/2017
10.23†	Amended and Restated 2013 Long-Term Incentive Plan Form of Time-based Stock Option Agreement for 2017	10-Q	001-38002	10.53	08/08/2017
10.24†	Amended and Restated 2013 Long-Term Incentive Plan Form of Performance-based Stock Option Agreement for 2017 for Certain Executives	10-Q	001-38002	10.56	08/08/2017
10.25†	Amended and Restated 2013 Long-Term Incentive Plan Form of Time-based Stock Option Agreement for 2017 for Certain Executives	10-Q	001-38002	10.57	08/08/2017
10.26†	Amended and Restated 2013 Long-Term Incentive Plan Form of Time-based Stock Option Agreement for 2018 Grants	10-K	001-38002	10.29	02/24/2022
10.27†	Amended and Restated 2013 Long-Term Incentive Plan Form of Time-based Stock Option Agreement for 2019 Grants	10-K	001-38002	10.30	02/24/2022
10.28†	Amended and Restated 2013 Long-Term Incentive Plan Form of Restricted Stock Units Notice and Agreement for 2020 Grants	10-K	001-38002	10.31	02/24/2022
10.29†	Amended and Restated 2013 Long-Term Incentive Plan Form of Restricted Stock Units Notice and Agreement for 2021-2022 Grants for Certain Executives	10-K	001-38002	10.32	02/24/2022
10.30†	Amended and Restated 2013 Long-Term Incentive Plan Form of Performance Share Units Notice and Agreements for 2019-2020 Grants	10-K	001-38002	10.33	02/24/2022
10.31†	Amended and Restated 2013 Long-Term Incentive Plan Form of Performance Share Units Notice and Agreement for 2021-2022 Grants	10-K	001-38002	10.34	02/24/2022

<u>Exhibit No.</u>	<u>Exhibit Description</u>	<u>Form</u>	<u>File Number</u>	<u>Exhibit Number</u>	<u>Filing Date</u>
10.32†	2013 Long-Term Incentive Plan Form of Restricted Stock Units Agreement for Non-Employee Directors	10-K	001-38002	10.35	02/24/2022
10.33†	Employment Offer Letter, dated May 3, 2018, between Timothy Grace and Laureate Education, Inc.	10-Q	001-38002	10.72	08/09/2018
10.34†	Form of Director Indemnity Agreement	10-Q	001-38002	10.64	08/08/2019
10.35†	Form of Director and Officer Indemnity Agreement	10-Q	001-38002	10.1	08/04/2022
10.36† ◇	Form of Retention Letter for Certain Corporate Executives	10-Q	001-38002	10.53	05/07/2020
10.37†	Letter Agreement dated October 9, 2022 between Laureate Education, Inc. and Eilif Serck-Hanssen	8-K	001-38002	10.1	10/14/2022
10.38†	Promotion Offer Letter, dated July 8, 2020, between Laureate Education, Inc. and Richard H. Sinkfield III	10-K	001-38002	10.45	02/25/2021
10.39† ◇	Retention Letter, dated April 5, 2020, between Laureate Education, Inc. and Richard H. Sinkfield	10-K	001-38002	10.46	02/25/2021
10.40†	Promotion Offer Letter, dated March 16, 2021, between Laureate Education, Inc. and Richard M. Buskirk	10-K	001-38002	10.44	02/24/2022
10.41† ◇	Retention Letter, dated April 28, 2020, between Laureate Education, Inc. and Richard M. Buskirk	10-K	001-38002	10.45	02/24/2022
10.42†	Independent Contractor and Consultant Agreement, dated May 28, 2021, between Laureate Education, Inc. and Marcelo Barbalho Cardoso	10-K	001-38002	10.46	02/24/2022
10.43*†	Amendment dated July 21, 2022 to Independent Contractor and Consultant Agreement, dated May 28, 2021, between Laureate Education, Inc., Marcelo Barbalho Cardoso and MC Consultoria and Assesoria Empresarial LTDA				
10.44*†	Second Amendment to Independent Contractor and Consultant Agreement as of March 1, 2022 between Laureate Education, Inc. and MC Consultoria and Assesoria Empresarial LTDA				
10.45†	Form of 2022 Annual Incentive Plan for Certain Executives	10-Q	001-38002	10.1	05/05/2022
21.1*	List of Subsidiaries of the Registrant				
23.1*	Consent of PricewaterhouseCoopers LLP				

<u>Exhibit No.</u>	<u>Exhibit Description</u>	<u>Form</u>	<u>File Number</u>	<u>Exhibit Number</u>	<u>Filing Date</u>
31.1*	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				
31.2*	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002				
32*	Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				
Ex. 101. INS*	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				
Ex. 101. SCH*	Inline XBRL Taxonomy Extension Schema Document				
Ex. 101. CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document				
Ex. 101. LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document				
Ex. 101. PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document				
Ex. 101. DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document				
104	Cover Page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101)				

* Filed herewith.

The exhibits, disclosure schedules, and other schedules, as applicable, have been omitted pursuant to Item 601(a)(5) of Regulation S-K.

† Indicates a management contract or compensatory plan or arrangement.

◇ Certain identified information has been omitted from this exhibit because it is both (1) not material, and (2) is the type that the Company treats as private or confidential.

The agreements and other documents filed as exhibits to this report are not intended to provide factual information or other disclosure other than the terms of the agreements or other documents themselves, and you should not rely on them for that purpose. In particular, any representations and warranties made by the Company in these agreements or other documents were made solely within the specific context of the relevant agreement or document and may not describe the actual state of affairs at the date they were made or at any other time.

Item 16. Form 10-K Summary

None.

Signatures

Pursuant to the requirements of Section 13 or 15(d) 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, on February 23, 2023.

Laureate Education, Inc.

By: /s/ RICHARD M. BUSKIRK
Richard M. Buskirk
Senior Vice President and Chief Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Name</u>	<u>Title</u>	<u>Date</u>
<u>/s/ EILIF SERCK-HANSSSEN</u> Eilif Serck-Hanssen	President, Chief Executive Officer and Director (Principal Executive Officer)	February 23, 2023
<u>/s/ RICHARD M. BUSKIRK</u> Richard M. Buskirk	Senior Vice President and Chief Financial Officer (Principal Financial Officer)	February 23, 2023
<u>/s/ GERARD M. KNAUER</u> Gerard M. Knauer	Vice President, Accounting and Global Controller (Principal Accounting Officer)	February 23, 2023
<u>/s/ KENNETH W. FREEMAN</u> Kenneth W. Freeman	Chairman of the Board	February 23, 2023
<u>/s/ ANDREW B. COHEN</u> Andrew B. Cohen	Director	February 23, 2023
<u>/s/ PEDRO DEL CORRO</u> Pedro del Corro	Director	February 23, 2023
<u>/s/ BARBARA MAIR</u> Barbara Mair	Director	February 23, 2023
<u>/s/ GEORGE MUÑOZ</u> George Muñoz	Director	February 23, 2023
<u>/s/ DR. JUDITH RODIN</u> Dr. Judith Rodin	Director	February 23, 2023
<u>/s/ IAN K. SNOW</u> Ian K. Snow	Director	February 23, 2023

[THIS PAGE INTENTIONALLY LEFT BLANK]

Board of Directors

Kenneth W. Freeman
Chairman of the Board,
Laureate Education, Inc.

Dean Emeritus and Professor of
the Practice, Boston University
Questrom School of Business

Eilif Serck-Hanssen
President and Chief Executive
Officer, Laureate Education, Inc.

Andrew B. Cohen
Chief Investment Officer and
Co-Founder, Cohen Private
Ventures, LLC

Pedro del Corro
Senior Advisor,
Torreal, S.A.

Barbara Mair
Partner, Smart Force Mexico

George Muñoz
Principal, Muñoz Investment
Banking Group, LLC
Partner, Tobin & Muñoz, LLC

Dr. Judith Rodin
President Emerita,
University of Pennsylvania

Ian K. Snow
Chief Executive Officer and
Co-Founder, Snow Phipps
Group, LLC

Executive Officers

Eilif Serck-Hanssen
President and Chief Executive
Officer

Richard Buskirk
Senior Vice President and
Chief Financial Officer

Marcelo Cardoso
Executive Vice President,
Chief Operating Officer and
Chief Executive Officer, Mexico

Richard Sinkfield
Chief Legal Officer and
Chief Ethics & Compliance
Officer

Corporate Headquarters

Laureate Education, Inc.
PMB 1158
1000 Brickell Avenue, Suite 715
Miami, FL 33131
ir@laureate.net
www.laureate.net

Transfer Agent

**AMERICAN STOCK
TRANSFER & TRUST
COMPANY, LLC**
6201 15th Avenue
Brooklyn, NY 11219

Exchange Listing

Common Stock is listed on the
Nasdaq Global Select Market under
the symbol 'LAUR'

Annual Stockholders Meeting

Wednesday, May 24, 2023,
at 10am Eastern Daylight Time, via a
virtual meeting that will be webcast live
and accessed at:
virtualshareholdermeeting.com/LAUR2023

Independent Registered Public Accounting Firm

PRICEWATERHOUSECOOPERS LLP
100 East Pratt Street, Suite 2600
Baltimore, MD 21202



LAUREATE
EDUCATION INC.®