



AMERICAN PUBLIC  
EDUCATION, INC.

# American Public Education, Inc. First Quarter 2021 Results

PRESENTED BY

**Angela Selden**

President and CEO

**Richard Sunderland, CPA**

Executive VP and CFO

# Safe Harbor Statement

Statements made in this presentation regarding APEI or its subsidiaries that are not historical facts are forward-looking statements based on current expectations, assumptions, estimates and projections about APEI and the industry. In some cases, forward-looking statements can be identified by words such as “anticipate,” “believe,” “seek,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “should,” “will,” “would,” and similar words or their opposites. Forward-looking statements include, without limitation, statements regarding expected growth, expected registration and enrollments, expected revenues, expected earnings, income and EBITDA, benefits of the acquisition of Rasmussen University (the “Acquisition”), the timing of the closing of the Acquisition, expected financial results on a pro forma basis assuming the Acquisition, expected capital structure, the ability to deliver a return on learners’ educational investment, the ability to maintain an attractive risk profile, and plans with respect to recent, current and future initiatives.

Forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. Such risks and uncertainties include, among others, risks related to: the loss of APEI’s ability to receive funds under Department of Defense tuition assistance programs or the reduction, elimination, or suspension of tuition assistance; the effects, duration, and severity of and APEI’s response to the COVID-19 pandemic; moderation or decrease in demand as the pandemic abates; risks related to the Acquisition, including the inability to complete the Acquisition on the anticipated timeline or at all, APEI’s reliance on financing to fund a portion of the Acquisition, and other events that could impact the Acquisition and its closing; APEI’s dependence on the effectiveness of its ability to attract students who persist in its institutions’ programs; APEI’s inability to effectively market its institutions’ programs; adverse effects of changes APEI makes to improve the student experience and enhance the ability to identify and enroll students who are likely to succeed; APEI’s inability to maintain strong relationships with the military and maintain course registrations and enrollments from military students; APEI’s failure to comply with regulatory and accrediting agency requirements and to maintain institutional accreditation; APEI’s loss of eligibility to participate in Title IV programs or ability to process Title IV financial aid; APEI’s need to successfully adjust to future market demands by updating existing programs and developing new programs; APEI’s dependence on its technology infrastructure; and the various risks described in the “Risk Factors” section and elsewhere in APEI’s Quarterly Report on Form 10-Q for the three months ended March 31, 2021 and Annual Report on Form 10-K for the year ended December 31, 2020, and in other filings with the SEC. You should not place undue reliance on any forward-looking statements. APEI undertakes no obligation to update publicly any forward-looking statements for any reason, unless required by law, even if new information becomes available or other events occur in the future.

# First Quarter 2021 Operational Highlights

*Sixth Consecutive Quarter of YoY Enrollment Growth at APUS & Record Enrollment at HCN*



## APUS Net Course Registrations.

- New student registrations **increased 14%**
- Total net course registrations **increased 10%**
- Net course registrations growth was primarily driven by active-duty military students and graduate students, along with continued demand for online education due to COVID-19

## Record Enrollment at Hondros.

- New and total enrollment **increased 45%**
  - Total enrollment of 2,300 students – **highest in school history**
- Enrollment growth driven primarily by initiatives launched in 2019, increased demand for nursing education, and a change in the competitive environment due to COVID-19
- HCN announced opening of a new campus in Akron, Ohio – its 7<sup>th</sup> campus location

# First Quarter 2021 Financial Highlights

*APEI's Net Income More Than Doubled to \$0.49 Per Diluted Share, Compared to Prior Year*

**↑ 18.7%**  
Increase in  
Consolidated  
Revenue  
to **\$88.5MM**

**↑ 235%**  
Increase in  
Net Income  
to **\$8.1MM**

**↑ 87%**  
Increase in  
Adjusted  
EBITDA  
to **\$15.9MM**

**↑ \$124MM**  
Increase in  
Cash and  
Equivalents  
**\$320.8MM**

## **Capital Structure Further Strengthened:**

- *Raised \$86.2MM of net proceeds from the sale of 3.68MM shares of common stock*
- *APEI completed the syndication of committed financing for \$175 million term loan and \$20MM revolving loan facility.*

# Building A National Nursing Platform

*APEI to Become #1 in Creating New Nurses with Rasmussen (Pre-licensure)*

*Hondros enrollment momentum continues with 36% YoY enrollment growth expected in 2Q'21.*

## Hondros College of Nursing

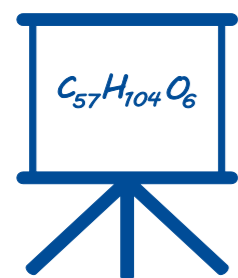
- ✓ Licensed Practical Nurse (LPN) through PN Program
- ✓ Registered Nurse (RN) through ADN Program
- ✓ **Concept-based curriculum**
- ✓ High-definition simulation labs
- ✓ **85+ healthcare partnerships**
- ✓ **45+ employer partnerships**



**Total enrollment**  
2,300+  
7 Campuses in 2 States



**Enrollment split**  
PN/LPN: ~63%  
ADN/RN: ~37%



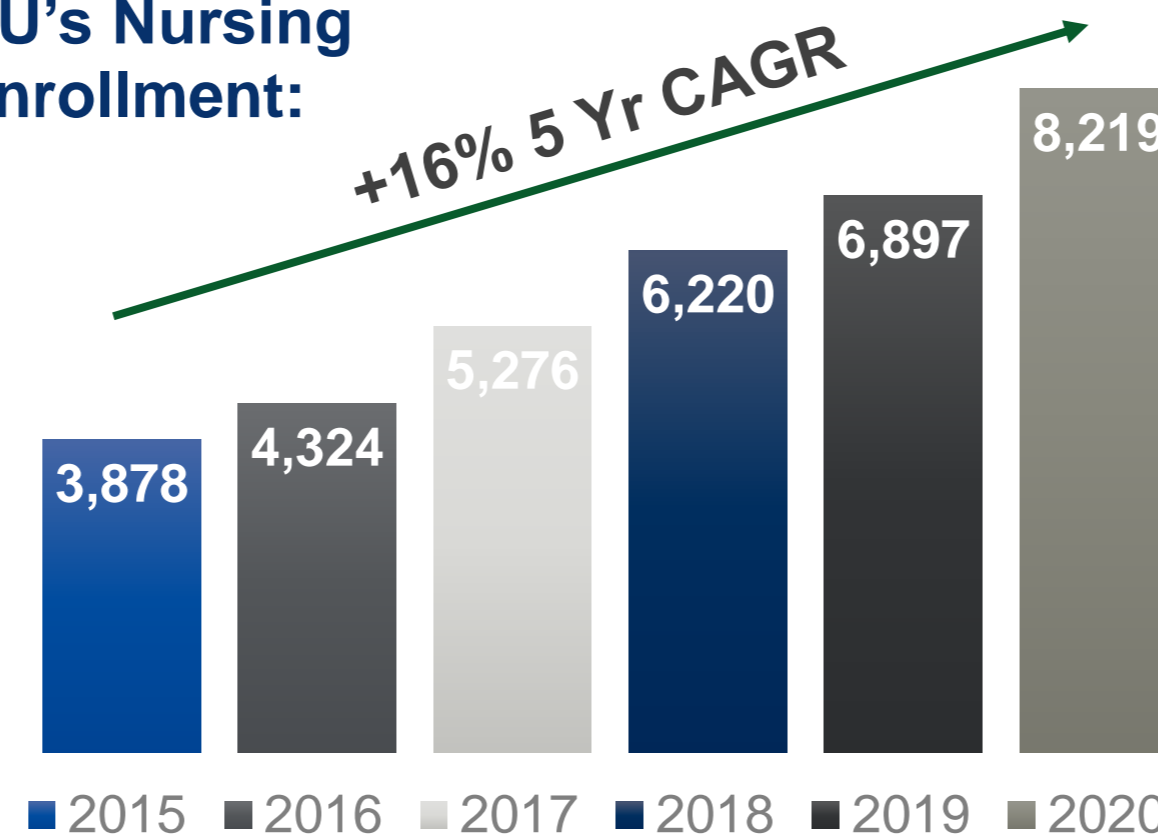
**Average class size**  
15 students



## Rasmussen University

- ✓ Leading RN program, comprising **75% of nursing enrollments**
- ✓ Partnerships w/ **250+ hospitals and health systems**
- ✓ **“Full stack”** of nursing programs from pre-licensure to Doctoral
- ✓ **#1 Provider** of pre-licensure ADN nursing education

**RU's Nursing Enrollment:**



## National Nursing Platform

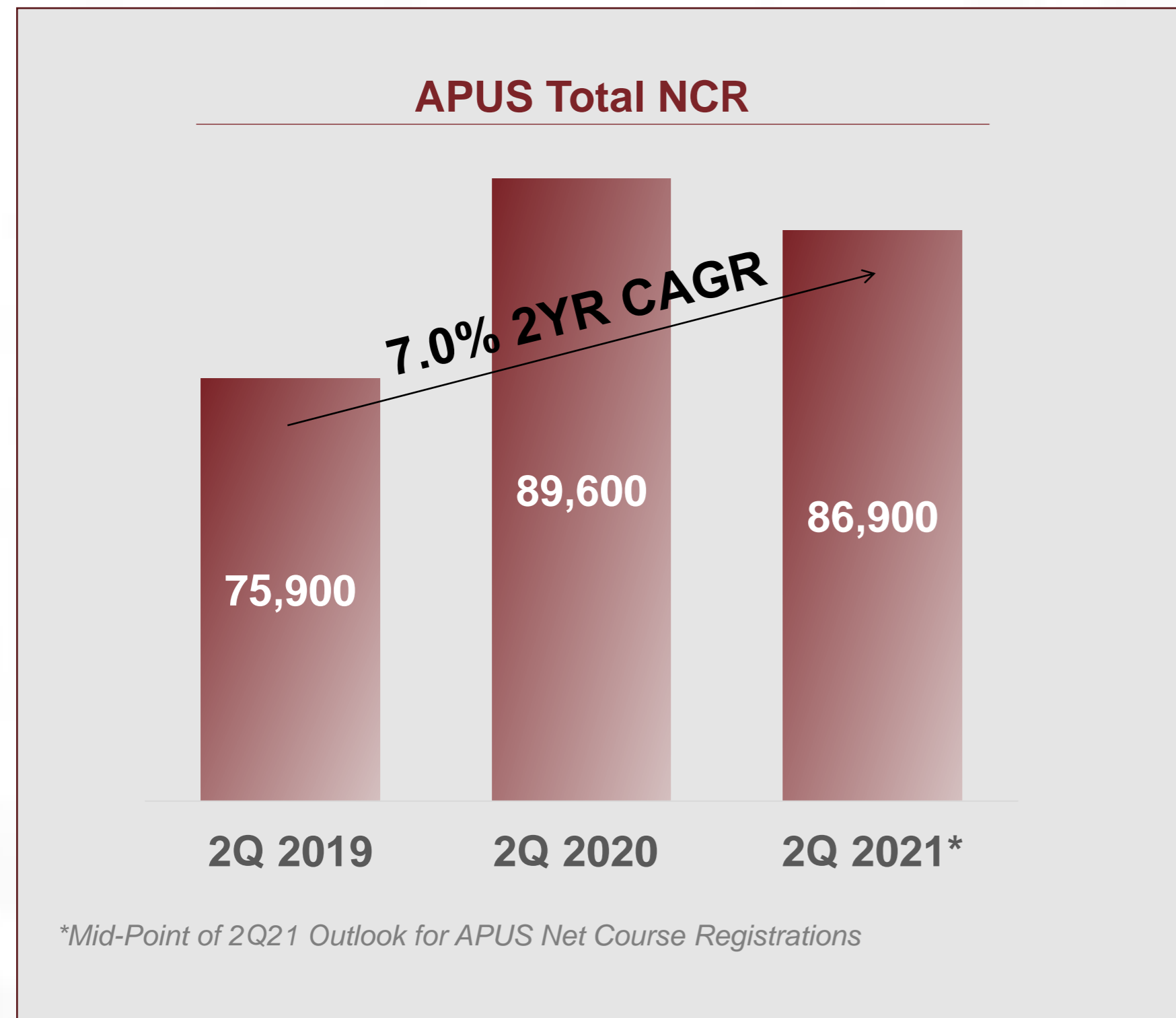


Campuses <sup>1</sup>	24	7	31
Nursing Revenue <sup>2</sup>	\$143MM	\$40MM	\$183MM
Enrollment Growth <sup>2</sup>	20%	45%	24%

**‘21 PF 10,000+ Nursing Enrollments**

1. Expected with addition of classes at Rasmussen's Dallas, Texas campus following the closing of Rasmussen acquisition.  
2. Trailing twelve months as of 3/31/21

# Second Quarter '21 Update



**2Q'21 net course registrations at APUS are expected to remain well above 2019 levels, despite the Army registration disruption.**

## Army Registration Disruption

- Army soldiers request tuition assistance (TA) for any institution through the Army education portal.
- New portal was scheduled to launch on March 8<sup>th</sup> and is delayed and not yet operational.
- Army's transition to the new portal has disrupted a soldier's ability to secure approval for course funding.
- **As a result, 2Q'21 net course registrations at APUS are negatively impacted:**
  - In FY'20 Army active-duty represented 23% of all APUS registrations – largest student segment
  - In April '21, Army active-duty registrations declined 25%
  - Army has indicated that the portal (ArmyIgniteED) is expected to reopen in June '21
- **We expect this disruption to be a one-time occurrence.**

# APEI's Financial & Operational Outlook

These statements are based on current expectations. These statements are forward-looking and actual results may differ materially.

	<b>Second Quarter 2021</b> Approximate Y/Y Change	
APUS Net course registrations <sup>1</sup>	-8% to -4%	Adversely impacted by the temporary suspension of Army registration portal
HCN New student enrollment <sup>2</sup>	+37%	
HCN Student enrollment <sup>2</sup>	+36%	Represents the highest enrollment in HCN's history
APEI Consolidated revenue	-5% to -3%	
APEI Consolidated net income	-\$0.8M to +\$0.6M	
APEI EPS	-\$0.04 to +\$0.03	Includes \$3.0M - \$4.0M of Rasmussen University integration costs
APEI Adjusted EBITDA	+\$7.3M to +\$9.2M	

1. APUS Net course registrations represent the approximate aggregate number of courses for which students remain enrolled after the date by which they may drop a course without financial penalty.
2. HCN Student enrollment represents the total number of students enrolled in a course after the date by which students may drop a course without financial penalty.

# Priorities for 2021 – “Maximize Learner HEROI™”

*A Durable, High-Quality Scale Platform w/ Organic and Inorganic Growth Opportunities; Operating Margin Improvement Driven by Growth, Enterprise Transformation and Shared Services; New Leadership w/ Demonstrated Track Record*



## Growth

w/ Emphasis on HEROI™

- Expand enrollments in large and growing markets - #1 in nursing, military and veterans
- Continue to capitalize on secular growth in nursing and healthcare
- Increase investment in marketing with emphasis on affordability message
- Accelerate offerings in “Right to Win” markets
- Advance strategic corporate development initiatives



## Integration

of Rasmussen University

- Execute integration of key Rasmussen corporate and administrative functions utilizing APEI’s existing shared services model
- Expand programmatic and competency-based education opportunities
- Strong mission alignment and attractive regulatory profiles support effective business integration
- Newly assembled leadership team experienced at integration and enterprise transformation



## Transformation

Drive Operational Excellence

- Accelerate organic growth through focused investments in marketing and technology
- Drive greater efficiency and improved student satisfaction and outcomes through technology modernization
- Elevate human resources processes and capabilities
- Increased scale to drive strong incremental profit performance – create true operating leverage



INFORMATIONS

ABOUT US

YOUR ACCOUNT NAME  
CITY

25%

OPTIONS 1

50%

OPTIONS 2

25%

OPTIONS 3

DATA1

DATA2

DATA3

15.261

13.959

12.482

10.636

# Thank You

5

10

15

20

25

30

35

+25773

+24746

+27372

apei

AMERICAN PUBLIC  
EDUCATION, INC.

1QT

2QT

3QT



50%

70%

90%

# APPENDIX

---

	Three Months Ended March 31,	
	2021	2020
<b>COSTS AND EXPENSES</b>		
Instructional costs and services	36.5%	39.2%
Selling and promotional	21.9%	24.4%
General and administrative	26.6%	28.1%
Loss on disposals of long-lived assets	—	0.2%
Depreciation and amortization	3.0%	4.5%
<b>Total costs and expenses</b>	<b>88.0%</b>	<b>96.4%</b>

## APPENDIX: DISCLOSURES (CONTINUED)

American Public Education is presenting adjusted EBITDA in connection with its GAAP results and urges investors to review the reconciliation of adjusted net income to the comparable GAAP financial measures that is included in the table below (under the caption “GAAP to Adjusted EBITDA”) and not to rely on any single financial measure to evaluate its business.

### GAAP Net Income to Adjusted EBITDA:

The following table sets forth the reconciliation of the Company’s reported GAAP net income to the calculation of adjusted EBITDA for the three months ended March 31, 2021 and 2020:

<i>(in thousands, except per share data)</i>	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2021</b>	<b>2020</b>
Net income	\$ 8,107	\$ 2,420
Income tax expense	2,639	974
Interest income, net	(114)	(702)
Equity investment loss	5	1
Depreciation and amortization	2,651	3,338
<b>EBITDA</b>	<b>13,288</b>	<b>6,031</b>
Stock Compensation	2,180	1,750
Loss on disposals of long-lived assets	8	166
Goodwill impairment	—	—
Compensation expense adjustment	—	—
M&A - related professional fees	461	571
<b>Adjusted EBITDA</b>	<b>\$ 15,937</b>	<b>\$ 8,518</b>

## APPENDIX: DISCLOSURES (CONTINUED)

American Public Education is presenting adjusted EBITDA in connection with its GAAP outlook and urges investors to review the reconciliation of adjusted net income to the comparable GAAP financial measures that is included in the table below (under the caption “GAAP Outlook Net Income to Outlook Adjusted EBITDA”) and not to rely on any single financial measure to evaluate its business.

### GAAP Outlook Net Income to Outlook Adjusted EBITDA:

The following table sets forth the reconciliation of the Company’s outlook GAAP net income to the calculation of outlook adjusted EBITDA for the three a months ended June 30, 2021:

<i>(in thousands, except per share data)</i>	<b>Three Months Ended</b>	
	<b>June 30, 2021</b>	
	<b>Low</b>	<b>High</b>
Net income	\$ (800)	600
Income tax expense	(300)	260
Interest income	(35)	(35)
Equity investment loss (income)	—	—
Depreciation and amortization	2,675	2,675
<b>EBITDA</b>	1,540	3,500
Stock compensation	2,020	2,020
Integration expenses	3,700	3,700
<b>Adjusted EBITDA</b>	<u>\$ 7,260</u>	<u>\$ 9,220</u>