



AMERICAN PUBLIC
EDUCATION, INC.

HEROITM

Providing a *Higher Education Return on Investment*
to Learners of All Backgrounds

PRESENTED BY

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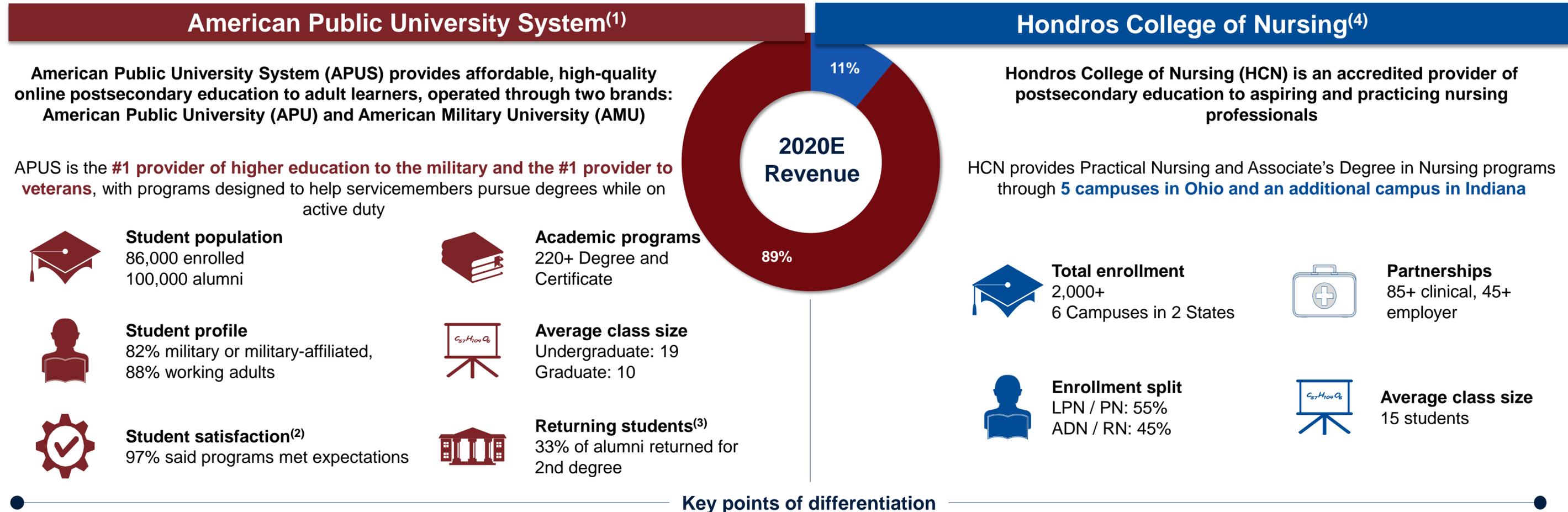
Safe Harbor Statement

Statements made in this presentation regarding American Public Education, Inc. (“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. Forward-looking statements can be identified by words such as “anticipate,” “believe,” “seek,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “should,” “will” and “would.” These forward-looking statements include, without limitation, statements regarding benefits of the acquisition of Rasmussen University, the timing of the closing of the transaction, expected growth, expected pro forma results, expected registration and enrollments, expected revenues, earnings and expenses, expected financial results for Rasmussen University, 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 satisfaction of closing conditions, including the failure or delay in obtaining required regulatory and accreditor approvals; APEI's ability to obtain financing to fund the transaction; the significant transaction and integration costs APEI has incurred and expects to incur in connection with the acquisition; the integration of Rasmussen's business and APEI's ability to realize the expected benefits of the acquisition; incorrect assumptions used for pro forma modeling; that Rasmussen may have liabilities that are not known to APEI; other events that could impact the transaction and its closing; APEI's dependence on the effectiveness of its ability to attract students who persist in its institutions' programs; impacts of the COVID-19 pandemic; APEI's ability 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 ability to maintain strong relationships with the military and maintain enrollments from military students; APEI's ability to comply with regulatory and accrediting agency requirements and to maintain institutional accreditation; APEI's reliance on Department of Defense tuition assistance, Title IV programs, and other sources of financial aid; APEI's dependence on its technology infrastructure; strong competition in the postsecondary education market and from non-traditional offerings; and the various risks described in the “Risk Factors” section and elsewhere in APEI's Annual Report on Form 10-K for the year ended December 31, 2019, Quarterly Report on Form 10-Q for the period ended September 30, 2020, and other filings with the SEC. You should not place undue reliance on any forward-looking statements. The Company 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.

APEI OVERVIEW

APEI is a provider of accessible and affordable higher education programs through two highly-regarded institutions



Key points of differentiation

- ✓ **Zero out-of-pocket tuition costs:** Active-duty servicemembers pay \$0 with help of military tuition assistance programs and free books and materials
- ✓ **Broad variety of programs:** Both public-service focused and traditional undergraduate, graduate and certificate offerings
- ✓ **Industry-leading accessibility:** Flexible virtual programs accommodative of irregular schedules and frequent deployments

- ✓ **“1+1” laddered approach:** Provides affordable route to licensure by allowing students to earn income between degrees
- ✓ **LPN and RN programs:** Two high-quality core pre-licensure degrees
- ✓ **Workplace-relevant learning:** Clinical and employer partnerships prepare nurses to join workforce and fill substantial supply gap for nurses in local healthcare systems

(1) Enrollment, class size and program count as of Q3 2020; student profile as of Q2 2020 (2) APUS, 2017 End of Program Survey (3) APUS undergraduate students who completed an associate or bachelor's degree in 2019 (4) All metrics as of Q3 2020 unless otherwise noted (5) YTD as of Q2 2020 (6) Weighted average of campus- and program-level cohort retention rates as of Q2 2020

APUS: PURPOSE MADE POSSIBLE

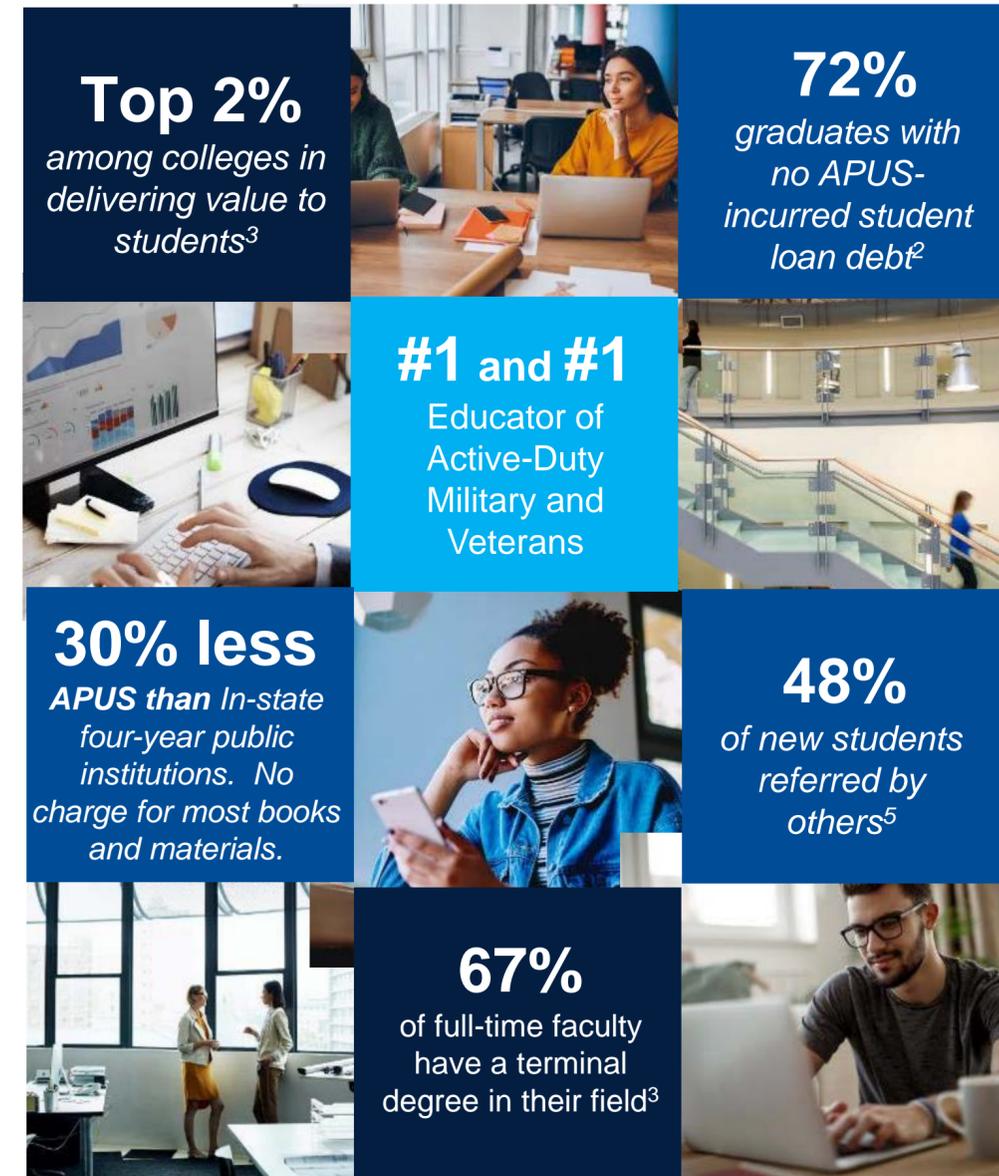
Ranked in top 2% among approx. 4,500 higher education institutions for 40-year return on education investment¹

✓ Low or No APUS-Incurred Student Loan Debt

- **Per credit hour cost has increased only \$35 since 2001**
- **\$0 for books and materials for most students since 2001**
The APUS Book Grant has provided learners with \$142M in savings with no-cost course materials today for all undergraduate and doctoral students, as well as all military-tuition-grant-eligible students.
- **Accepting over 3.5M student transfer credits since 2001**
- **Undergraduate degrees 30% lower than average 4-year public in-state tuition and fees (and not including transfer credits)²**

✓ Relevant, High-Quality Programs for Career Advancement

- **Over 225 programs relevant to today's workplace**
- **100% of programs pass Gainful Employment standards**
- **67% of full-time faculty have their highest degree in their fields³**
- **48% of new students referred by others⁴**



1. In a November 2019 study of 4,500 institutions by Georgetown University's Center of Education and the Workforce, APUS programs rank #93 overall for 40-year net present value or in the top 2% nationally.

2. College Board, IPEDS and APUS Estimates.

3. As of December 31, 2019.

4. Includes alumni who graduated with an associate's, bachelor's or master's degree from APUS as of December 31, 2019. Student loan debt is defined as student loans and private education loans and considers tuition, fees, living expenses and book costs associated with courses taken at APUS.

5. Students starting in 2020 - non-military 27%, military 55% and military-affiliated 44%.

HONDROS: “A BETTER WAY TO BECOME A NURSE”



“1+1” Laddered Programs of Study

Become an LPN

- Start without prerequisites or wait lists
- Clinical experience in second quarter
- Graduate in as little as 12 months

Become an RN

- Start as LPN or non-nursing transfer student with a Direct Entry option
- Graduate in as few as 15 months



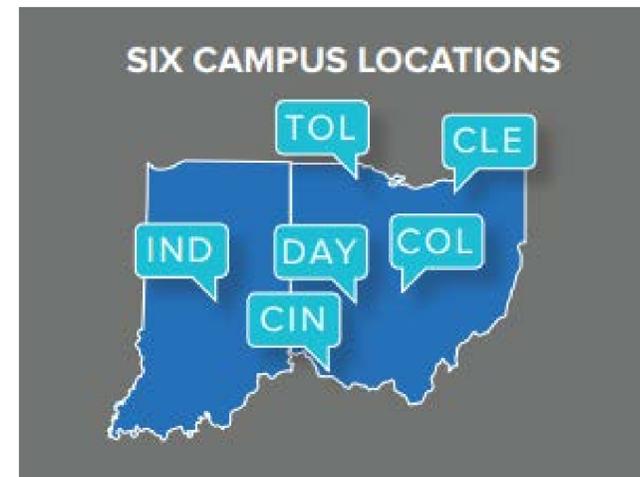
Institutional Affordability Grants

- Focuses on underserved communities
- Matching funds to reduce total cost
- Limits payments to \$200 per month*



Relevant to the Workplace

- Concept-Based Curriculum
- High-definition simulation labs
- 85+ healthcare partnerships provide clinical access for students
- 45+ employer partnerships providing tiered pricing to maximize employer tuition reimbursement



“I felt like I owed it to myself to go back to school and accomplish my goals. I made excuses for years, but I finally came to HCN. And I brought my mom with me! Hondros offered a flexible schedule with day and night classes. I pursued Hondros for my ADN (RN) because of the good experience I had with the (L)PN program and the relationships I have with my instructors. The staff is very helpful!”

Jessica Hillman, ADN student

* After consideration of financial aid and other resources. Maximums apply.

TRANSFORMATIVE DEAL POSITIONS APEI FOR FUTURE GROWTH

*Acquisition of Rasmussen University expected to double APEI revenue to \$600MM in 2021**

**APEI Will Be
#1 Educator of
Pre-Licensure
Nurses (ADN/RN
and PN/LPN)**

**Establishes APEI
As a Scale
Platform w/
New Capabilities
and Synergy
Opportunities**

**APEI and
Rasmussen have
Strong Alignment
around Mission
and Culture**

* Forecasted full-year pro forma results.
Please see important disclosures in the Appendix

RASMUSSEN OVERVIEW

Leader in Nursing with a Strong Regulatory Track Record and Attractive Financial Profile

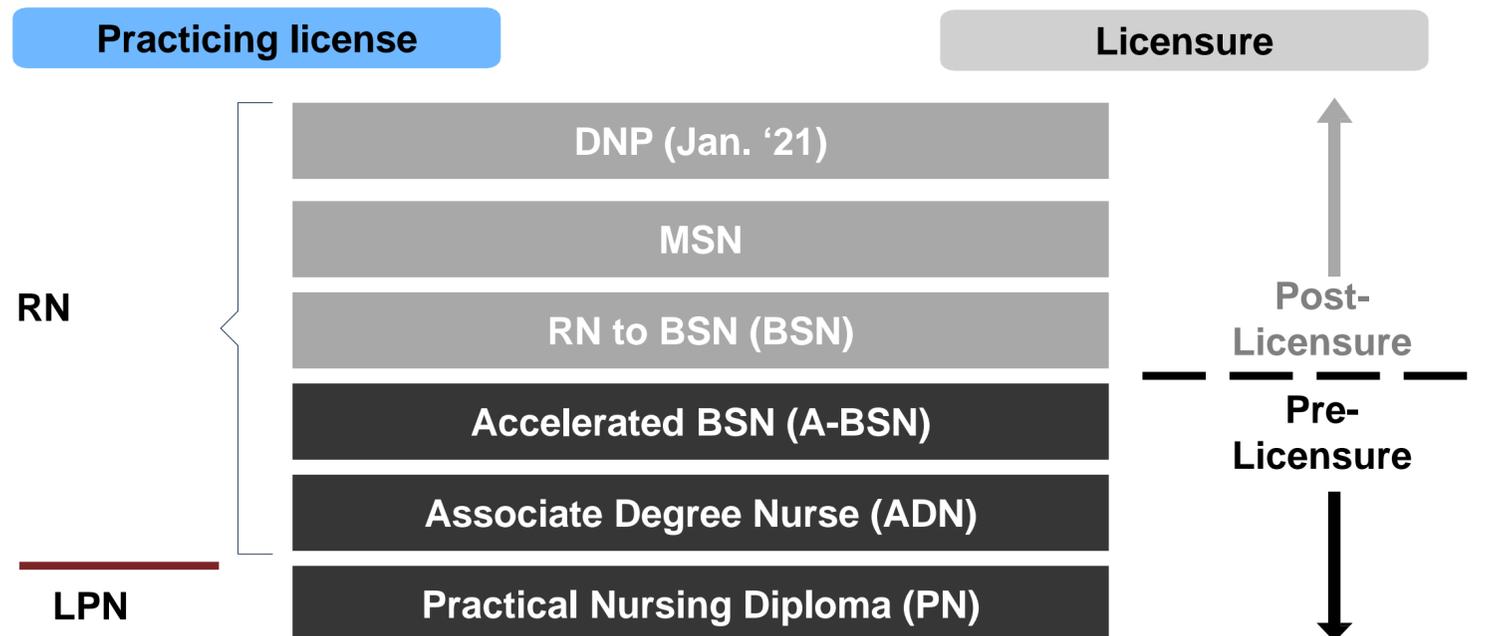
PROFILE

- **120 Year History** – Founded in 1900 as a business skills school for women
- **#1 educator of ADN (RN) nurses**
- **Accredited** by The Higher Learning Commission (HLC)
- **Nursing programs accredited** by ACEN and CCNE
- **Strong regulatory track record:**
 - 76.4% 90/10 ratio
 - 9.4% Cohort Default Rate (CDR)

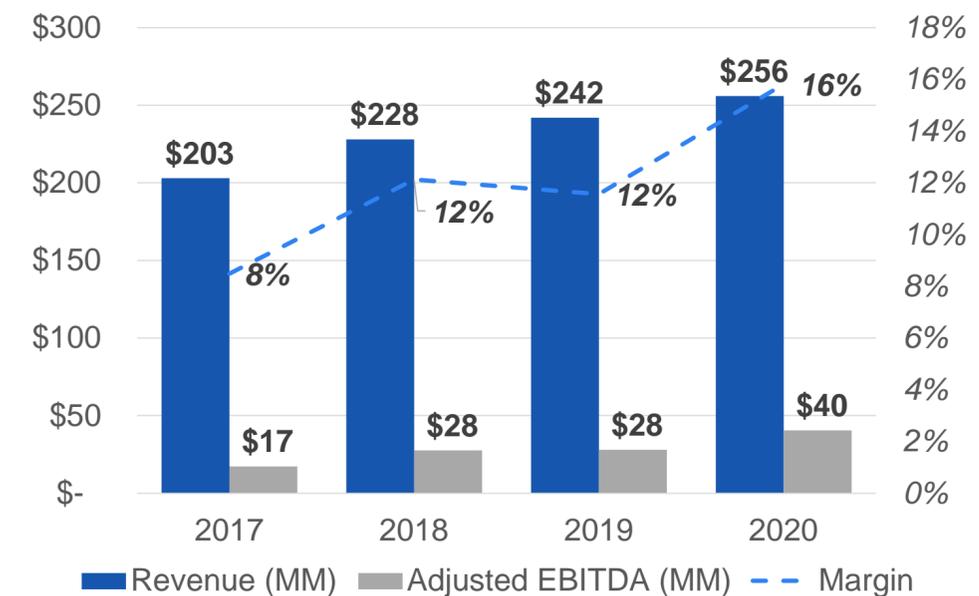
ENROLLMENT PROFILE

- **18,200 student enrollment**
- **7 Schools:** Nursing, Health Sciences, Business, Education, Design, Technology and Justice Studies
 - 45% Nursing, 55% non-Nursing
- **24 Campuses in six states + online**
- **5th Largest in competency-based education (CBE)**
 - ~2,000 students across 17 programs

NURSING PROGRAMMATIC SUITE

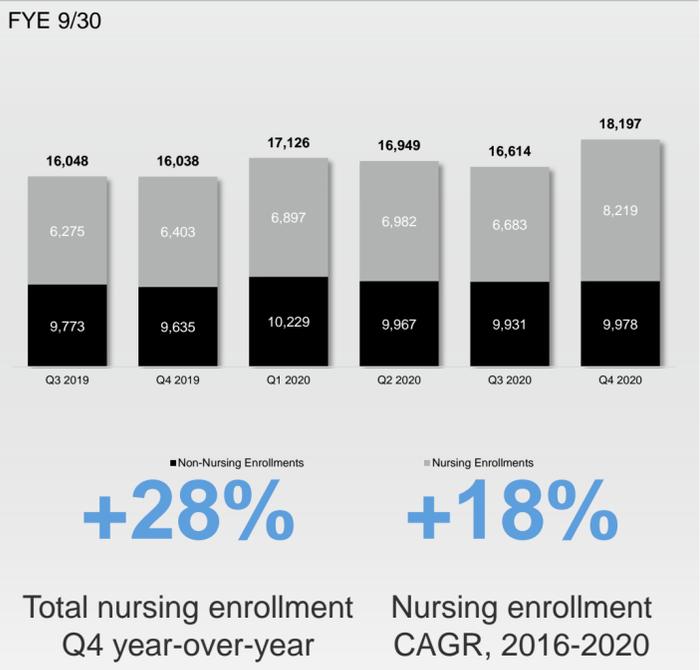
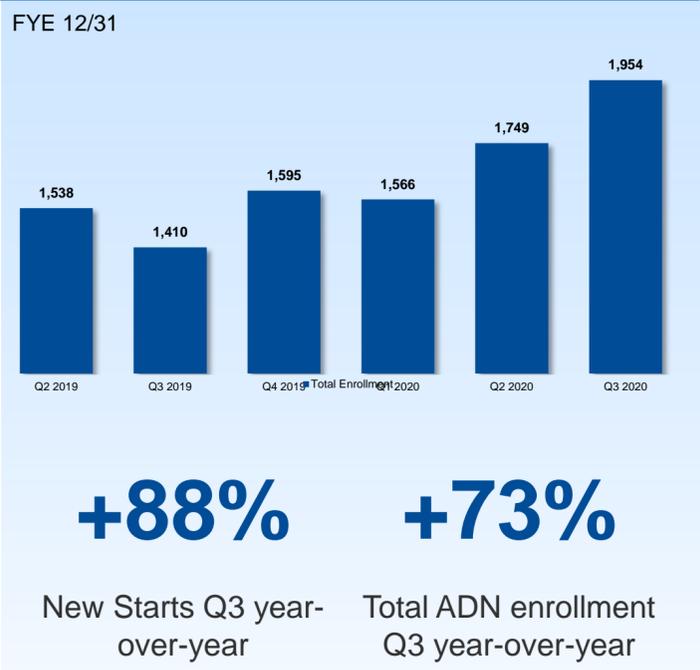


FINANCIAL PROFILE (FYE 9/30/20)



American Public Education, Inc.

STRONG ENROLLMENT MOMENTUM ACROSS INSTITUTIONS



Key management initiatives driving growth

- 1 Strong brand within military community**
 - Continued enrollment growth from active-duty servicemembers
- 2 Expanded zero out-of-pocket tuition costs**
 - Freedom grant program includes graduate studies as of January 2021
- 3 Successful direct advertising campaign**
 - Increased sales and promotional spend generating brand value and marketing assets estimated to be worth \$2 million

- 1 Geographic expansion**
 - Recently-opened campus in Indianapolis serves as a foothold in a new market
- 2 ADN Direct Entry Program**
 - Easier path to enrollment for students with demonstrated college readiness introduced in October 2019
- 3 Execution of program transformation**
 - Strong rebound following enrollment dips in 2019 caused by one-off changes to admissions policies

- 1 Continued growth in nursing programs**
 - Consistently strong growth can be expected to accelerate in future
- 2 Ramping CBE platform**
 - Success of CBE programs has fueled roadmap to further develop category
- 3 New campus openings**
 - Expansion to areas with significant demand for nursing professionals, including Dallas, TX in Fall 2020

(1) APUS reports student population by aggregate number of courses students are enrolled in

RASMUSSEN ACQUISITION ACCELERATES APEI'S VALUE CREATION STRATEGY

Acquisition of Nursing Platform Amplifies Our Mission in Helping Learners Maximize HEROI™

**Rasmussen + Hondros =
\$165M Powerhouse in
Nursing Education
Business in a Growing
Market**

**APEI Resulting Mix will be:

One-Third Military/Vets
One-Third Nursing/Health
One-Third Online**

**Positions APEI Profile to
Growth, Scale and HEROI™**

**#1 in Educator in
ADN/RN and PN/LPN Nursing
#1 in Military and Veterans**

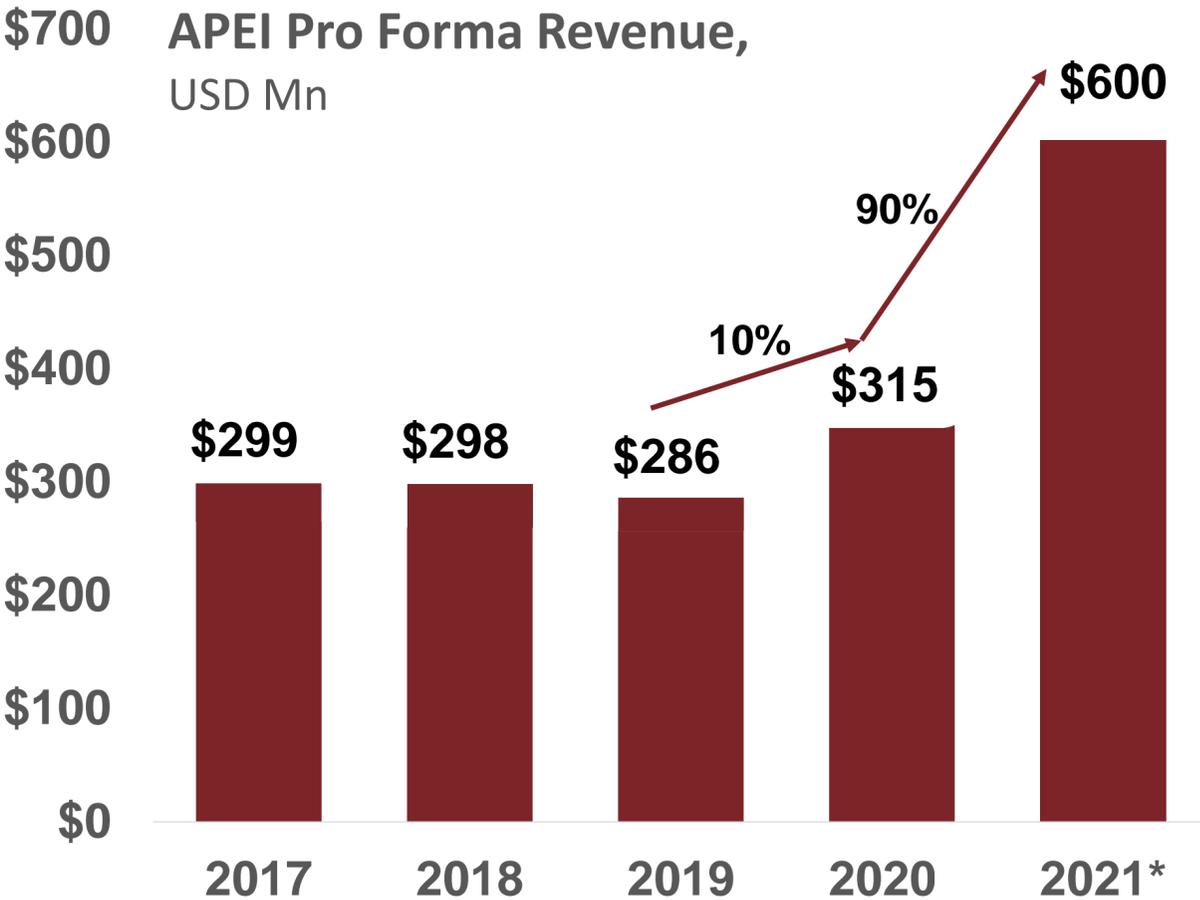
**Offers Programmatic,
CBE and Shared Services
Expansion Opportunities
to APUS**

**Offers Post-Licensure
Programmatic Expansion
to Hondros Students**

**Adds 24 On-Ground
Locations which can be
Leveraged to Accelerate
Other Offerings**

DOUBLES REVENUE & ESTABLISHES APEI AS A SCALE PLATFORM

Rasmussen University further accelerates APEI's growth story



- In 2021, nearly **doubles APEI's revenue** to \$600MM, \$31MM in net income and \$100MM in adjusted EBITDA
- **Diversifies APEI's revenue** to one-third military, one-third nursing and one-third online adult learners
- Puts approximately **\$125MM of cash** to work
- APEI will **capture synergies** through:
 - Shared capabilities
 - Shared services

Total APEI:	~106,000
➤ APUS:	86,000
➤ Rasmussen:	18,000
➤ Hondros:	2,000+

* Forecasted full-year pro forma results.

Please see important disclosures in the Appendix

ENTERPRISE INITIATIVES

Synergies and New Capabilities Poised to Amplify APEI Mission of HEROI™



- Focus on integration of Rasmussen
- Implement shared services at Hondros and leverage new shared services through Rasmussen
- Unlock \$5M-\$10M in potential synergies in each of the first three years
- Facilitate best practices across the enterprise to drive student outcomes
- Focus on high return allocation of capital, both organically and inorganically

American Public University System
American Military University | American Public University

- Continue Technology Initiatives and improve student experience
- Leverage strength in military
- Improve student retention



- Opportunity to restore ADN(RN) enrollment
- New campuses
- Improve margins through scale and efficiency



- Expand new programs to existing campuses
- Geographic expansion
- Focus on CBE
- Target non-nursing enrollment growth

INVESTMENT HIGHLIGHTS



Transformational Acquisition of Rasmussen University

In 2021, nearly doubles APEI's revenue to \$600MM, \$31MM in net income and \$100MM in EBITDA. Establishes APEI as scale platform, amplifies value creation strategy.



Strong franchise in military, veteran and nursing education

Military student populations exhibit higher student retention and lower acquisition costs. Long-term market demand for nursing education.



Growing revenues, profitability and student population

In part, aided by improved student persistence, enrollment management processes and increased investment in marketing



Strong liquidity and free cash flow

Efficient online delivery at APUS and improved operating performance at HCN. Effective cost management at APUS and conservative capital allocation strategies.



Several planned growth initiatives

New strategy that includes increased marketing and IT investment to potentially drive future growth



Attractive regulatory profile

Consultative approach to marketing, affordable tuition, low bad debt, programs meet or exceed Gainful Employment thresholds - evidence of management's focus on regulatory compliance

APEI Recent Growth Drivers

1. **Freedom Grant** for active-duty service members pursuing a Master's degree at APUS;
2. **Increased investment in marketing to emphasize HEROI** (Higher Education Return on Investment).
3. **COVID-19 driving** increased interest in online education and nursing programs; and
4. Successful implementation of **HCN's enrollment recovery plan**; now transitioning to LT strategic plan.

Rasmussen University Opportunities

1. LT need for nursing education expected – nursing shortage expected through 2029
2. Unlock revenue and cost synergies by leveraging APEI shared services model
3. Cross pollinate programs and best practices among APEI institutions.
4. Leverage competency-based education capabilities

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: DISCLOSURES

- **Forward looking revenue statements are presented on an annual pro forma basis, assuming that the acquisition was effective as of January 1, 2021**
- **Nursing market data based on IPEDS and APEI Analysis**

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.

Millions	2021
<u>2021 Annual Pro Forma Basis (1)</u>	<u>Pro Forma</u>
Net income	\$ 31
Income taxes	\$ 12
Interest expense	\$ 15
Depreciation and amortization	\$ 33
EBITDA	\$ 91
Stock compensation	\$ 9
Adjusted EBITDA	\$ <u>100</u>

(1) This represents the pro forma financial results of the new entity formed by APEI's acquisition of Rasmussen assuming that the transaction was completed on January 1, 2021. There are many assumptions embedded in this calculation with respect to the underlying financial performance of the entities, the purchase price accounting, the appropriate depreciation and amortization methods, the effective tax rate, future interest rates, etc.

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.

(in Millions, unaudited)

Rasmussen University (1)

Reconciliation from Net Income to Adjusted EBITDA:	For Twelve Months Ending				
	9/30/2017	9/30/2018	9/30/2019	9/30/2020	12/31/2021 ⁽²⁾
Net Income	\$ 10	\$ 18	\$ 12	\$ 19	\$ 7
Income Taxes					\$ 2
Interest expense	-	-	3	4	15
Depreciation and amortization	6	6	13	20	20
EBITDA	16	24	28	43	44
Pro Forma Adjustments	1	4	-	(3)	
Adjusted EBITDA	\$ 17	\$ 28	\$ 28	\$ 40	\$ 44

(1) The attached table provides a reconciliation from Net income to Adjusted EBITDA for Rasmussen University. The Pro-Forma adjustments are a combination of non-cash expenses, transaction expenses and expenses that will not continue after the change in ownership.

(2) This represents the pro forma financial results of the Rasmussen University assuming that the transaction was completed on January 1, 2021. There are many assumptions embedded in this calculation with respect to the underlying financial performance, the purchase accounting, the appropriate depreciation and amortization methods, the effective tax rate, future interest rates, etc.