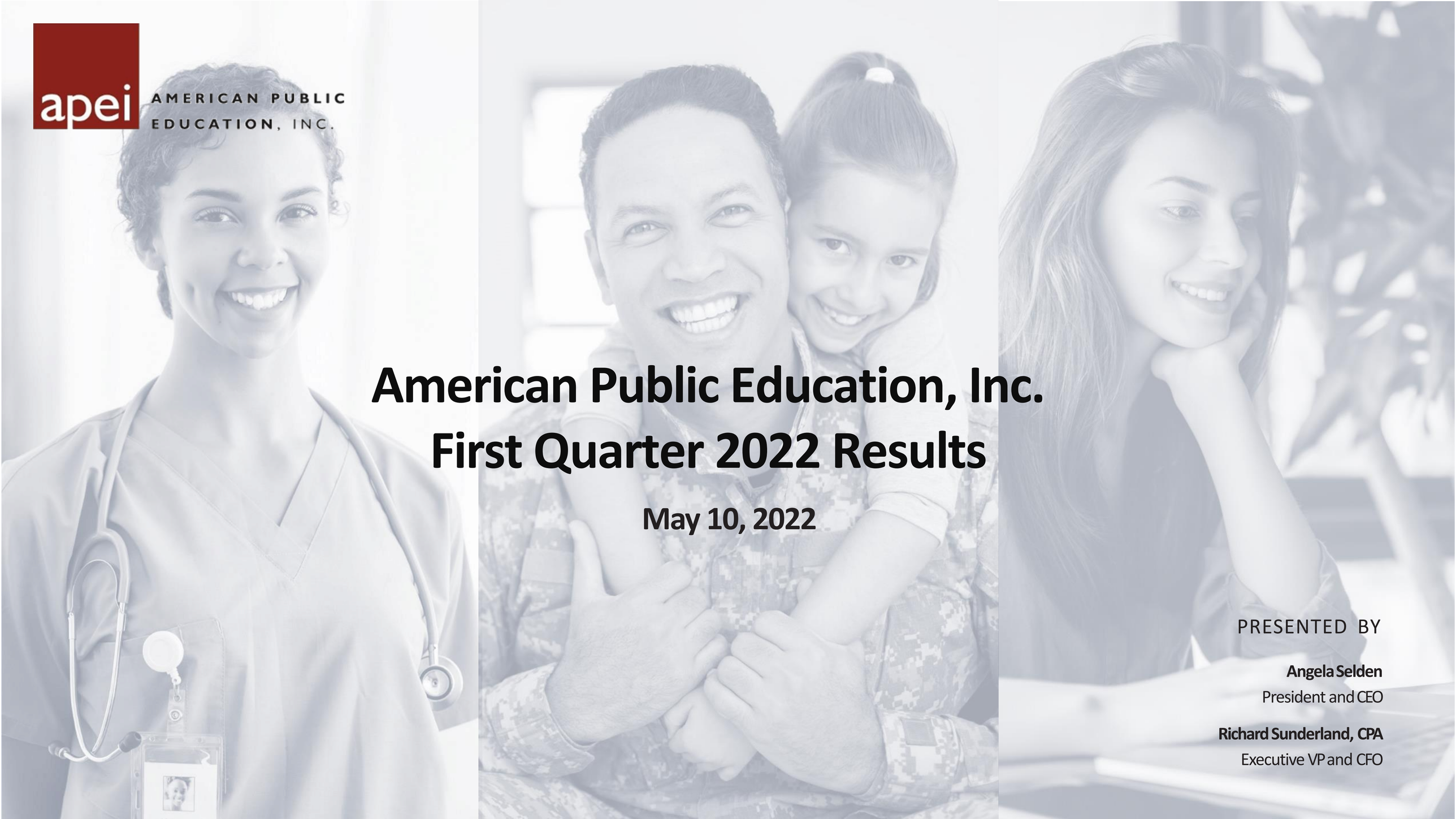

American Public Education, Inc.
First Quarter 2022 Results

May 10, 2022

PRESENTED BY

Angela Selden
President and CEO

Richard Sunderland, CPA
Executive VP and CFO

Safe Harbor Statement

Please note that statements made in this presentation regarding American Public Education and its subsidiaries (the “Company”) that are not historical facts may be forward-looking statements based on current expectations, assumptions, estimates and projections about the Company and the industry.

These forward-looking statements are subject to risks and uncertainties that could cause actual future events or results to differ materially from those expressed or implied by such statements. Forward-looking statements may be able to 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, expected growth, registrations and enrollments, revenues, net income, earnings per share, adjusted EBITDA and EBITDA.

Actual results could differ materially from those expressed or implied by forward-looking statements as a result of various factors, including risks related to the effects of and the Company’s response to the COVID-19 pandemic, including impacts on the demand environment as the pandemic abates, the Company’s dependence on the effectiveness of its ability to attract students who persist in its institutions’ programs, changing market demands, the Company’s inability to market its programs, the loss of the Company’s ability to receive funds under tuition assistance programs or ability to process tuition assistance financial aid, the Company’s inability to maintain strong relationships with the military and maintain course registrations and enrollments from military students, the Company’s failure to comply with regulatory and accrediting agency requirements and to maintain institutional accreditation, the Company’s loss of eligibility to participate in Title IV programs or ability to process Title IV financial aid, the Company’s need to successfully adjust to future market demands by updating existing programs and developing new programs, entering into and integrating acquisitions, including the integration of Rasmussen University and Graduate School USA, and the risk factors described in the risk factor section and elsewhere in the Company’s annual report on Form 10-K and in the Company’s other SEC filings. You should not place any 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.

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1. APEI and Education Unit Enrollment Updates

2. 1Q 2022 Financial Results & 2Q 2022 Outlook



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Market Leading Positions with Service-Minded Students

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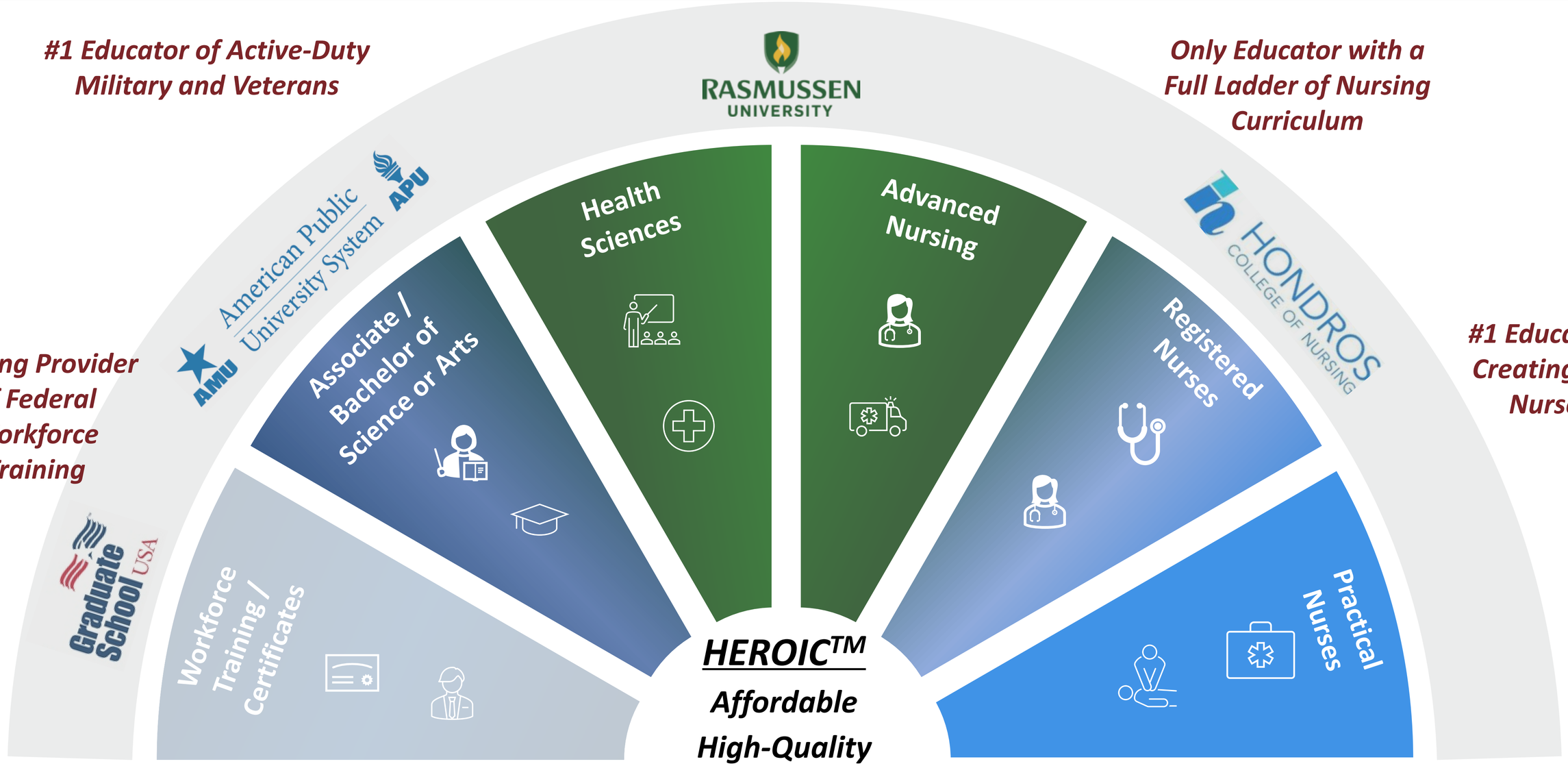
#1 Educator of Active-Duty Military and Veterans

Only Educator with a Full Ladder of Nursing Curriculum

Leading Provider of Federal Workforce Training

#1 Educator in Creating New Nurses[1]



HEROIC™

Affordable

High-Quality

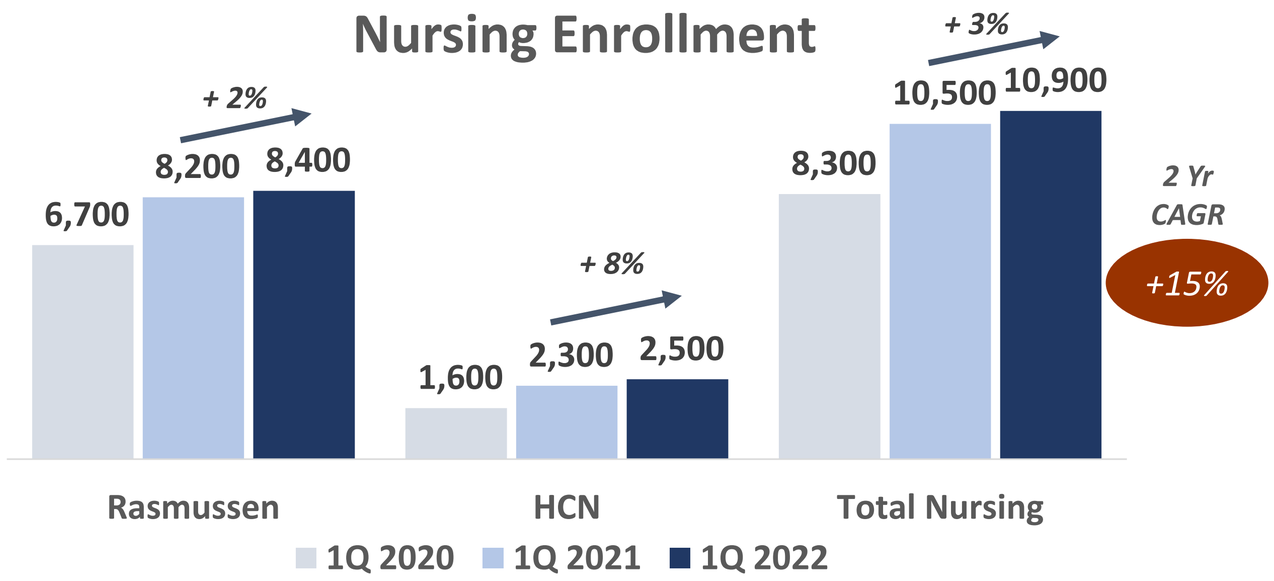
Outcomes-Focused

HEROIC™: Higher Education Return on Investment for Customers

[1] APEI is the largest educator of ADN and PN pre-licensure nurses in the United States

APEI Nursing Enrollment Update

1Q 2022



- **1Q22 nursing enrollment reached record number**
  - 3% growth in nursing in total
  - ADN/RN growth increased ~4%

Forecast 2Q 2022

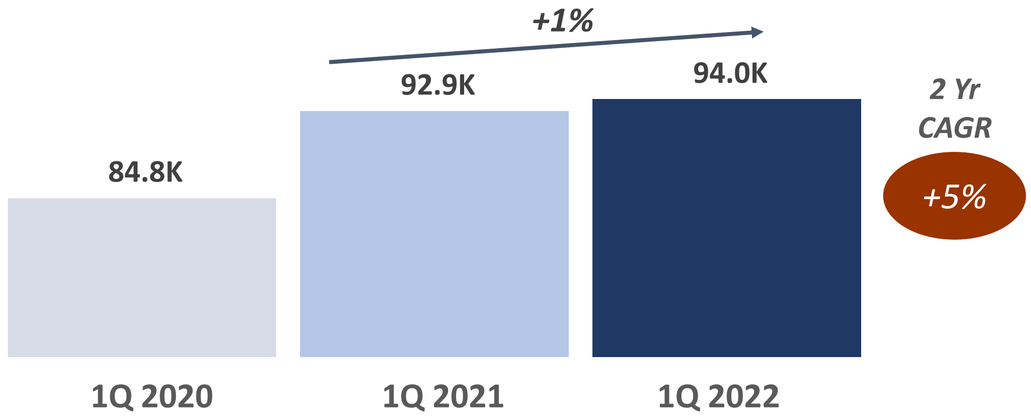
- 2Q22 total nursing student enrollment growth of -1% versus prior year comparable period, comping to tough growth periods; still represents +14% 2 year CAGR

	2Q20	2Q21	2Q22
Ras Nursing	6,400	8,300	8,200
HCN Nursing	1,800	2,400	2,400
Total Nursing	8,200	10,700	10,600

	% Change		
	'21 / '20	'22 / '21	2 Yr CAGR
Ras Nursing	*30%*	*-1%*	*13%*
HCN Nursing	*33%*	*0%*	*15%*
Total Nursing	*30%*	*-1%*	*14%*

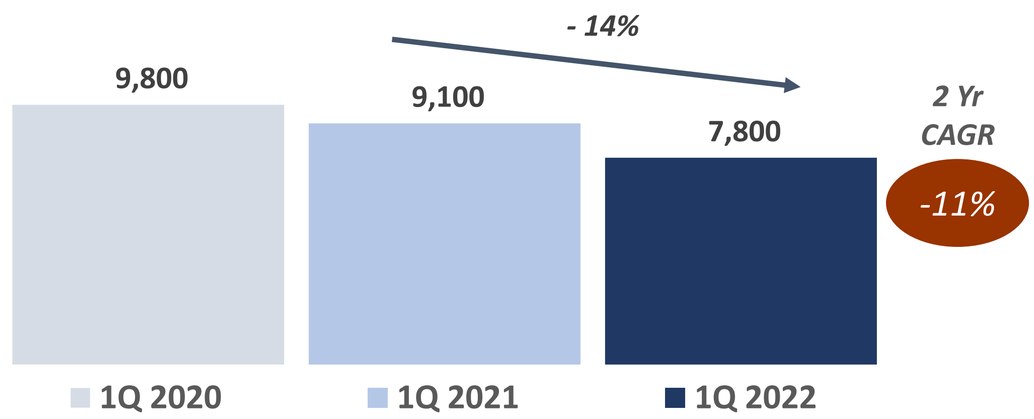
APUS and Rasmussen Non-Nursing Enrollment Update

APUS



- 1Q22 military registrations strong, +7% compared to 1Q21
- 2Q22 registrations of approximately -2 to +1% growth versus prior year period or between 80.9K and 83.4K enrollments
  - Strong military registrations, offset by non-military and veteran broader market decline

Rasmussen Non-Nursing



- 1Q22 Rasmussen non-nursing enrollment continued to be impacted by the broader challenging economic environment
  - Early education accounted for ~25% of decline from 1Q20 to 1Q22, sharply affected by COVID
- 2Q22 Rasmussen non-nursing enrollments of 7,700
  - Down roughly 11% from 2Q21

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1. APEI and Education Unit Enrollment Updates

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First Quarter 2022 Financial Highlights

Financial Summary

	Three Months Ended March 31,		
	2021	2022	% Change
($ in millions)			
APUS Revenue[1]	77.5	73.1	*-6%*
Rasmussen Revenue	-	67.1	*N/A*
HCN Revenue	11.1	11.5	*4%*
Corporate and Other[1]	(0.1)	3.0	*NM*
Total revenue	88.5	154.7	*75%*
Net income (loss)	8.1	5.3	*-34%*
Adjusted EBITDA[2]	16.0	17.4	*9%*
EPS (diluted)	0.49	0.28	*-43%*

Capitalization and Liquidity

($ in 000s)	***Dec. 31, 2021***	***Mar. 31, 2022***
Term Loan	$172,813	$170,625
Revolver, drawn	-	-
Total Debt	$172,813	$170,625
Unrestricted Cash	122,627	144,543
Net Debt	$50,186	$26,082

Solid liquidity position:

- *$145 million of unrestricted cash*
- *$20 million undrawn revolver*

(1) During the third quarter of 2021, we revised our reportable segments and updated the results for the prior period to conform to the current period presentation. Additionally, during the first quarter of 2022, we added Graduate School USA to Corporate and Other.

(2) EBITDA plus stock comp, loss on disposal of long-lived assets, and M&A- related professional and integration fees. Please refer to appendix for GAAP to Non-GAAP reconciliation.

APEI's 2Q 2022 Outlook

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

	Second Quarter 2022 Guidance	
	(Approximate)	*(% Yr/Yr Change)*
APUS Net course registrations	80,900 to 83,400	*-2% to 1%*
HCN Student enrollment	2,400	*3%*
RU Student enrollment	15,900	*-6%*
- Nursing	8,200	*-2%*
- Non-Nursing	7,700	*-10%*
($ in millions except EPS)		
APEI Consolidated revenue	$150 to $154	*92% to 97%*
APEI Consolidated net income	$0.1 to $1.4	*-81% to 164%*
APEI Adjusted EBITDA	$14.3 to $16.2	*44% to 63%*
APEI Diluted EPS	$0.00 to $0.07	*-100% to 133%*

- Rasmussen Nursing enrollments impacted in northern region due to limited access to adjunct faculty to support now in-person clinicals
- Broader inflation pressures have increased faculty and staff wages, impacting costs and expenses and pressuring margins
- Tight labor market resulting in wage inflation, is putting downward pressure on higher education interest

(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 and Rasmussen 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.

(3) Please refer to appendix for GAAP to Non-GAAP reconciliation

Thank You



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Appendix: Enrollment and Registration Summary

	1Q 2022	1Q 2021	% Change
APUS Registrations	**94,000**	**92,900**	***1%***
Total Rasmussen Enrollment	**16,200**	**17,300**	***-7%***
Rasmussen Nursing Enrollment	8,400	8,200	*2%*
Rasmussen Non-Nursing Enrollment	7,800	9,100	*-14%*
HCN Enrollment	**2,500**	**2,300**	***8%***

Appendix: Disclosures

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 measure that is included in the table below (under the caption "GAAP Net Income 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, 2022 and 2021:

	Three Months Ended March 31,	
(in thousands, except per share data)	**2022**	**2021**
Net income	$ 5,333	$ 8,107
Income tax expense	1,040	2,639
Interest expense (income), net	3,355	(114)
Equity investment loss	5	5
Depreciation and amortization	8,148	2,651
EBITDA	17,881	13,288
Gain on acquisition	(4,533)	-
Stock Compensation	2,356	2,180
Loss on disposals of long-lived assets	793	8
M&A - related professional fees	908	559
Adjusted EBITDA	$ 17,405	$ 16,035

Appendix: Disclosures (continued)

American Public Education is presenting adjusted EBITDA in connection with its GAAP outlook and urges investors to review the reconciliation of projected adjusted net income to the comparable GAAP financial measure 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 projected GAAP net income to the calculation of projected adjusted EBITDA for the three months ending June 30, 2022:

	Three Months Ending June 30, 2022	
(in thousands, except per share data)	**Low**	**High**
Net income	$ 80	$ 1,410
Income tax expense	40	610
Interest expense, net	3,340	3,340
Equity investment loss (income)	-	-
Depreciation and amortization	8,330	8,330
EBITDA	11,790	13,690
Stock Compensation	2,460	2,460
Adjusted EBITDA	$ 14,250	$ 16,150