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AMERICAN PUBLIC EDUCATION, INC.

Nasdaq: APEI

Sidoti Virtual Micro Cap Conference Presentation – May 2024



American Public University System

HONDROS COLLEGE OF NURSING

RASMUSSEN UNIVERSITY

Graduate School USA

Forward Looking Statements

Statements made in this presentation regarding American Public Education, Inc. or its subsidiary institutions ("APEI" or the "Company") 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," "potentially," "project," "should," "will," "would," and similar words or their opposites. Forward-looking statements include, without limitation, statements regarding expectations for growth registration, enrollments, revenues, net income, earnings per share, EBITDA and Adjusted EBITDA, free cash flow, and plans with respect to and future impacts of 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 Company's failure to comply with regulatory and accrediting agency requirements, including the "90/10 Rule", and to maintain institutional accreditation and the impacts of any actions the Company may take to prevent or correct such failure; the Company's dependence on the effectiveness of its ability to attract students who persist in its subsidiary institutions' programs; changing market demands; declines in enrollments at the Company's subsidiary institutions; the enactment of legislation that adversely impacts the Company or its subsidiary institutions; the Company's inability to effectively brand or market its subsidiary institutions and its subsidiary institutions' programs; the Company's inability to maintain strong relationships with the military and maintain course registrations and enrollments from military students; the loss or disruption of the Company's ability to receive funds under tuition assistance programs or the reduction, elimination, or suspension of tuition assistance; adverse effects of changes the Company makes to improve the student experience and enhance the ability to identify and enroll students who are likely to succeed; the Company's need to successfully adjust to future market demands by updating existing programs and developing new programs; the Company's loss of eligibility to participate in Title IV programs or ability to process Title IV financial aid; economic and market conditions and changes in interest rates; difficulties involving acquisitions; the Company's indebtedness and preferred stock; the Company's dependence on and the need to continue to invest in its technology infrastructure, including with respect to third-party vendors; the inability to recognize the anticipated benefits of the Company's cost savings efforts; the Company's ability to manage and limit its exposure to bad debt; and the risk factors described in the risk factor section and elsewhere in the Company's most recent annual report on Form 10-K and quarterly report on Form 10-Q and in the Company's other SEC filings. 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.

Corporate Overview

APEI is a portfolio of education companies providing online and campus-based postsecondary education and career learning to over 125,000 students through four subsidiary institutions.

- APEI operates in the $100 billion market for online and campus-based higher education that is forecasted to grow >10% per year
- Our long-term strategy is to build distinction in markets with consistently stable long-term demand, namely military/veteran and nursing/health education
  - APUS in top 11% of 4500 institutions for student return on education investment
  - 250,00 nurse openings per year; APEI educates ~10,000 per year
- Subsidiary unit operational performance is improving
  - Solid growth, margin and free cash flow story continues at APUS
  - Turnaround at Rasmussen is yielding positive results
  - Hondros delivering high enrollment and revenue growth with improving margins
- APEI financial performance is improving with strong cash flow characteristics
  - Exceeded financial guidance for 5 consecutive quarters
  - Forecasting 3% - 5% in 2024 revenue growth with positive net income anticipated
  - Increased FY 2024 Adjusted EBITDA guidance to $60 - $70 million on 5/7/24
  - Strong balance sheet with $153 million of cash and no net debt

Nasdaq: APEI	
Share Price[1]	~$15.50
Market Cap[1]	~$275M
TTM Revenue[2]	$605.3M
Shares Outstanding	17.6M

1. As of May 7, 2024
2. At March 31, 2024

Adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization less non-recurring expenses, such as severance, and non-cash expenses, such as stock compensation) is a non-GAAP financial measure. Refer to appendix for GAAP to non-GAAP reconciliation.



VISION

Education that transforms lives, advances careers, and improves communities.

MISSION

Powering Purpose, Potential and Prosperity for Those in Service to Others.

VALUES

Be Customer Centric • Be Accountable

Be Agile • Be Respectful & Inclusive

Do the Right Thing

APEI Education Portfolio

Public Sector Focus

AMU American Public University System APU

- 100% online
- #1 market positions in active- duty military and veterans
- ~90,000 adult learners in over 90 countries during 2023
- APUS in top 11% for students' return on educational investment, as compared to 4,500 colleges and universities nationwide[1]

Graduate School USA

- #2 provider of training to the federal workforce
- 300+ courses offered, modernizing government and professional training with short-form courses, training, and continuing education

Nursing & Healthcare Focus

RASMUSSEN UNIVERSITY

- Full ladder of nursing curriculum; 15 allied health / healthcare programs;
- 21 campuses in 6 states and online
- Rasmussen educates ~13,600 students: 46% campus-based health ed & 54% online

HONDROS COLLEGE OF NURSING

- PN and ADN (RN) degree offerings
- 8 campuses in three contiguous Midwestern states (OH, MI, IN)
- Hondros educates ~3,300 nursing students with roughly 65% enrolled in PN program and 35% in ADN program

apei

Purpose-built education to help students realize their career and professional goals

- Affordable
- High-Quality
- Inclusive
- Outcomes-Focused

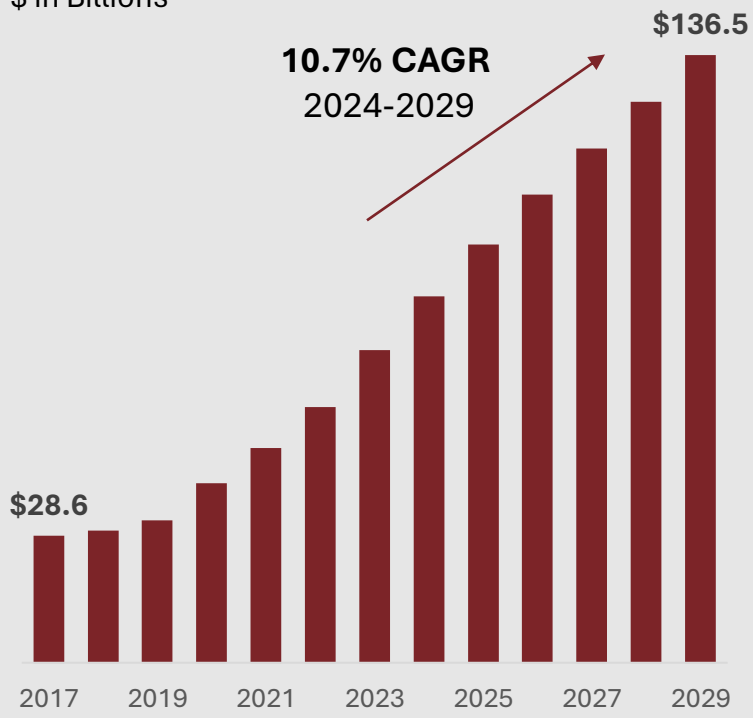
1) According to the Georgetown University Center on Education and the Workforce (2022). Ranking based on 20-year NPV https://cew.Georgetown.edu/cew-reports/roi2022/.

Market Opportunity

- **U.S. Higher Education Market** is expected to grow from $94.4 billion in 2021 to reach $172.9 billion by 2030, growing at a CAGR of 7.18% from 2023 to 2030.[1]
- Number of students in the **Online University Education** market in the US is expected to reach 12.6M by 2029.[2]
- **Registered Nursing (RN)** workforce is expected to grow from 3.1 million in 2021 to 3.3 million in 2031, an increase of 195,400 nurses, and 203,200 additional openings each year.[3]
- In 2022, 834,460 **military veterans** received $10.0 billion in education program payments primarily through the Post-9/11 GI Bill.[4]
- DOD's FY2024 budget request included a combined total of $757.0 million for Tuition Assistance and other voluntary education programs, up 12% from FY2023 with 200,000 to 300,000 **military service members** participating annually.[5]

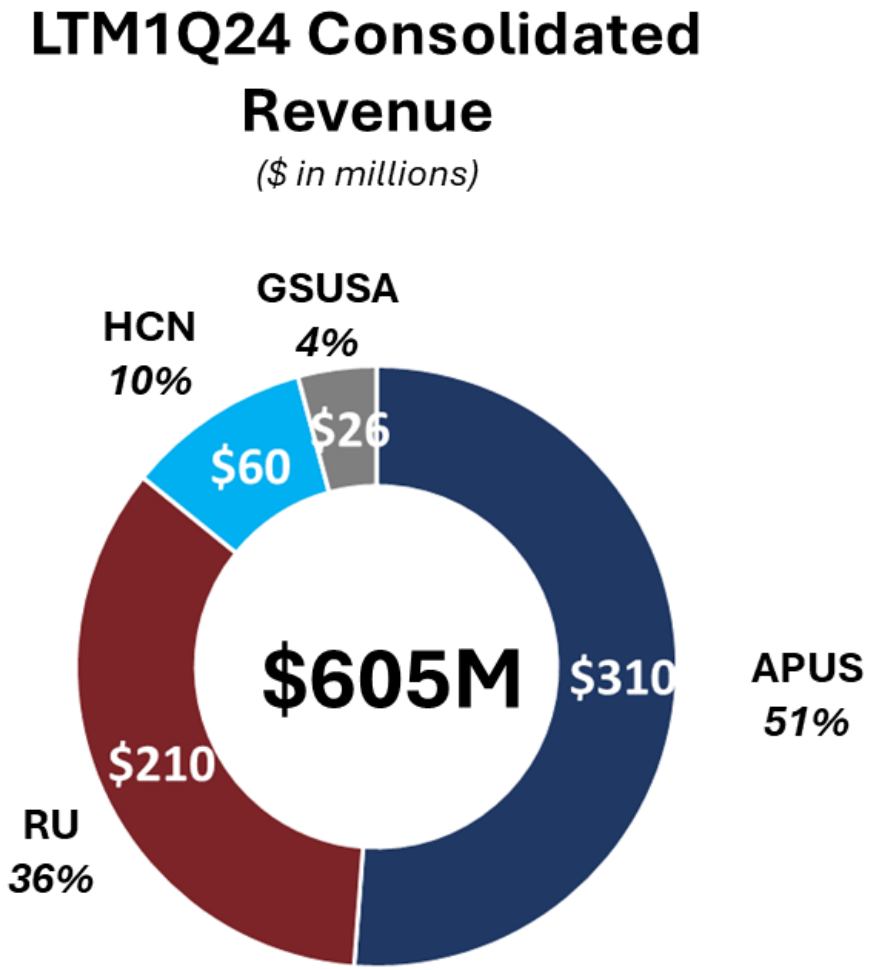
US Online University Education Market[2]

$ in Billions



1) Verified Market Research®
2) Statista
3) Bureau of Labor Statistics' Employment Projections 2021-2031
4) VA Annual Benefits Report Fiscal Year 2022
5) CRS Reports Military Tuition Assistance Program

APEI Financial Overview



Registrations & Enrollments

American Public University System (AMU, APU)

370,300

LTM Net Course Registrations

HONDROS COLLEGE OF NURSING

3,300

2Q24 Enrollment

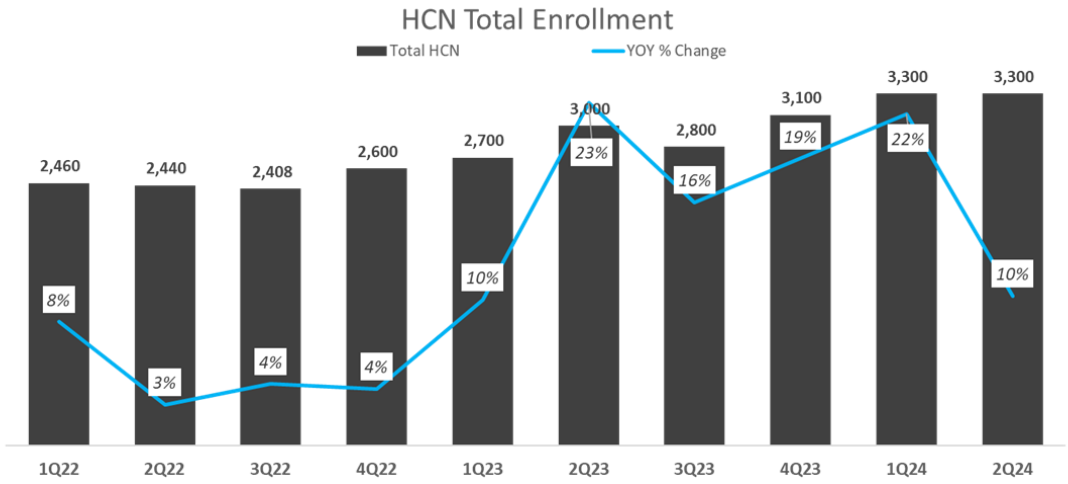
RASMUSSEN UNIVERSITY

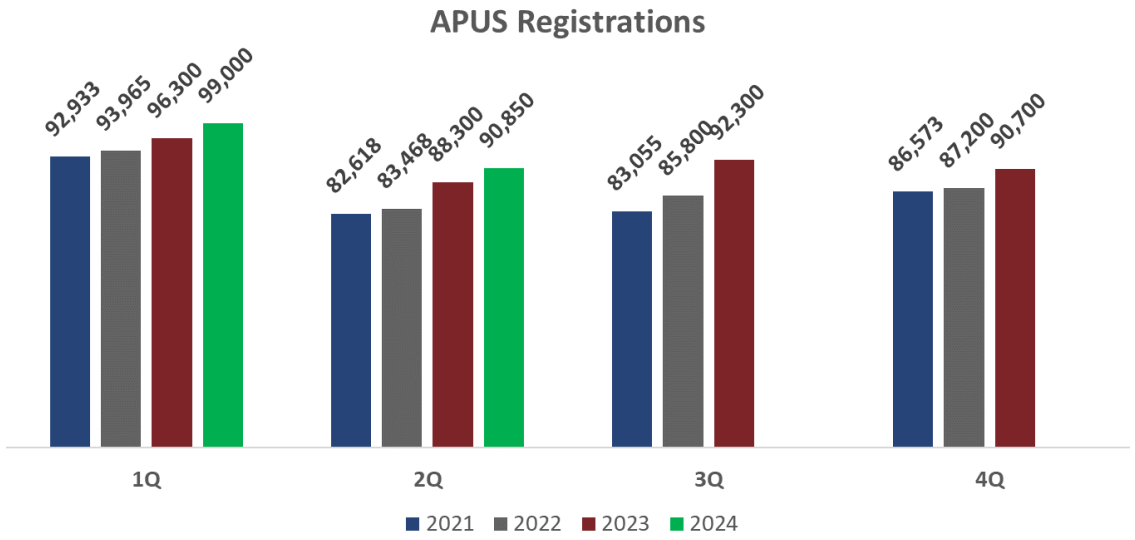
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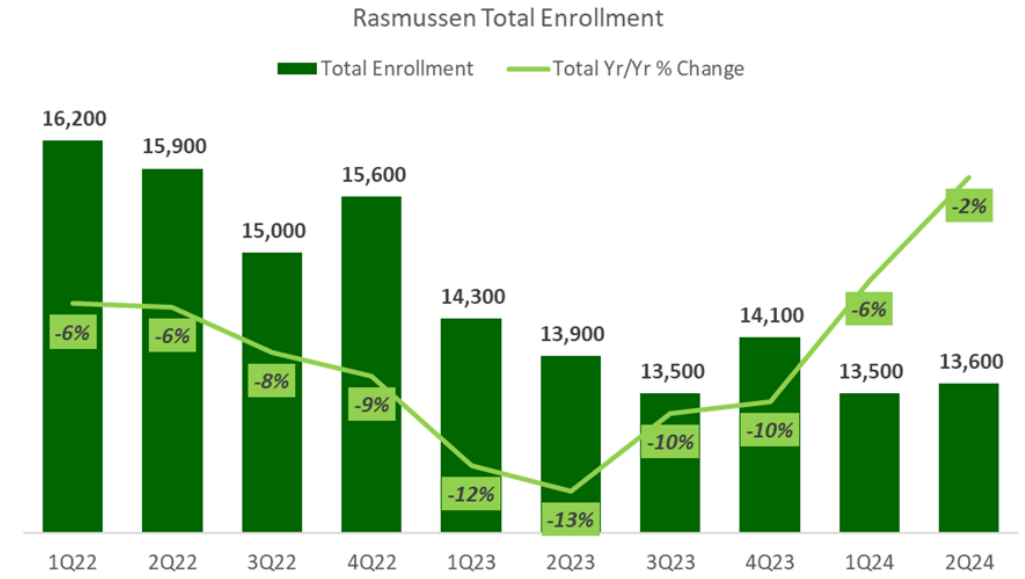
2Q24 Enrollment

Enrollment Summary

- APUS has delivered consistently strong net course registrations since 2020 driven by continued strength in military
- Hondros enrollments have grown at double-digit rates for the last 6 quarters
- Rasmussen enrollments have been improving since 2Q23 and expect positive enrollments in 2H24







*Note: 2Q24 reflects mid-point of registration guidance for APUS; RU and HCN 2Q24 Enrollments are actual



Financial Results

APEI Executive Summary

APEI is focused on core military/veterans and nursing/health-ed businesses that have consistently stable, long-term demand. APEI financial performance has improved for the last five quarters. Management has addressed the operational challenges at Rasmussen and continues to position the enterprise for sustainable long-term growth.

Key Take-Aways

- APEI Revenue: $154.4 million – exceeding high end of first quarter guidance and third consecutive quarter of year-over-year growth
- Net loss available to common stockholders: ($1.0) million and net loss per diluted common share of ($0.06) vs. high end guidance of ($3.0) million and ($0.17), respectively
- 1Q 2024 Adjusted EBITDA increased 143% year-over-year to $17.1 million, exceeding high-end of guidance of $10 million
- Maintained a strong liquidity position, with total cash, cash equivalents and restricted cash of $153.2 million at March 31, 2024
- Increasing full year 2024 guidance for revenue and Adjusted EBITDA.

2Q24 Guidance Summary (MM)

Revenue	$153.0	to	$155.0
Net income avail. to common stockholders	($2.0)	to	$0.8
Adjusted EBITDA[(1)]	$8.0	to	$12.0

FY24 Guidance Summary (MM)

Revenue	$620.0	to	$630.0
Net income avail. to common stockholders	$7.7	to	$14.2
Adjusted EBITDA[(1)]	$60.0	to	$70.0

1) *Adjusted EBITDA (earnings before interest, taxes, depreciation, and amortization less non-recurring expenses, such as severance, and non-cash expenses, such as stock compensation) is a non-GAAP financial measure. Refer to appendix for GAAP to non-GAAP reconciliation.*

Education Unit EBITDA & Margin Profile

Segment Summary ($ in millions)		1Q23	2Q23	3Q23	4Q23	FY23	1Q24
APUS[1][2]	Revenue	$74.0	$73.6	$76.4	$79.4	$303.3	$80.7
	EBITDA	$18.5	$20.2	$23.3	$30.5	$ 92.5	$24.3
	Margin	*25%*	*28%*	*30%*	*38%*	*30%*	*30%*
RU[2]	Revenue	$57.5	$52.0	$52.1	$52.6	$214.1	$53.1
	EBITDA	($4.5)	($7.1)	($5.3)	$0.4	$ (16.5)	($2.7)
	Margin	*-8%*	*-14%*	*-10%*	*1%*	*-8%*	*-5%*
HCN	Revenue	$13.1	$14.3	$13.7	$15.8	$ 56.9	$16.4
	EBITDA	($1.0)	$0.1	($0.3)	$1.1	$ (0.1)	$0.0
	Margin	*-8%*	*1%*	*-2%*	*7%*	*0%*	*0%*
GSUSA[3]	Revenue	$5.1	$7.4	$8.6	$5.1	$ 26.2	$4.2
	EBITDA	($1.3)	$0.8	$1.6	($1.1)	$ 0.0	($1.1)
	Margin	*-25%*	*11%*	*18%*	*-22%*	*0%*	*-27%*
	Corporate	$ (6.9)	$ (7.4)	$ (5.7)	$ (7.1)	$ (27.1)	$ (7.2)
APEI	Consolidated Revenue	$149.7	$147.2	$150.8	$152.8	$600.5	$154.4
	Consolidated EBITDA	$4.8	$6.7	$13.4	$23.8	$ 48.7	$13.2
	(+) Adjustments	$ 2.2	$ 2.1	$ 4.7	$ 1.9	$ 10.9	$ 3.8
	Consolidated Adj. EBITDA	**$ 7.0**	**$ 8.8**	**$ 18.1**	**$ 25.7**	**$ 59.6**	**$ 17.1**
	Margin	*5%*	*6%*	*12%*	*17%*	*10%*	*11%*

American Public University System

Continued margin growth in 1Q24 driven by higher enrollments, select price increases, and lower marketing spend

RASMUSSEN UNIVERSITY

Continued EBITDA improvement driven by stabilizing enrollment and cost realignment

HONDROS COLLEGE OF NURSING

Positive EBITDA in 1Q24 due to higher enrollments and revenue

Graduate School USA

Lower 1Q24 revenue and EBITDA driven by impact of US Government's continuing resolution

Note: See note 16 to the financial statements included in the 2023 10-K. Reflects income (loss) from operations before interest, income taxes, gain (loss) from acquisitions, + depreciation & amortization.
Please refer to slide 17 and appendix for GAAP to non-GAAP reconciliation.

1. APUS excludes $2.8MM of losses in 4Q23 related to Loss on Disposal of Long-lived assets and Losses on assets held for sale.
2. Rasmussen excludes a non-cash impairment of $64MM in 2Q23. Also excludes $2.4MM for Collegis transition services expense 1Q23 and $2.9MM for lease termination and campus consolidation expense in 1Q24.
3. Graduate School and Corporate combined comprise the Corporate & Other segment, as discussed in footnote 16 within the 2023 10-K disclosure.

Investment Summary

- Large addressable market expected to grow at >10% over the next 5 years to >$100 billion

- Our long-term strategy is to build distinction in markets with consistently stable long-term demand, namely military/veteran and nursing/health education
  - APUS in top 11% for student return on educational investment
  - 250,000 nurses needed per year; APEI graduates ~10,000 per year

- Subsidiary unit operational performance is improving
  - Solid growth, margin and free cash flow story at APUS
  - Turnaround at Rasmussen in progress
  - Hondros delivering high enrollment and revenue growth with improving margins

- APEI financial performance improving with strong cash flow characteristics
  - Forecasting 3% to 5% revenue growth in 2024
  - Expected to deliver $60 - $70 million of adjusted EBITDA in 2024
  - Expected to deliver Free Cash Flow[1] growth of ~50% to $46.5MM in 2024
  - Strong balance sheet with $153 million of cash and no net debt

[1] Free Cash Flow defined as Adjusted EBITDA less Capital Expenditures

		($ Millions)
Stock Price (5/7/24)	$	15.58
Shares Outstanding (mm)		17.6
Market Cap	$	274.2
Plus: Debt	$	99.0
Plus : Preferred	$	40.0
Cash	$	153.2
Enterprise Value	$	260.0
Adjusted EBITDA (low)	$	60.0
Adjusted EBITDA (mid)	$	65.0
Adjusted EBITDA (high)	$	70.0
Multiple (low)		4.3x
Multiple (mid)		4.0x
Multiple (high)		3.7x

FY2024 Adj EBITDA Guidance $60-70 million



Appendix

Education Unit

Operating Income and Margin Profile

Operating Income ($ in millions)	1Q23	2Q23	3Q23	4Q23	1Q24
APUS	$ 17.1	$ 18.9	$ 21.9	$ 26.5	$ 23.1
Margin	*23%*	*26%*	*29%*	*33%*	*29%*
Rasmussen	$ (12.9)	$ (77.3)	$ (10.6)	$ (2.9)	$ (9.0)
Margin	*-22%*	*-149%*	*-20%*	*-5%*	*-17%*
Hondros	$ (1.3)	$ (0.2)	$ (0.6)	$ 0.8	$ (0.3)
Margin	*-10%*	*-2%*	*-5%*	*5%*	*-2%*
Graduate School	$ (1.4)	$ 0.7	$ 1.4	$ (1.3)	$ (1.3)
Margin	*-27%*	*9%*	*16%*	*-24%*	*-30%*
Corporate	$ (6.9)	$ (7.4)	$ (5.8)	$ (7.2)	$ (7.4)
Consolidated Operating Income	**$ (5.4)**	**$ (65.3)**	**$ 6.4**	**$ 15.9**	**$ 5.2**

Notes:
See note 16 to the financial statements included in the 2023 10-K. Reflects income (loss) from operations before interest, income taxes, and gain (loss) from acquisitions.

Education Unit Overview – Operating Income to EBITDA Reconciliation

($ in millions)	1Q23	2Q23	3Q23	4Q23	Full Year 2023	1Q24
American Public University System (AMU / APU)						
Revenue	74.0	73.6	76.4	79.4	303.3	80.7
Operating Income[1]	17.1	18.9	21.9	26.5	84.4	23.1
(+) D&A	1.4	1.3	1.3	1.3	5.3	1.2
(+) Impairment / Other	-	-	-	2.8	2.8	
EBITDA	18.5	20.2	23.3	30.5	92.5	24.3
EBITDA Margin	*25.0%*	*27.5%*	*30.4%*	*38.4%*	*30.5%*	*30.2%*
Rasmussen University						
Revenue	57.5	52.0	52.1	52.6	214.1	53.1
Operating Income[1]	(12.9)	(77.3)	(10.6)	(2.9)	(103.6)	(9.0)
(+) D&A	5.9	6.2	5.2	3.3	20.6	3.3
(+) Impairment / Other	2.4	64.0	-	-	66.4	2.9
EBITDA	(4.5)	(7.1)	(5.3)	0.4	(16.5)	(2.7)
EBITDA Margin	*-7.9%*	*-13.6%*	*-10.3%*	*0.8%*	*-7.7%*	*-5.2%*
Hondros College of Nursing						
Revenue	13.1	14.3	13.7	15.8	56.9	16.4
Operating Income[1]	(1.3)	(0.2)	(0.6)	0.8	(1.4)	(0.3)
(+) D&A	0.3	0.3	0.3	0.3	1.3	0.3
(+) Impairment / Other	-	-	-	-	-	
EBITDA	(1.0)	0.1	(0.3)	1.1	(0.1)	0.0
EBITDA Margin	*-7.7%*	*0.6%*	*-2.4%*	*7.0%*	*-0.3%*	*0.1%*
Graduate School USA						
Revenue	5.1	7.4	8.6	5.1	26.2	4.2
Operating Income[1]	(8.3)	(6.7)	(4.3)	(8.4)	(27.8)	(8.6)
(+) D&A	0.1	0.1	0.2	0.2	0.7	0.3
EBITDA	(8.1)	(6.6)	(4.2)	(8.2)	(27.1)	(8.4)
Corporate +						
apei American Public Education, Inc.						
Revenue	149.7	147.2	150.8	152.8	600.5	154.4
Operating Income[1]	(5.4)	(65.3)	6.4	15.9	(48.3)	5.2
(+) D&A	7.8	8.0	7.0	5.1	27.8	5.1
(+) Impairment / Other	2.4	64.0	-	2.8	69.2	2.9
EBITDA	4.8	6.7	13.4	23.8	48.7	13.2
EBITDA Margin	*3.2%*	*4.5%*	*8.9%*	*15.6%*	*8.1%*	*8.6%*
(+) Adjustments	2.2	2.1	4.7	1.9	10.9	3.8
Adjusted EBITDA	7.0	8.8	18.1	25.7	59.6	17.1
Adjusted EBITDA Margin	*4.7%*	*6.0%*	*12.0%*	*16.8%*	*9.9%*	*11.0%*

(1) See note 16 to the financial statements in the 2023 10-K. Reflects income (loss) from operations before interest, income taxes, and gain / (loss) from acquisition.

Non-GAAP 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, 2024 and 2023:

	Three Months Ended March 31,	
(in thousands, except per share data)	**2024**	**2023**
Net loss available to common stockholders	$ (1,019)	$ (7,197)
Preferred dividends	1,535	1,457
Net income (loss)	$ 516	$ (5,740)
Income tax expense (benefit)	1,213	(1,414)
Interest expense	126	1,779
Equity investment loss	3,327	5
Depreciation and amortization	5,128	7,756
EBITDA	10,310	2,386
Loss on leases	2,936	-
Stock compensation	1,918	2,224
Loss on disposals of long-lived assets	28	1
Transition services costs	1,865	2,403
Adjusted EBITDA	$ 17,057	$ 7,014

Non-GAAP 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 Adjusted EBITDA:

The following table sets forth the reconciliation of the Company's GAAP net income to the calculation of adjusted EBITDA for the three months ending June 30, 2024 and twelve months ending December 31, 2024:

	Three Months Ending June 30, 2024		Twelve Months Ending December 31, 2024	
(in thousands, except per share data)	Low	High	Low	High
Net (loss) income available to common stockholders	$ (1,970)	$ 830	$ 7,737	$ 14,175
Preferred dividends	1,500	1,500	6,000	6,000
Net (loss) income	(470)	2,330	13,737	20,175
Income tax (benefit) expense	(180)	1,020	7,313	10,073
Interest expense, net	450	450	1,750	1,750
Equity investment loss	-	-	3,300	3,300
Depreciation and amortization	5,200	5,200	20,300	20,300
EBITDA	5,000	9,000	46,400	55,598
Stock compensation	1,800	1,800	7,400	7,400
Loss on leases	-	-	2,200	3,002
Transition services cost	1,200	1,200	4,000	4,000
Adjusted EBITDA	$ 8,000	$ 12,000	$ 60,000	$ 70,000

AMERICAN PUBLIC EDUCATION, INC.

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