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Grand Canyon Education, Inc. (LOPE)

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CORPORATE PARTICIPANTS

Sarah Slocum Collins, J.D.

General Counsel, Grand Canyon Education, Inc.

Brian E. Mueller

Chairman & Chief Executive Officer, Grand Canyon Education, Inc.

Daniel E. Bachus

Chief Financial Officer, Grand Canyon Education, Inc.

OTHER PARTICIPANTS

Jeffrey M. Silber

Analyst, BMO Capital Markets Corp.

Steven Pawlak

Analyst, Robert W. Baird & Co., Inc.

MANAGEMENT DISCUSSION SECTION

Operator: Good day and thank you for standing by. Welcome to the Grand Canyon Education Third Quarter Earnings Conference Call. At this time, all participants are in a listen-only mode. After the speakers' presentation, there will be a question and answer session. [Operator Instructions] Please be advised that today's conference is being recorded.

I would now like to hand the conference over to your first speaker today, Sarah Collins, General Counsel. Please go ahead.

Sarah Slocum Collins, J.D.

General Counsel, Grand Canyon Education, Inc.

Joining me on today's call is our Chairman and CEO, Brian Mueller; and our CFO, Dan Bachus.

Please note that many of our comments today will contain forward-looking statements that involve risk and uncertainties. Various factors could cause our actual results to be materially different from any future results expressed or implied by such statements. These factors are discussed in our SEC filings, including our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and current reports on Form 8-K. We undertake no obligation to provide updates with regard to the forward-looking statements made during this call, and we recommend that all investors review these reports thoroughly before taking a financial position in GCE.

With that, I'll turn the call over to Brian.

Brian E. Mueller

Chairman & Chief Executive Officer, Grand Canyon Education, Inc.

Good afternoon, and thank you for joining Grand Canyon Education's third quarter 2025 conference call. GCE had another strong quarter, producing online enrollment growth of 9.6% in hybrid growth, excluding the closed

sites and those in teach-out of 19.3%. New ground traditional enrollment grew in the high single digits year-over-year. With that, I would like to review the results of the four delivery platforms at Grand Canyon Education.

First, the online campus at Grand Canyon University. New starts were up in the mid-single digits in the third quarter of 2025, which was in line with our expectations. And total enrollment growth was 9.6%, which significantly exceeds GCU's long term objectives.

The new online enrollment growth rate was an expected deceleration from the previous quarter's growth rates, but it's a strong result given that the third quarter is the largest start quarter of the year, and thus the prior year comp is large.

In the past, I've highlighted four reasons for the growth. They include continuing to roll out 20-plus new programs on an annual basis, working with over 5,500 employers directly to address workforce shortages, strong retention levels and holding the line on tuition to maintain GCU's competitive pricing position. A fifth reason and one growing in significance, is the number of students between 18 and 25 years old that are choosing to go to college online.

There are very few universities that have 310 programs delivered fully online. The online campus growth is benefiting from the growing trend of recent high school graduates that are doing their total program online, as well as students attending the campus that go back and forth between living on campus and using the flexibility of online to engage in other life experiences. Given the trends I just discussed, we believe the momentum that exists will continue.

Second, the GCU ground campus for traditional students. New traditional campus enrollments were up in the high single digits, and total traditional campus enrollments were down slightly year-over-year in the fall of 2025, while total GCU ground enrollment was flat year-over-year. The slight decline year-over-year in total traditional student enrollment was in line with our expectations, given last year's decline in new enrollments caused primarily by the FAFSA site issues and more recently, the higher than expected summer school graduations.

We believe GCU will continue to experience new student growth on the ground campus because of the significant advantages, including the very low price point, very low average debt levels, percent of students completing in less than four years, the relevancy of GCU's academic programs to a fast changing and modern economy, and having a 20th ranked campus in the country.

As we move forward, there are three trends that are impacting traditional college campuses throughout the country. Number one, the number of high school graduates on an annual basis continues to decline. Number two, the percent of high school graduates that are choosing the four or five year baccalaureate path continues to go down, while the number of students choosing shorter certificate or trade programs is going up. Three, the number of high school graduates choosing a baccalaureate path, but doing it fully online, also continues to go up. We're in a very strong position given these trends.

We have a high quality affordable offering on the GCU ground campus, but have even greater program choices for students that want to go fully online or to move back and forth between ground and online.

In last quarter's earnings call, we discussed the potential to change the categories that we report student enrollments in so that we most accurately reflect the flexibility that GCU provides to students across the lifespan, but have decided to report them consistently with how we have reported it in prior years, as we continue to analyze these trends.

We have made some changes to our marketing and recruitment strategy for GCU's traditional campus, which accelerated some spend into 2025. Although it is early, those changes to date are producing positive results as registrations for the fall 2026 school year are ahead of last year.

Third, Grand Canyon Education's hybrid campus had an increase in enrollment year-over-year of 17.4% in the third quarter. Excluding the closed sites and those that are on teach-out, enrollment increased 19.3% year-over-year. This exceeded our expectations and is the result of a higher than expected number of new students starting in the fall.

There are two main reasons for this continued growth. One, almost all of our active ABSN partners have responded to the younger students interested in ABSN programs by admitting advanced standing students or are in the process of making that change.

Students with partially completed degrees haven't accumulated a great deal of debt and are very interested in nursing careers, but didn't have an efficient way to earn the prerequisite science coursework. GCU created the science courses and some other gen-ed courses so they could be delivered online in eight weeks.

Students can access these courses from anywhere in the world. There are start opportunities almost every week. These courses have been made very affordable, are taught by experienced faculty, class sizes are low, and there is a tremendous amount of academic support, including an artificial intelligence project which provides students 24/7 access to tutoring. Since implementing these courses, we have already enrolled 19,410 students.

In the summer of 2025 term, 66% of matriculated hybrid students at non-GCU sites took at least one of these courses, and of these students they took five courses on average. We have a waterfall report that allows us to know how students are progressing through their prereq courses and when they will be eligible to start at one of ABSN websites.

Graduation rate of students who successfully enter the ABSN programs is in the mid-80s and the first time pass rate on the NCLEX examination is approximately 90%. We now have an extremely efficient way to get students academically eligible and prepared to enter the program. These positive results we anticipate will continue. There has never been greater interest among potential students for entering the healthcare professions and specifically nursing, but because of the low unemployment rate, the interest has shifted to these younger students who haven't accumulated a great deal of debt completing a bachelor's degree in another area and are underemployed.

Nearly all our partners have responded positively to the change needed to serve the advanced standing students. Our goal is still to have 80 locations with our partners, with 40 of the locations being GCU locations.

In 2025, we opened up a total of five additional sites, including a second location in the Boston area in the fall, another site in New York City, and three GCU sites in 2025. One in Albuquerque, New Mexico, which was opened in the first quarter of 2025, one in Lake Mary, Florida, near Orlando, which was opened in the second quarter of 2025, and one in Inglewood, Colorado, south of Denver, which was opened in the third quarter.

The addition of GCU's three new site openings brought its ABSN location total to 11. We are also expanding our programmatic offerings with our hybrid partners by adding a graduate nursing program with seven specializations with Northeastern University, which started this fall. A hybrid occupational therapy bridge to master's program to the already successful St. Kate's Occupational Therapy Assistant Hybrid Program, which will begin in the fall of 2026. An online health science degree with Utica University, and GCU launched a BS in occupational therapy

assistance program and a speech language pathology program in 2025 at its Phoenix, West Valley location. Adding programs that are hybrid locations is an important component to our business plan.

Our strong hybrid results might come as a surprise to some of the investment community, given recent commentary. I believe, based on conversations over the years that investors do not always understand the difference between pre-licensure and post-licensure nursing programs.

Pre-licensure nursing would probably be better referred to as licensure, as these students are studying to become licensed as first-time nurses. These students need to take pre-med type science courses, such as anatomy, physiology, microbiology, chemistry, and biology before being qualified to enter the program, and then specialized nursing courses that includes hands on practice in a lab setting in a real-world experience in patient care during the nursing core. Students can take the pre-med science courses completely online through GCU's prerequisite courses. They then can become eligible to enter GCU or one of our other partner ABSN programs.

The growth of students in both the prerequisite online courses and the ABSN program continues to be very strong. Post-licensure nursing programs today are generally delivered completely online and include the RN to BSN, the Masters of Nursing Program, and the Doctorate of Nursing. These programs are for those that already are nurses.

The RN to BSN student, for example, is someone that became a nurse by completing an associate's degree and wants to get a bachelor's degree. A Masters in Nursing is for someone that already has a Bachelor of Science in Nursing and wants a graduate degree, oftentimes to get a management role, both of these degree programs are typically management programs and have a minimum number of clinical requirements.

Many universities that offer online courses offer these programs and they have become competitive. GCU offers both programs and has a large student body in both of these areas. Because of the competitive landscape and the law of large numbers, the growth of these programs has been less than our overall growth rate for a number of years. That is not concerning to us, because GCU has over 300 other online programs, most of which are less competitive and are growing at a faster pace.

Fourth, the Center for Workforce Development at Grand Canyon University. GCU now has four programs in the Center for Workforce Development, including the Electricians Pre-Apprenticeship Program, the CNC Machinist Pathway Program, the Manufacturing Specialist's intensive pathway, and the Construction General Pathway. And we'll be rolling out a fifth program, the Manufacturing General Pathway in the fall of 2026.

These programs are all built in partnership with companies that are experiencing labor shortages in that area and are excited about hiring GCU's graduates. These programs are either one semester or two semester programs.

212 students successfully completed the Electrician Pre-Apprenticeship Program in 2024-2025, including 11 in the Austin, Texas hybrid location.

33 students completed the Manufacturing CNC Machinist Pathway Program in the 2024-2025 fiscal year. These students attend school for 20 hours a week and then work in the facility as a paid employee for 20 hours. At the end of the semester, they receive a manufacturing certificate and become eligible for employment in Arizona's fast-growing manufacturing industry.

Students in GCU's Growing Engineering College are getting experience in this manufacturing facility, which is adding to their engineering education. I started out talking about the relevant programs and creative delivery models that GCE has implemented with its 20 partner institutions.

In the seven-plus years, since GCE has become a service provider, it has helped its partners accomplish the following. In that time, GCE has helped Grand Canyon University graduate 206,709 students, 55,808 in education, including 26,099 first-time teachers, at a time when teacher shortages have created a national crisis, 54,068 in nursing and healthcare professions, including 3,383 pre-licensure nurses, at a time when there is a huge shortage of nurses, 42,820 in the College of Humanities and Social Sciences, including thousands in counseling and social work, where there are also huge shortages.

College of Business has become one of the largest business schools in America and has produced 36,276 graduates. The College of Science, Engineering and Technology has grown by 220% and provided 9,029 graduates. The Doctoral College, Honors College, and College of Theology also continue to grow.

In addition, GCE has helped its other partners graduate over 15,000 pre-licensure nurses and occupational therapist assistance. The numbers that I have just cited have all happened in the past seven-plus years since the GCU-GCE transaction and since GCE has become an education services provider.

All of this has occurred while GCE paid out \$612 million in federal and state taxes. While state universities and community colleges pull money out of the tax system, GCE has helped produce over 220,000 graduates, while pouring millions of dollars into the system.

Service revenue was \$261.1 million for the third quarter of 2025, an increase of \$22.8 million, or 9.6% as compared to the \$238.3 million for the third quarter of 2024. The increase year-over-year in service revenue was primarily due to an increase in partner enrollments of 7.9%, including an increase in GCU online enrollments of 9.6%.

University partner enrollments at their off-campus classroom and laboratory sites of 17.4% and an additional day of ground traditional revenue at GCU of \$0.9 million in the quarter as a result of the one day earlier than last year fall start date.

Partially offset by a decrease in revenue per student year-over-year, primarily due to contract modifications for some of our university partners in which the revenue share percentage was reduced in exchange for us no longer reimbursing the partner for certain faculty costs, which had the effect of reducing revenue per student and a slight decline year-over-year in revenue per student for online students due to the continued mix shift to students that have a slightly lower net tuition rate.

Operating income and operating margin for the three months ended, September 30, 2025 was \$18 million and 6.9%, respectively. Excluding the charges described in detail in our 8-K file today, adjusted operating income and adjusted operating margin for the three months ended, September 30, 2025 was \$58.2 million and 22.3% respectively, as compared to \$50.3 million and 21.1% respectively for the same period in 2024.

Net income was \$16.3 million for the third quarter of 2025. GAAP diluted income per share for the three months ended September 30, 2025 is \$0.58. As adjusted non-GAAP diluted income per share for the three months ended September 30, 2025 is \$1.78, which is in line with the consensus estimates.

With that, I'd like to turn it over to Dan Bachus, our CFO, to give a little more color on our 2025 third quarter, talk about changes in the income statements, balance sheet, and other items, as well as to discuss the 2025 guidance.

Daniel E. Bachus

Chief Financial Officer, Grand Canyon Education, Inc.

Thanks, Brian. Including our Form 8-K filed with the SEC, we have included non-GAAP net income and non-GAAP diluted income per share for the three months ended September 30, 2025 and 2024. We believe the non-GAAP financial information allows investors to develop a more meaningful understanding of the company's performance over time.

As adjusted, non-GAAP diluted income per share for the three months ended September 30, 2025 and 2024 is \$1.78 and \$1.48 respectively. Service revenue was higher than our expectations in the third quarter of 2025, primarily due to higher than expected hybrid enrollments. Traditional campus and online enrollments were in line with our expectations, although traditional campus revenue was slightly less than expected due to slightly lower revenue per student than anticipated. And online revenue was slightly higher than expected due to slightly higher revenue per student than anticipated.

The third quarter operating margin was positively impacted on a year-over-year basis by the higher revenue and the contract modifications, partially offset by additional spend for 2026 partner initiatives, but also due to the continued impact of significantly higher than expected benefit costs as a result of higher claim costs. The higher than expected benefit costs had a \$0.06 impact on EPS in the third quarter. We're currently anticipating this trend will continue in the fourth quarter.

Our effective tax rate for the third quarter of 2025 was 24.9%, compared to 20.8% in the third quarter of 2024 and our guidance of 20.6%. The higher than expected effective tax rate is primarily to the tax impact of the qui tam settlement.

As we discussed in our last quarter's conference call, we did make \$5 million in contributions in lieu of state income taxes in the third quarter of 2025, which had the effect of increasing general and administrative expenses in the third quarter by this amount and lowering income tax expense approximately three quarters in the third quarter and one quarter in the fourth quarter.

We repurchased 219,369 shares of our common stock in the third quarter of 2025, at a cost of approximately \$39.5 million, and another 38,745 shares were repurchased since September 30, 2025. We have \$136.4 million remaining available as of today under our share repurchase authorization. The board and the company intend to continue using a significant portion of its cash flows from operations to repurchase its shares.

Turning to balance sheet and cash flows. Total unrestricted cash and cash equivalents and investments as of September 30, 2025 were \$277 million. GCE CapEx in the third quarter of 2025, including CapEx for new off-campus classroom and laboratory sites was approximately \$9.7 million or 3.7% of service revenue. We anticipate CapEx for 2025 will be between \$30 million and \$35 million.

Lastly, I'd like to provide color on the updated guidance we have provided in our 8-K file today. As a reminder, the guidance we have provided in the outlook section of our 8-K file today is GAAP net income and diluted income per share with components to adjust GAAP amounts to non-GAAP as adjusted net income and non-GAAP as adjusted diluted income per share.

We have updated full year 2025 guidance to include the third quarter results. We have reaffirmed the previously provided range for the fourth quarter based on current online trends and the fall ground and hybrid enrollment. It is likely that revenue would have been in the top half of our previously provided fourth quarter guidance, but we anticipate slightly lower revenue from military tuition assistance students due to the government shutdown. A little under 5% of GCU's online students or service members using the Department of Defense program to fund their education. The program provides up to \$250 per credit hour, has an annual cap of \$4,500, and the aid year begins on October 1 of each year.

No courses starting during the government shutdown will be paid under the program, so not only will new students typically delay starting their program, but continuing students will take a break in their studies, and students that had planned to restart their program in October due to previously reaching their annual cap will wait to restart.

Assuming that each of these students is out for one course or eight weeks, the impact of this on GCE is \$3 million. We are hopeful the effect will be less due to timing of when students' courses start and end, the length of the shutdown, and when the students choose to return once it is over. But if the shutdown continues through Thanksgiving, as many predict, fourth quarter likely will be impacted by \$3 million.

Other than this timing issue, all pillars are performing better than or as we had expected, when we significantly raised our guidance last quarter. We continue to anticipate the new online enrollments will be up year-over-year in the mid-to-high single digits in the fourth quarter, and that total online enrollments will remain in the high single digits over the prior year.

Total online enrollments will continue to be pressured by increasing graduations and a continued decline in reentries, students returning to school after a break due to the high retention rates. We have raised our expectations for the hybrid pillar due to higher than expected 2025 hybrid enrollments. Revenue growth rates for the hybrid pillar continue to be impacted by changes made to the contracts for university partners that are no longer being reimbursed for faculty costs.

We've slightly lowered our expectations for the ground traditional campus revenue per student based on the actual net tuition revenue of the fall students and excluding the military tuition assistance impact, we have increased our revenue per student expectations for online.

As a reminder, the ground traditional campus for GCU starts one day earlier in 2025 than in 2024, which will have an impact of moving \$0.9 million in revenue from the fourth quarter to the third quarter in comparison to the prior year.

On the expense side, we do not anticipate any material changes in the assumptions we gave last quarter. The current trends that we have been discussing will continue in the fourth quarter. We continue to absorb significant increases in both benefit costs and technology services, and we have accelerated some ground campus spend into the second half of 2025.

We are estimating that interest income will continue to be down year-over-year due to declining cash balances due to more aggressive stock buybacks and a declining interest rate environment.

We still believe that the effective tax rate for the fourth quarter of 2025 will be 22.8%, with a full year tax rate of 22.9%. The effective tax rate continues to be impacted by higher state income taxes as we continue to add new sites and states outside of Arizona, which have higher state tax rates and other factors.

We have not adjusted our weighted average shares outstanding amount. The number of shares purchased were less on a daily basis through late October, but have accelerated in the last week due to the decline in the stock price.

The board continues to authorize the repurchase of shares as it believes the stock remains undervalued based on the metrics it uses to evaluate, including the ratio of enterprise value to adjusted EBITDA and the free cash flow yield rather than multiples of other education companies, as although we can be viewed as being in the same sector, there are few, if any, appropriate comps. And the board has instructed us to be more aggressive in stock buybacks when the stock drops like it has recently.

I will now turn the call over to the moderator so that can answer questions.

QUESTION AND ANSWER SECTION

Operator: Thank you. At this time, we will conduct the question-and-answer session. [Operator Instructions]
Please stand by while we compile the Q&A roster. Our first question is from Jeff Silber of BMO Capital Markets.
Your line is now open.

Jeffrey M. Silber

Analyst, BMO Capital Markets Corp.

Q

Thank you so much. And Brian, really appreciate the color on what's going on in your nursing programs. Maybe we can just you know, double click on that. Can you just frame it for us in terms of how large your nursing programs are at GCU and how they differ between pre and post-licensure programs and how each one of them have been growing? Thanks.

Brian E. Mueller

Chairman & Chief Executive Officer, Grand Canyon Education, Inc.

A

Yeah. When you think of everything related to healthcare at GCU, probably about 30% of our students are in those areas. But that's pretty diversified. You know, that's pre-licensure students on our campus. That's ABSN students at our offsite campuses. That is prerequisite students preparing for the ABSN. It's RN to BSN. It's MN. It's Doctorate of Nursing. And so like, unlike other institutions, yes, we are heavily vested in the healthcare industry, but I should also include occupational therapy, the nurse practitioner program. And so healthcare is about 30% of our total enrollments. But even that is highly diversified across, you know, of program levels and in different programs.

And so I know that there has been a lot of concern about less diversified institutions with regards to healthcare. We're very different and not nearly impacted the way others would be, because of how diversified and competitive we are in the programs that we offer. Does that help?

Jeffrey M. Silber

Analyst, BMO Capital Markets Corp.

Q

That's really helpful. It does. And of that 30% and I know you may not have the numbers at your fingertips, but roughly what percentage of the total of that 30% are specifically in post-licensure nursing programs?

Brian E. Mueller

Chairman & Chief Executive Officer, Grand Canyon Education, Inc.

A

In post-licensure nursing?

Daniel E. Bachus

Chief Financial Officer, Grand Canyon Education, Inc.

A

Yeah. Well, roughly, as you know, 5,000 GC of the hybrid student – we have roughly 5,000 hybrid students. We have a couple hundred GCU pre-licensure students, and then the rest is online nursing students, as Brian said, which includes the prerequisite students.

Jeffrey M. Silber

Analyst, BMO Capital Markets Corp.

Q

Got it. Okay. All right. That's really helpful. Let me shift gears and talk about you know, your focus on younger students, specifically with GCU online. You talked about some changes to campus marketing. I'm just curious, do you market to the students that will potentially go online, these younger students, any differently? And if so, we can talk about the different marketing channels.

Brian E. Mueller

Chairman & Chief Executive Officer, Grand Canyon Education, Inc.

A

No, you know, what I refer to in terms of the changes – a little bit of a change in strategy is so much of the work that we've done for GCU traditional students has been work in high schools. You know, we have a sizable staff that works in high schools throughout the country. We sign contracts with schools. We have over, I think, 8,000 partnership with high schools. And so that's been 95% of our work.

But what we figured out is that we can contact through social media avenues, students at a less expensive rate and to a far greater extent. And so we are starting to advertise more, especially in social media areas and the initial – so we spent some money there where we typically haven't spent it, but the results have been tremendous.

Our actual registrations at this time are significantly ahead of what they were last year at this time and we're watching that carefully. In fact, we watch it every day. But, you know, part of our thinking is that, yes, there's fewer high school graduates and fewer as a percent are going to college, but the reasons that is true, we've answered in spades.

The value proposition that we have here is just, I think under not understood by enough Americans right now and we need to get that word out in a way that is more aggressive than just depending upon those people working in high schools.

And so our initial results are really good, and we'll keep monitoring them. And if it continues in that vein, we'll spend even more money in January and February. So it's a slight change in terms of the balance really between what we're doing from an advertising standpoint and what we're paying in salaries for people working in the high schools.

We're moving a little bit out of the salary component. We're moving that into the advertising component. And initially we're getting a broader reach, we're getting a broader reach and we're getting very strong interest, so we're excited about that.

Jeffrey M. Silber

Analyst, BMO Capital Markets Corp.

Q

I really appreciate the color. Thanks so much.

Brian E. Mueller

Chairman & Chief Executive Officer, Grand Canyon Education, Inc.

A

Yes.

Operator: Thank you. Our next question is from Steven Pawlak of Robert W. Baird. Your line is now open.

Steven Pawlak

Analyst, Robert W. Baird & Co., Inc.

Q

Yeah, thank you. You talked about the diversification beyond nursing programs. I know in the past you've talked about education being one of them. I guess what other programs are you in that are sizable that are growing at an above nursing program rate? And I guess, how would you just characterize the competitive landscape in those programs?

Brian E. Mueller

Chairman & Chief Executive Officer, Grand Canyon Education, Inc.

A

Yeah, you know, we're having a tremendous amount of success in education. The fact that there's a teacher shortage in this country is really the problem of universities. They're waiting for 17 year olds to decide to become a teacher, go through four years of college and then step into a public school classroom.

It is our belief that anybody between the ages of 18 and 50 years old may have a reason to re-career into teaching. And so we are signing contracts with major school districts all over the country, helping them take military veterans and people that have retired from the police and fire department, people that work in public schools as paraprofessionals or as teachers' aides.

And we're bringing education right into the school district so that they can become baccalaureate prepared and they can – school districts can license those people and put them in the classroom. That thing is growing tremendously.

Our business programs continue to grow. We have one of the fastest growing business programs in the country. We're really excited about the future of counseling and social work. Those are two areas where there's also a tremendous shortage of professionals. And like teacher education, counseling and social work, those are licensure areas.

They're very difficult to operate at a distance because you have to do all of the work necessary, not just to teach the student in the classroom, but you've got to provide observation hours, you've got to provide internships, you've got to provide student teaching. Those things have to be viewed and evaluated.

And we have a \$300 million plus administrative system, plus a field force that allows us to provide those opportunities. And so it's very uncompetitive in those areas. There is a huge need, but it's not very competitive because those things are very difficult to do at a distance.

In addition, we're very excited about where we're going in a number of technology and engineering areas. The engineering is a little bit tougher to do online, although we're going to be doing it, but technology is not, and we're just scratching the surface in terms of what we're capable of from a technology standpoint, especially in areas like cyber and especially in those areas on places like military bases, where they can't compete with the outside workforce from a salary standpoint, but they need cybersecurity specialists. Wars are going to be fought that way. And so – some of the major military contracts that we've signed recently are the result of expansion in those areas.

And so I'm glad you asked that question because when people are viewing this industry, frequently, they are responding to institutions that have a limited number of programs so that if something happens that impacts the enrollment in those programs, they're really in trouble.

Our programmatic mix is so expansive, and it's one of the reasons our online leads are up, because so many students now, potential students, are not searching on universities, they're searching on careers, and they're searching on programs to help gain entrance into those careers.

And our name comes up first because there's very few universities in the country that have our expansive programs. And so when you think about, you know, the ups and downs that have been part of this industry, look at our 17 year history. We have basically moved through the ups and downs, and it's mainly because of the diversity that exists in our programmatic offerings and in our delivery models that allows us to move things around if there are changes. And it just makes us not as susceptible to minor changes or even major changes in a specific area. We can move money and we can move emphases and we can do it very quickly.

Steven Pawlak

Analyst, Robert W. Baird & Co., Inc.



No, I appreciate all the color there. And then you've also talked about sort of the positive spread between – or sort of enrollment advisor efficiency as you have over the last few years. Are you still seeing the positive spread between enrollment gains and enrollment advisor growth? And I guess, do you expect it to be sustainable for the next couple of years?

Brian E. Mueller

Chairman & Chief Executive Officer, Grand Canyon Education, Inc.



Yes, another way that we have become diversified and not subject to the vagaries of changes is that about 33% of our starts through GCU come as a result of activity working directly inside companies and organizations all over the country.

One of the things that people hear us say now frequently and people are responding to is that there are vast amounts of untapped potential in today's American workforce. And that's basically because only about 25% of students that want to access higher education can do it on a college campus and spend four or five years on that campus.

We are really growing, working directly with companies and helping people working at lower levels in the organization, move up through education. So whether it's military bases, school districts, hospitals, clinics, social work agencies, all of those areas.

And in that – the percent of new starts that we're getting as a result of that work continues to go up, which puts less pressure on our need to generate leads, and it makes our lead purchase that much more effective. And so



when you think about GCE and our capabilities as compared to our competitors, we're just more diverse in a whole variety of ways, which allows for the consistency of the performance that we've been able to have.

Steven Pawlak

Analyst, Robert W. Baird & Co., Inc.

Got it. Appreciate all the color. Thank you.

Daniel E. Bachus

Chief Financial Officer, Grand Canyon Education, Inc.

Yeah. We've reached the end of our third quarter conference call. We appreciate your time and interest in Grand Canyon Education. If you still have questions, please contact myself, Dan Bachus. Thank you all.

Operator: Thank you for your participation in today's conference. This does conclude the program.

You may now disconnect.

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