

30-Apr-2026

Grand Canyon Education, Inc. (LOPE)

Q1 2026 Earnings Call

CORPORATE PARTICIPANTS

Sarah Slocum Collins

General Counsel, Grand Canyon Education, Inc.

Daniel E. Bachus

Chief Financial Officer, Grand Canyon Education, Inc.

Brian E. Mueller

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

OTHER PARTICIPANTS

Jeffrey M. Silber

Analyst, BMO Capital Markets Corp. (Broker)

Alexander Paris

Analyst, Barrington Research Associates, Inc.

MANAGEMENT DISCUSSION SECTION

Operator: Good day, and thank you for standing by. Welcome to Q1 2026 Grand Canyon Education 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

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 first quarter 2026 conference call. GCE had another strong quarter, producing online enrollment growth of 8.8% and hybrid growth, excluding the closed sites

and those that are in teach out of 20.3%. Grand Canyon Education, Grand Canyon University, and now 19 additional partners, have produced remarkably consistent positive results over the last 17-plus years in spite of significant change in the macro environments of education and the workplace.

Most significantly, GCU has gone from the brink of bankruptcy to now being the largest private university in America. In addition to over 110,000 students studying online, GCU now has 25,000 students in an on-campus environment and has more students living in university-owned housing on its campus than any university in the country.

Recently, GCE and its partners have built 47 hybrid campuses throughout the country to address severe shortages in the healthcare fields. More recently, GCE has assisted GCU in building a workforce development center to produce professionals in the rapidly growing construction and manufacturing fields where there are also severe shortages. The growth and success that has taken place is because GCE and its partners have built a model that is extremely flexible, is able to respond with great speed and has used advanced technologies to produce tremendous scale.

The current dissatisfaction with higher education is because faculty governance models are very inflexible, move very slowly and can't scale to meet demands. Excellence in higher education is going to be defined in very different terms going forward. There's a lot of talk about how AI will produce winners and losers by industry types. The real discussion should be about winners and losers within industries.

Higher education as an industry will continue to exist. Institutions that are flexible, fast and that can scale will be able to use AI to flourish to even greater levels in the next 10 years. Higher education will be more important than ever if it can educate the next generation of workers to use AI in three important ways. One, to use AI to produce products to increase levels of human productivity. Two, to quickly allow workers whose jobs have been eliminated to re-career, and three, to educate a generation of workers for jobs that don't exist today but will exist in the future.

It's important that universities don't just teach AI, but are able to model it in a way it runs its business. GCE and GCU has dozens of AI products and products in development across 10 colleges, over 375 academic programs, emphases and certificates and across every operational area. Students are learning with increasing levels of excellence and efficiency.

Scores currently produced by GCE students in exit and licensure exams, in the areas of healthcare, education, accounting, etcetera, are reaching all-time highs while scaling to huge numbers. This is especially important for GCU since it has rapidly expanded into academic areas requiring licensure. Programmatic areas like nursing, education, social work, counseling, etcetera, will benefit from AI implementation, but employment in those areas will always require formal higher education, the completion of degrees and licensure.

Project work produced by business, engineering and technology students are at increasing levels of sophistication, GCU's innovation center is producing new student businesses that are thriving. To succeed in the future, universities must produce these real world opportunities for students and they must graduate in less time for less money and for lower debt levels.

Our AI products are making curriculum more targeted, faculty more effective and efficient and allowing operators to produce greater levels of student support. I believe AI will make our current advantages even greater, which makes me even more confident we will continue to meet or exceed our long-term objectives.

With that, I would like to review the first quarter results. First, the online campus at Grand Canyon University. News starts were up in the high single-digits in the first quarter of 2026, which was slightly above our expectations, and total enrollment growth was 8.8%, which significantly exceeds GCU's long-term objectives.

In the past, I have 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 [ph] maintain (00:05:56) GCU's competitive pricing position.

Working with over 5,500 employers directly to address workforce shortages puts us in a very strong position with regard to online enrollment growth. We are now getting approximately 30% of our new starts by directly working with employers. The lead generation environment is definitely being impacted by the increasing numbers of people using artificial intelligence rather than an organization's website to gather information that they will use to make important purchases and life decisions.

Our ability to respond to those changes is greater than the competition because of our unique ability to generate a high percentage of our students without using the typical lead generation strategies. The students we are generating by working directly with employers tend to be very purpose-driven and have high retention and graduation rates. Our marketing team continues to rollout AI strategies to showcase the strong brands and outcomes of our partners. We believe in the long-term this will be very positive for us.

Second, the GCU ground campus for traditional students. Total traditional campus enrollments were down slightly year-over-year in the spring of 2026 as expected. Spring total enrollments have historically been less than fall enrollments, as spring new enrollments is a small percentage of overall traditional campus new enrollments, as they are mostly made up of transfers of students that defer their semester, and total enrollment is impacted by the growing number of students that are graduating in less than four years.

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

As we discussed on last quarter's earnings calls, we have made some changes to our marketing and recruitment strategy for GCU's traditional campus, which accelerated some spend into 2025 and the first half of 2026. Those changes to-date are producing positive results as registrations for fall 2026 remain ahead of last year. Even with the macro trends I discussed earlier and the tougher year-over-year comps, we believe we can grow new enrollments significantly year-over-year, which should get residential students back to growth.

Two weeks ago, GCU made a major announcement. As part of its 25,000 student traditional campus. GCU is one of the fastest growing honors colleges in the country. Mike Ingram, one of Arizona's most prolific land developers, has made a long-term commitment to the future of the college and has been named the Sheila and Mike Ingram Honors College. GCU expects to have over 3,000 students in the fall, with average weighted incoming GPAs of over 4.1. This is one of the highest in the country.

The students are coming from all 50 states and are studying across all 10 of GCU colleges. Students are getting internships and eventually jobs at many of America's top companies, healthcare organizations, school districts, counseling centers, engineering firms, etcetera. GCU plans to more than double the student population, making it one of the largest and most impactful honors colleges in the country. Mr. Ingram is leading an effort to build a very

prestigious Honors College Council, which will be comprised of highly successful prep professionals from the worlds of business, entertainment, politics, education, healthcare and sports.

A 55,000 square foot building is under construction to open in the fall that will be a state-of-the-art facility, containing lecture halls, collaboration spaces, makerspaces and gathering areas for many of America's best students. We believe the university's academic brand will continue to accelerate upwards as the honors college grows, which is another reason we remain optimistic about the future growth of GCU's traditional campus.

Third, Grand Canyon Education's hybrid campus had an increase in enrollment year-over-year of 18.3% in the first quarter. Excluding the closed sites and those that are in teach out, enrollment increased 20.3% year-over-year. Hybrid campus news starts in the first quarter excluding those in teach outs were up 20% over the prior year, which exceeded our expectations. 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 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 in some other gen-ed courses so that 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's 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 23,104 students. We have a waterfall report which allows us to know how students are progressing through their pre-req courses and when they will be eligible to start at one of our ABSN sites. Graduation rate of students who successfully enter the ABSN programs is in the mid-80s and the first time pass rate on the NCLEX exam is approximately 90%.

Nearly all our partners have responded positively to the change needed to serve the advanced standing students. Our goal is to still have 80 locations with our partners, with 40 of the locations being GCU locations. We opened five new sites in the year ended December 31, 2025, closed two sites in which we stopped recruiting new students in 2024 and merged two sites that were located in the same market, bringing the total number of these sites to 47 as of December 31, 2025.

Three of the five new sites were GCUs, bringing their ABSN location total to 11. We plan to open one to two additional sites in the second half of 2026 while we mutually agreed with one partner to stop the recruiting of new students and begin teach out at three of its sites during the first quarter of 2026. A couple of sites that were planned to open in the fall of 2026 are more likely to open in early 2027, as we have previously discussed. We are being more selective on new site openings with a focus on the scalability of the market.

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 past fall, a hybrid occupational therapy bridge to master's program to the already successful St. Kate's Occupational Therapy Assisted Hybrid Program which will begin in the fall of 2026. In online health science degree with Utica University and GCU launched a B.S. in occupational therapy assistance program and a speech language pathology program in 2025 at its Phoenix West Valley location. GCU also plans to add a Bachelor of Science in Medical Lab Sciences program in 2026.

Adding additional programs at our hybrid locations is an important component to our business plan. We anticipate this momentum will continue although with the lower number of new site openings and more of our locations getting to capacity. Hybrid enrollment growth will slow a bit, while the profitability of this pillar will continue to improve.

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 Specialists Intensive Pathway and the Construction General Pathway and will be rolling out a fifth program, the Manufacturing General Pathway, in the fall of 2026. These programs were 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. 116 students successfully completed the Electrician Pre-Apprenticeship Program in the fall of 2025, with five in the Austin, Texas hybrid location. 15 students completed the Manufacturing CNC Machinist Pathway Program in the fall of 2025 cohort and 29 students completed the Manufacturing Specialist Intensive Program. These students attend school for 20 hours a week and then work in a facility as a paid employee for 20 hours. At the end of the semester, they received a manufacturing certificate and become eligible for employment in Arizona's fast growing manufacturing industry. Students in GCU is 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 221,436 students, 59,659 in education, including 27,601 first-time teachers, at a time when teacher shortages have created a national crisis. 57,412 in nursing and healthcare professions, including 3,723 pre-licensure nurses at a time when there is a huge shortage of nurses, 46,520 in the College of Humanities and Social Sciences, including thousands in counseling and social work where there are also huge shortages.

The College of Business has become one of the largest business schools in America and has produced 38,823 graduates. The College of Science, Engineering and Technology has grown by 225% and provided 9,739 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 therapists' assistants.

The numbers that I've cited have all happened in the past seven years since the GCU, GCE transaction, and since GCE has become an education services provider. This is a great example of a futuristic educational model that is flexible, moves fast and is capable of great scale. All of this has occurred while GCE paid \$627 million in federal and state taxes.

While state universities and community colleges pull money out of the tax system, GCE has helped produce over 235,000 graduates, while pouring millions of dollars into the system. [ph] Service (00:17:04) revenue was \$308.8 million for the first quarter of 2026, an increase of \$19.5 million, or 6.7%, as compared to \$289.3 million for the first quarter of 2025. The increase year-over-year in service revenue was primarily due to an increase in university partner enrollments of 7.1%, including an increase in GCU online enrollments of 8.8% and university partner enrollments at the off-campus classroom and laboratory sites of 18.3%, and one additional day of ground traditional revenue at GCU of \$1 million in the quarter as a result of the shift of one day of revenue from the second quarter to the first quarter, as compared to last year's spring start date.

Partially offset by a slight decrease in revenue per student year-over-year, primarily due to contract modifications with some of our university partners in which our 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 and a slight decline year-over-year in ground students, which generate a higher revenue per student in online students.

Both operating income and operating margin for the three months ended March 31, 2026, was \$95.5 million and 30.9%, respectively, as compared to \$88 million and 30.4%, respectively, for the same period in 2025.

Net income was \$75.3 million for the first quarter of 2026. GAAP diluted income per share for the three months ended March 31, 2026 is \$2.80. As adjusted, non-GAAP diluted income per share for the three months ended March 31, 2026 is \$2.86, which is \$0.08 above the consensus estimates.

With that, I would like to turn it over to Dan Bachus, our CFO, to give a little more color of 2026 first quarter, talk about changes in the income statements, balance sheets and other items, as well as to discuss the 2026 guidance.

Daniel E. Bachus

Chief Financial Officer, Grand Canyon Education, Inc.

Thanks, Brian. Included in our Form 8-K filed with the SEC, we have included non-GAAP net income and non-GAAP diluted net income per share for the three months ended March 31, 2026 and 2025. 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 March 31, 2026 and 2025 is \$2.86 and \$2.57, respectively. Service revenue was higher than our expectations in the first quarter of 2026 primarily due to higher-than-expected enrollments and slightly higher-than-expected revenue per student.

The first 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. Our effective tax rate for the first quarter of 2026 was 23.5%, compared to 21.6% in the first quarter of 2025 and our guidance of 23.4%. The higher-than-expected effective tax rate is primarily due to state income taxes and a decrease in excess tax benefits of \$1.4 million in the first quarter of 2026 as compared to \$2.7 million in the first quarter of 2025.

We repurchased 724,408 shares of our common stock in the first quarter of 2026 at a cost of approximately \$120.4 million and another 202,010 shares were repurchased since March 31, 2026. We have \$189.7 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 the balance sheet and cash flows, total unrestricted cash and cash equivalents and investments as of March 31, 2026, were \$251.7 million. GCE CapEx in the first quarter of 2026, including CapEx for new off-campus classroom and laboratory sites, was approximately \$8.1 million or 2.6% of service revenue. We anticipate CapEx for 2026 will be between \$30 million and \$35 million.

Last, I would like to provide color on the guidance we have provided in our 8-K filed today. As a reminder, the guidance that we have provided in the outlet section of our 8-K filed today is GAAP net income and diluted

income per share with the components to adjust the GAAP amounts to non-GAAP as adjusted net income and non-GAAP as adjusted diluted income per share.

We have updated full year 2026 guidance to include the first quarter revenue and earnings beats. We are reaffirming our revenue and operating income guidance previously provided for the rest of 2026, while slightly decreasing interest income and decreasing the weighted average share count as we purchase back more of our stock through today than it was planned.

As a reminder, revenue continues to be slightly impacted in 2026 through the modification of the contract for one university partner effective January 1, 2026, in which we will no longer be reimbursing the partner for their faculty costs and do the teach out of one partner's three locations. We estimate that these changes will reduce revenue by \$4.2 million in 2026. This slightly lowers the revenue growth rate in 2026, but both are long-term positives for the company and will positively impact margins in 2026.

We continue to anticipate online revenue per student will be slightly down year-over-year due to the mix shift to programs at slightly lower net tuition rates. The year-over-year changes in the start and end dates of the semesters for GCU's ground traditional campus move \$1 million in revenue from the second quarter to the first quarter and \$8.3 million in revenue from the third quarter to fourth quarter in comparison to last year. The change between the third and the fourth quarter is more significant this year than in past years as GCU's fall semester for its ground traditional campus begins and ends six days later this year than last.

We continue to anticipate that new online enrollments will be up year-over-year in the mid-to-high single-digits during 2026. As has been previously discussed, new enrollment growth in the second quarter of 2025 was up in the mid-teens over the prior year and thus, mid-single digit growth in the second quarter would be strong growth. Total online enrollment growth continues to be pressured by increasing graduations and a continued decline in re-entry, students returning to school after a break due to the high retention rates.

The revenue range assumes that GCU ground enrollment will range from 8,500 to 8,800 in the summer and be between 24,900 and 25,600 in the fall. The reported ground number continues to include GCU hybrid, which continues to grow, and professional study students which we expect to be flat on a year-over-year basis. Total ground enrollment continues to be impacted by the lower fall of 2024 new start and the growing number of graduates year-over-year as a significant number of ground traditional students continue to graduate in less than four years.

The new and total enrollment growth rate for the hybrid pillar is projected to grow on a year-over-year basis in the high-single digits to mid-teens during each of the four quarters of 2026. As has been previously discussed, the hybrid growth rate is being impacted by the fact that we now have 14 locations that are at or near capacity, and thus we will have little-to-no growth year-over-year in total enrollments at those locations. And from a new enrollment perspective, 22 locations will not have year-over-year growth and new enrollments on a year-over-year basis in the fall. As although eight locations are not at state authorized capacity, we started the maximum number of students allowed during fall of 2025.

The higher-than-expected new starts in spring 2026 could also have a small impact in new start growth rates at a few of the locations in the summer and fall due to capacity constraints. We remain hopeful that some of these locations will get local regulatory approval to grow in the future, as they currently have waitlists and we still have a lot of opportunities at the other locations.

On the expense side, we continue to make investments to support our university partners growth goals, but continue to anticipate margin expansion in 2026. As has been previously discussed, the online programs primarily that lead to licensure in which GCU is growing at an accelerated rate, either costs us more to service than the traditional online programs or are at a lower net tuition rates which is putting some pressure on margins. We also continue to observe significant increases in technology services and benefit costs.

We have some pressure on margins in the first six months of this year as ground traditional enrollment is down year-over-year and in the third quarter as the GCU traditional campus start and end date moves back this year.

As it relates to the hybrid pillar, we will incur additional costs for the new hybrid locations that have opened in the last year or will open in late 2026 or early 2027, but we are experiencing increased state level profitability due to the increasing enrollments. We are estimating that interest income will decline year-over-year in 2026 due to declining cash balances due to more aggressive stock buybacks and a declining interest rate environment.

We continue to believe the effective tax rate for the remaining three quarters of 2026 will be 24.9%, 24.9% and 24.3%, with a full year tax rate of 24.4%. The effective tax rate continues to be impacted by higher state taxes as we continue to add new sites in states outside of Arizona which have higher state tax rates and other factors, including the decrease year-over-year and the excess tax benefit deduction due to decline in our stock price. These estimates do not assume a contribution in lieu of state income taxes, but if one is made, that will increase G&A expense in the third quarter and decrease our effective tax rate in the second half of the year.

Our weighted average share guidance takes into account the significant amount of stock we repurchased in the last few months. We anticipate continuing to use our excess cash to repurchase shares as the board believes the stock is materially undervalued, based on the metrics it uses to evaluate this, including the ratio of enterprise value to adjusted EBITDA and free cash flow yield in comparison to other S&P 500 companies.

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

QUESTION AND ANSWER SECTION

Operator: Thank you. At this time, we will conduct the question-and-answer session. Please limit to one question and one follow-up. [Operator Instructions] Our first question comes from the line of Jeff Silber from BMO Capital Markets. Jeff, your line is now open.

Jeffrey M. Silber

Analyst, BMO Capital Markets Corp. (Broker)

Q

Thank you so much. Want to focus on the first quarter adjusted operating margin beat. It was pretty sizable this quarter. Maybe we can get a little bit color in terms of what drove that and was there any expense shift timing between the quarters?

Daniel E. Bachus

Chief Financial Officer, Grand Canyon Education, Inc.

A

No, not really expense shift timing, more just the revenue beat drove that. We are still managing expenses as tight as we can. And investing where management believes we need to invest, but nothing that really moved expenses between the two quarters. It was really just the revenue and the enrollment, and thus the revenue beat and just managing expenses.

Jeffrey M. Silber

Analyst, BMO Capital Markets Corp. (Broker)

Q

Okay. That's helpful. And Brian, in your prepared remarks, you alluded to some issues that are going on in the industry in terms of the AI impact on lead generation in terms of where they're sourcing. And I know you don't do much of that, but can you just talk about if it's had any impact on you at all and what you are doing about it if that's the case?

Brian E. Mueller

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

A

No. It's a very interesting time, obviously. We had long meetings in here with a lot of people, including Google, Initiative Media, which is the largest media buying company in the world which has been a partner of ours for a long time. It's just a general move by the population not to depend on an organization's website for information on the organization. I mean, AI is taking over. People would prefer to hear other people's opinion before they make decisions versus the organization's own website.

And so, we've got the largest advertising agency in the State of Arizona here at GCE, and so we've got a lot of experience and a huge depth of knowledge, great partners. And this has been happening in the last 12 months, especially accelerating in the last six months. And so, the web leads, which were a huge part of what we did, highest converting leads, those are shrinking in number and we're just spending money in other places to replace those leads. You won't get as good a conversion rate with those other sources but you get more leads, and you can come out at the same place. You just have to understand what's happening and be able to make that adjustment.

Now, for us, we don't have as much pressure, because of those rapid changes because we're getting 30% of our starts now from working directly with partners across the country. We're taking lower level people within healthcare organizations, within school districts, counseling centers and we're putting them in baccalaureate and

master's programs. And those students is 30% of our new starts, but more than that from a total enrollment standpoint, because their retention rates are so high.

And so, as we look forward to next five years, we need to start moving those numbers to 40%. They are just really good students. It puts us in a great place with employers who are benefiting from a workforce shortage perspective by being able to elevate people within their own organization.

And then when we talk about margin expansion, historically, that margin expansion has come from the fact that we've been able to reduce our cost per start. And if things go as well as we think they might go, in the next number of years and we get margin expansion, it will come from that place. Obviously, there are no guarantees, but we think we are really well-positioned. One of the moves we're making with that honors college, very honestly, is that we want that position. When people go to ChatGPT and other places, we want that highly positioned, because it's such a strong leading indicator of the university, in this case GCU's really strong brand growth, the academic credibility of what is happening and what's going to happen.

We believe we're going to get everything else that we do is going to draft behind that from a quality standpoint. So that might be a lot more than you were asking for, but I hope that helps.

Jeffrey M. Silber

Analyst, BMO Capital Markets Corp. (Broker)

It does. Thank you so much, Brian.

Q

Brian E. Mueller

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

Yes, thanks.

A

Operator: Thank you. Our next question comes from the line of Alex Paris from Barrington Research. Alex, your line is now open.

Alexander Paris

Analyst, Barrington Research Associates, Inc.

Thank you, and thanks for taking my questions. Congrats on the strong quarter and I appreciate all the detail and color. I had just a couple of follow-ups, starting with GCU ground. You talked a lot about the honors college and initiatives that you have planned for it.

But last quarter, we talked a bit about and you touched on it in your prepared comments, the change in the marketing strategy at GCU ground, shifting some expense from reps in the high school salaries to social media and that sort of thing. So, you had expected that to continue to be an investment area in the first half. Just wondering if that continues to be the case and maybe just an update on the progress there?

Brian E. Mueller

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

No. Yeah. Thank you for your question. We're continuing to invest dollars to a greater extent than we have in the past in advertising strategies, run our ground campus. And from the standpoint of where we are, registrations are up, housing numbers are up, but it's extremely competitive. It's always been competitive but it's never been like this. There are universities that are very honestly struggling from a financial perspective and they're trying to hang on. And so, it will be an interesting last three or four months going up to the fall start.

Q

A

In terms of actual students registered, we are up. In terms of students housing, we are up. But we got to work hard to maintain that. And depending upon where we come in, in August, a lot of that will depend on how we invest monies in the future to grow the ground campus. You know that from a ground campus perspective, the revenue per student is very high as compared to online students, and so, the investment is worth it and the return to investors is significant if we're able to continue to make that thing grow.

I think, the next step in our whole plan around the ground campus is to increase the academic excellence and the visibility of that through the honors college. And so, in addition to what we're doing from an advertising standpoint, we want for that honors college to be extremely visible, because it's right in the middle of one of the most dynamic economies in the country. We're on I-17 and in 33rd Avenue in Phoenix, which is right in the middle of 6 million people. It's a growing economy, growing manufacturing industry from a chip manufacturing perspective, because TSMC is here and everything that they're bringing to this economy.

And so, to come and study in Arizona in a premier honors cand graduate in three years and have a chance to get employed by some of the top companies in the country is going to be, I think an extremely strong brand builder for the university and a big part of our strategy. So, we'll keep you updated. We're running ahead, but you've got to – we got to finish it out over the next three or four months.

Alexander Paris

Analyst, Barrington Research Associates, Inc.

Q

And then just to that point, while the enrollment on GCU ground was down in the first quarter, the guidance at the midpoint that Dan just outlined that calls for modest growth in the summer and in the fall.

Daniel E. Bachus

Chief Financial Officer, Grand Canyon Education, Inc.

A

Yes, that's correct.

Alexander Paris

Analyst, Barrington Research Associates, Inc.

Q

Okay.

Daniel E. Bachus

Chief Financial Officer, Grand Canyon Education, Inc.

A

We're very excited about the summer trends. So, that's looking really good. And as Brian said, we still have a few months to go but we're optimistic about where fall looks at the moment.

Alexander Paris

Analyst, Barrington Research Associates, Inc.

Q

Great. Thank you on that. And then my one other question is really a follow-up from the third quarter conference call. I just thought it'd be reasonable time to get an update on what's going on with nursing. We talked about it on the third quarter call because a large competitor talked about declines in post-licensure nursing and said, that it was really self-inflicted and execution issues. You guys said that, well, you guys had said that it's growing slower than the average of your other 350 programs. Just wondering what's going on there? Has there been any change in enrollment in post-licensure nursing? Because nursing is obviously one of the bigger verticals.

Daniel E. Bachus*Chief Financial Officer, Grand Canyon Education, Inc.*

A

Actually, we've seen it. Brian can give more details, but we've seen a re-acceleration in our RN to BSN rates. So, it had a really good quarter. So, yes, on the pre-licensure, pre-licensure continues to do very well. Post-licensure, just because of the competitiveness of that market has been growing, but growing at kind of a low-single digit rate, although that's accelerated of late and is actually one of the reasons that we're getting a little bit of pressure on the revenue per student side. Anything to add there, Brian?

Brian E. Mueller*Chairman & Chief Executive Officer, Grand Canyon Education, Inc.*

A

Yeah. We've made some adjustments. We have made some adjustments in both the RN to BSN and MN in our product, in our pricing, in our placement and all of that and that's going to be – we're going to be very successful in that area in the next three or four years. So, the growth in this quarter has been good and we expect that to continue.

Alexander Paris*Analyst, Barrington Research Associates, Inc.*

Q

That's great. I'm glad I asked. That's all I have for now.

Daniel E. Bachus*Chief Financial Officer, Grand Canyon Education, Inc.*

Thank you. We have reached the end of our first quarter conference call. We appreciate your time and interest in Grand Canyon Education. If you still have any questions, please contact myself, Dan Bachus. Thank you for your time.

Operator: Thank you for your participation in today's conference. This does conclude the program, and you may now disconnect.

Disclaimer

The information herein is based on sources we believe to be reliable but is not guaranteed by us and does not purport to be a complete or error-free statement or summary of the available data. As such, we do not warrant, endorse or guarantee the completeness, accuracy, integrity, or timeliness of the information. You must evaluate, and bear all risks associated with, the use of any information provided hereunder, including any reliance on the accuracy, completeness, safety or usefulness of such information. This information is not intended to be used as the primary basis of investment decisions. It should not be construed as advice designed to meet the particular investment needs of any investor. This report is published solely for information purposes, and is not to be construed as financial or other advice or as an offer to sell or the solicitation of an offer to buy any security in any state where such an offer or solicitation would be illegal. Any information expressed herein on this date is subject to change without notice. Any opinions or assertions contained in this information do not represent the opinions or beliefs of FactSet CallStreet, LLC. FactSet CallStreet, LLC, or one or more of its employees, including the writer of this report, may have a position in any of the securities discussed herein.

THE INFORMATION PROVIDED TO YOU HEREUNDER IS PROVIDED "AS IS," AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, FactSet CallStreet, LLC AND ITS LICENSORS, BUSINESS ASSOCIATES AND SUPPLIERS DISCLAIM ALL WARRANTIES WITH RESPECT TO THE SAME, EXPRESS, IMPLIED AND STATUTORY, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, ACCURACY, COMPLETENESS, AND NON-INFRINGEMENT. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NEITHER FACTSET CALLSTREET, LLC NOR ITS OFFICERS, MEMBERS, DIRECTORS, PARTNERS, AFFILIATES, BUSINESS ASSOCIATES, LICENSORS OR SUPPLIERS WILL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING WITHOUT LIMITATION DAMAGES FOR LOST PROFITS OR REVENUES, GOODWILL, WORK STOPPAGE, SECURITY BREACHES, VIRUSES, COMPUTER FAILURE OR MALFUNCTION, USE, DATA OR OTHER INTANGIBLE LOSSES OR COMMERCIAL DAMAGES, EVEN IF ANY OF SUCH PARTIES IS ADVISED OF THE POSSIBILITY OF SUCH LOSSES, ARISING UNDER OR IN CONNECTION WITH THE INFORMATION PROVIDED HEREIN OR ANY OTHER SUBJECT MATTER HEREOF.

The contents and appearance of this report are Copyrighted FactSet CallStreet, LLC 2026 CallStreet and FactSet CallStreet, LLC are trademarks and service marks of FactSet CallStreet, LLC. All other trademarks mentioned are trademarks of their respective companies. All rights reserved.