UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 28, 2021

Grand Canyon Education, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**001-34211**	**20-3356009**
(State or other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

2600 W. Camelback Road **Phoenix, Arizona**	**85017**
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code: **(602) 247-4400**

(Former name or former address if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	LOPE	Nasdaq Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 1.01 Entry into a Material Definitive Agreement.

Modification of Credit Agreement with Grand Canyon University. On July 1, 2018, Grand Canyon Education, Inc. (the "Company") consummated an Asset Purchase Agreement (the "Asset Purchase Agreement") with Grand Canyon University ("GCU"). In conjunction with the Asset Purchase Agreement, we received a secured note from GCU as consideration for the transferred assets (the "Transferred Assets") in the initial principal amount of $870.1 million (the "Secured Note"). The Secured Note is governed by a credit agreement that contains customary commercial credit terms, including affirmative and negative covenants applicable to GCU, and that provides that the Secured Note bears interest at an annual rate of 6.0%, has a maturity date of June 30, 2025, and is secured by all of the assets of GCU (the "Credit Agreement"). The Secured Note provides for GCU to make interest only payments during the term, with all principal and accrued and unpaid interest due at maturity and also provides that we may loan additional amounts to GCU to fund approved capital expenditures. As of September 30, 2021, the Company had loaned $99.8 million to GCU, net of repayments, and the Secured Note had an outstanding balance (principal and accrued interest) of $969.9 million.

On October 28, 2021, the Company received formal notice from GCU of GCU's entry into a refinancing transaction (the "Refinancing") the proceeds of which will be used to repay $500.0 million of the outstanding balance of the Secured Note on October 29, 2021. In connection with the Refinancing and related partial repayment of the Secured Note, the Company entered into a Modification of Credit Agreement with GCU (the "Modification"). The Modification provides that, in exchange for the partial repayment, (i) the Company will release its first priority lien on GCU's assets, (ii) GCU will grant a first priority lien to a financial institution as master trustee under a master trust indenture (the "Master Trust Indenture"), and (iii) the Company will receive an obligation from the master trust evidencing the remaining balance of the Secured Note due to the Company (the "Trust Obligation"). The Trust Obligation continues to bear interest at an annual rate of 6.0%, has a maturity date of June 30, 2025, and is secured on an equal and proportional basis with all other obligations issued under the Master Trust Indenture by all of the assets of GCU.

The foregoing description of the Modification does not purport to be complete and is qualified in its entirety by the full text of the agreement. A copy of the Modification will be filed as an Exhibit to our Form 10-Q for the period ended September 30, 2021, our next periodic filing.

Termination of GCE Credit Agreement. The Company is a party to that certain Amended and Restated Credit Agreement, dated as of January 22, 2019, among the Company, Orbis Education Services, LLC, a wholly owned subsidiary of the Company, as guarantor, Bank of America, N.A. as administrative agent, swing line lender and letter of credit issuers, and the other lenders names therein (as amended, the "GCE Credit Agreement"). Upon its receipt of the proceeds from the Refinancing in partial payment of the Secured Note, the Company intends to repay all amounts due under the outstanding term loan and revolving credit facilities of, and to terminate, the GCE Credit Agreement and to use the balance of such proceeds for general corporate purposes, including repurchases of shares under the Company's share repurchase program.

Item 2.02. Results of Operations and Financial Condition.

On October 28, 2021, the Company reported its results for the third quarter of 2021. The press release dated October 28, 2021 is furnished as Exhibit 99.1 to this report.

Item 9.01. Consolidated Financial Statements and Exhibits.

99.1	Press Release dated October 28, 2021
104	Cover Page Interactive Date File (imbedded within the XBRL document)

EXHIBIT INDEX

Exhibit No.	Description
99.1	Press Release dated October 28, 2021
104	Cover Page Interactive Date File (imbedded within the XBRL document)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GRAND CANYON EDUCATION, INC.

Date: October 28, 2021

By: /s/ Daniel E. Bachus
Daniel E. Bachus
Chief Financial Officer
(Principal Financial Officer)

Exhibit 99.1

NEWS RELEASE

FOR IMMEDIATE RELEASE

Investor Relations Contact:
Daniel E. Bachus
Chief Financial Officer
Grand Canyon Education, Inc.
602-639-6648
Dan.bachus@gce.com

GRAND CANYON EDUCATION, INC. REPORTS
THIRD QUARTER 2021 RESULTS

PHOENIX, AZ., October 28, 2021—Grand Canyon Education, Inc. (NASDAQ: LOPE), ("GCE" or the "Company"), is a publicly traded education services company that currently provides services to 27 university partners. GCE provides a full array of support services in the post-secondary education sector and has developed significant technological solutions, infrastructure and operational processes to provide superior services in these areas on a large scale. GCE today announced financial results for the quarter ended September 30, 2021.

(more)

For the three months ended September 30, 2021:

- Service revenue was $206.8 million for the third quarter of 2021 compared to $198.4 million for the third quarter of 2020. The increase year over year in service revenue was primarily due to year over year increases in university partner enrollments and in revenue per student. The increase in revenue per student is primarily due to the service revenue impact of the increased room, board and other ancillary revenues at GCU in the third quarter of 2021 as compared to the prior year period (see - *Impact of COVID-19* below) and the growth in the enrollment for students at off-campus classroom and laboratory sites. Service revenue per student for off-campus classroom and laboratory sites generates a significantly higher revenue per student than we earn under our agreement with GCU, as these agreements generally provide us with a higher revenue share percentage, the partners have higher tuition rates than GCU and the majority of their students are studying in the Accelerated Bachelor of Science in Nursing program and take more credits on average per semester.

- Partner enrollments totaled 118,832 at September 30, 2021 as compared to 117,772 at September 30, 2020, an increase of 0.9%. University partner enrollments at our off-campus classroom and laboratory sites were 5,652, an increase of 12.1% over enrollments at September 30, 2020, which includes 286 GCU students at September 30, 2021. Enrollments at GCU grew to 113,466 at September 30, 2021, an increase of 0.6% over enrollments at September 30, 2020. GCU ground students grew to 23,628 at September 30, 2021 from 22,363 at September 30, 2020 primarily due to a 9.5% increase in traditional ground students between years. GCU's ground traditional students residing on campus in GCU's residence halls increased from 11,441 in the Fall of 2020 to 15,570 in the Fall of 2021, an increase of 36.1%, representing approximately 65.9% of GCU's ground traditional students. GCU had a decline in its working adult students (online and professional studies) between September 30, 2020 and September 30, 2021 (see – *Impact of COVID-19* below).

- Operating income for the three months ended September 30, 2021 was $45.3 million, a decrease of $5.7 million as compared to $51.0 million for the same period in 2020. The operating margin for the three months ended September 30, 2021 was 21.9%, compared to 25.7% for the same period in 2020.

- The tax rate in the three months ended September 30, 2021 was 20.3% compared to 20.2% in the same period in 2020.

- Net income decreased 8.4% to $47.7 million for the third quarter of 2021, compared to $52.0 million for the same period in 2020. As adjusted net income was $49.3 million and $53.7 million for the third quarters of 2021 and 2020, respectively.

- Diluted net income per share was $1.08 and $1.11 for the third quarters of 2021 and 2020, respectively. As adjusted diluted net income per share was $1.11 and $1.14 for the third quarters of 2021 and 2020, respectively.

- Adjusted EBITDA decreased 7.2% to $61.7 million for the third quarter of 2021, compared to $66.5 million for the same period in 2020.

For the nine months ended September 30, 2021:

- Service revenue was $645.2 million for the nine months ended September 30, 2021 compared to $605.8 million for the same period in 2020. The increase year over year in service revenue was primarily due to year over year increases in university partner enrollments and in revenue per student. The increase in revenue per student is primarily due to the service revenue impact of the increased room, board and other ancillary revenues at GCU in the nine months ended September 30, 2021 as compared to the nine months ended September 30, Q3 2020 (see - *Impact of COVID-19* below) and the growth in the enrollment for students at off-campus classroom and laboratory sites. Service revenue per student for off-campus classroom and laboratory sites generates a significantly higher revenue per student than we earn under our agreement with GCU, as these agreements generally provide us with a higher revenue share percentage, the partners have higher tuition rates than GCU and the majority of their students are studying in the Accelerated Bachelor of Science in Nursing program and take more credits on average per semester.

- Operating income for the nine months ended September 30, 2021 was $179.8 million, a decrease of $0.3 million as compared to $180.1 million for the same period in 2020. The operating margin for the nine months ended September 30, 2021 was 27.9%, compared to 29.7% for the same period in 2020.

- The tax rate in the nine months ended September 30, 2021 was 21.2% compared to 23.1% in the same period in 2020. The 2021 effective tax rate was lower due to higher excess tax benefits in the nine months ended September 30, 2021 of $4.4 million, compared to $0.7 million for the same period in 2020 and due to favorable adjustments as a result of the completion of several state audits.

- Net income increased 2.8% to $175.2 million for the nine months ended September 30, 2021, compared to $170.4 million for the same period in 2020. As adjusted net income was $180.2 million and $175.3 million for the nine months ended September 30, 2021 and 2020, respectively.

- Diluted net income per share was $3.86 and $3.60 for the nine months ended September 30, 2021 and 2020, respectively. As adjusted diluted net income per share was $3.97 and $3.70 for the nine months ended September 30, 2021 and 2020, respectively.

- Adjusted EBITDA increased 1.1% to $218.4 million for the nine months ended September 30, 2021, compared to $216.0 million for the same period in 2020.

Balance Sheet and Cash Flow

Our unrestricted cash and cash equivalents and investments were $61.0 million and $256.6 million at September 30, 2021 and December 31, 2020, respectively. The decrease in unrestricted cash and cash equivalents and investments between periods is primarily due to share repurchases under our share repurchase program in anticipation of the Secured Note refinancing (see below).

Cash Flows

Net cash provided by operating activities for the nine months ended September 30, 2021 was $208.9 million as compared to $180.1 million for the nine months ended September 30, 2020. The increase in cash generated from operating activities between the nine months ended September 30, 2020 and the nine months ended September 30, 2021 was primarily due to changes between years in the working capital balances, primarily accounts payable and accounts receivable. We define working capital as the assets and liabilities, other than cash, generated through the Company's primary operating activities. Changes in these balances are included in the changes in assets and liabilities presented in the consolidated statement of cash flows.

Net cash used in investing activities was $11.3 million and $13.7 million for the nine months ended September 30, 2021 and 2020, respectively. The net cash used in investing activities in the nine months ended September 30, 2021 consisted of capital expenditures of $21.4 million and proceeds from investments, net of purchases of investments of $10.5 million. Funding to GCU during the first nine months of 2021 totaled $190.0 million, which was repaid in July 2021. During the nine months ended September 30, 2020, we paid $22.2 million for capital expenditures and received proceeds from investments of $8.7 million. Funding to GCU during the first nine months of 2020 totaled $75.0 million, which was repaid in July 2020. During the nine-month period for 2021 and 2020, capital expenditures primarily consisted of leasehold improvements and equipment for new university partner locations, as well as purchases of computer equipment, other internal use software projects and furniture and equipment to support our increasing employee headcount. The increase in capital expenditures between periods is primarily due to the increase in the number of sites opened or those that will be opened during the next 15 months. We invest approximately $1.5 million in leasehold improvements and equipment for each off-campus classroom and laboratory site. We have opened ten off-campus classroom and laboratory sites in the past 15 months. We plan to open a number of additional sites in the next 15 months.

Net cash used in financing activities was $382.4 million and $122.0 million for the nine months ended September 30, 2021 and 2020, respectively. During the nine months ended September 30, 2021, $6.0 million was used to purchase common shares withheld in lieu of income taxes resulting from the vesting of restricted share awards, $354.2 million was used to purchase treasury stock in accordance with the Company's share repurchase program. Principal payments on notes payable and capital leases totaled $24.9 million, partially offset by proceeds from the exercise of stock options of $2.7 million. During the nine months ended September 30, 2020, $5.0 million was used to purchase common shares withheld in lieu of income taxes resulting from the vesting of restricted share awards and $92.3 million was used to purchase treasury stock in accordance with the Company's share repurchase program. Principal payments on notes payable and capital leases totaled $24.9 million, partially offset by proceeds from the exercise of stock options of $0.2 million.

Modification of Credit Agreement with Grand Canyon University.

On July 1, 2018, the Company consummated an Asset Purchase Agreement (the "Asset Purchase Agreement") with Grand Canyon University ("GCU"). In conjunction with the Asset Purchase Agreement, we received a secured note from GCU as consideration for the transferred assets (the "Transferred Assets") in the initial principal amount of $870.1 million (the "Secured Note"). The Secured Note is governed by a credit agreement that contains customary commercial credit terms, including affirmative and negative covenants applicable to GCU, and that provides that the Secured Note bears interest at an annual rate of 6.0%, has a maturity date of June 30, 2025, and is secured by all of the assets of GCU (the "Credit Agreement"). The Secured Note provides for GCU to make interest only payments during the term, with all principal and accrued and unpaid interest due at maturity and also provides that we may loan additional amounts to GCU to fund approved capital expenditures. As of September 30, 2021, the Company had loaned $99.8 million to GCU, net of repayments, and the Secured Note had an outstanding balance (principal and accrued interest) of $969.9 million.

On October 28, 2021, the Company received formal notice from GCU of GCU's entry into a refinancing transaction (the "Refinancing") the proceeds of which will be used to repay $500.0 million of the outstanding balance of the Secured Note on October 29, 2021. In connection with the Refinancing and related partial repayment of the Secured Note, the Company entered into a Modification of Credit Agreement with GCU (the "Modification"). The Modification provides that, in exchange for the partial repayment, (i) the Company will release its first priority lien on GCU's assets, (ii) GCU will grant a first priority lien to a financial institution as master trustee under a master trust indenture (the "Master Trust Indenture"), and (iii) the Company will receive an obligation from the master trust evidencing the remaining balance of the Secured Note due to the Company (the "Trust Obligation"). The Trust Obligation continues to bear interest at an annual rate of 6.0%, has a maturity date of June 30, 2025, and is secured on an equal and proportional basis with all other obligations issued under the Master Trust Indenture by all of the assets of GCU.

The foregoing description of the Modification does not purport to be complete and is qualified in its entirety by the full text of the agreement. A copy of the Modification will be filed as an Exhibit to our Form 10-Q for the period ended September 30, 2021, our next periodic filing.

Termination of GCE Credit Agreement.

The Company is a party to that certain Amended and Restated Credit Agreement, dated as of January 22, 2019, among the Company, Orbis Education Services, LLC, a wholly owned subsidiary of the Company, as guarantor, Bank of America, N.A. as administrative agent, swing line lender and letter of credit issuers, and the other lenders names therein (as amended, the "GCE Credit Agreement"). Upon its receipt of the proceeds from the Refinancing in partial payment of the Secured Note, the Company intends to repay all amounts due under the outstanding term loan and revolving credit facilities of, and to terminate, the GCE Credit Agreement and to use the balance of such proceeds for general corporate purposes, including repurchases of shares under the Company's share repurchase program.

(more)

Impact of COVID-19

Since March 2020, the world has been, and continues to be, impacted by the COVID-19 pandemic. This contagious outbreak, which has continued to spread, and the related adverse public health developments that have occurred at various times since March 2020, including orders to shelter-in-place, travel restrictions and mandated non-essential business closures, have adversely affected workforces, organizations, customers, economies and financial markets globally. It has also disrupted the normal operations of many businesses, including ours, and that of our university partners.

GCE has a long-term master services agreement with GCU (the "Master Services Agreement") pursuant to which GCE provides education services to GCU in return for 60% of GCU's tuition and fee revenues, which includes fee revenues from room, board, and other ancillary businesses including a student-run golf course and hotel. GCU has four types of students: traditional ground university students, who attend class on its campus in Phoenix, Arizona and of which approximately 70% have historically lived on campus in university owned residence halls; professional studies students, who are working adult students who attend class one night a week on the Phoenix campus; online students who attend class fully online; and students who are studying in hybrid programs in which the ground component takes place at off-campus classroom and laboratory sites.

The COVID-19 outbreak, as well as measures taken to contain its spread, has impacted GCU's students and its business in a number of ways. Beginning in March 2020, GCU's programs for its professional studies students and its traditional ground university students were immediately converted to an online learning environment and residential students were strongly encouraged to move off campus. Summer 2020 semester classes were moved to an online environment as well and most students were given the choice of attending the Fall 2020 semester in person or completely online. Given GCE's historical experience delivering online education services and the fact that all of GCU's students and faculty use the university's online learning management system for at least some of the coursework, the transition was seamless and thus, the university did not incur a significant decrease in tuition revenue or significant increase in costs associated with this transition in March 2020. The following impacts from the COVID-19 pandemic, however, did serve to reduce GCU's non-tuition revenue during 2020 and have or will reduce GCU's revenue during 2021 and, consequently, the service revenues we earned under the Master Services Agreement:

- Traditional ground university students who elected to move off campus near the end of the Spring 2020 semester received partial refunds for dormitory and meal payments, which reduced GCU's revenue and thus the service revenues earned by GCE in the last nine days of March 2020 and the month of April 2020;

- Ancillary businesses operated by GCU such as its hotel and merchandise shops were closed in late March 2020. Most of these businesses re-opened with scaled back operations in mid-September 2020, which reduced and will continue to reduce GCU's revenues and thus the service revenues earned by GCE until these businesses are fully reopened;

- Limited residential students remained on campus during the Summer 2020 semester, which reduced GCU's dormitory and ancillary revenues and thus the service revenues earned by GCE in 2020. The number of residential students that remained on campus during the Summer 2021 semester, however, was higher than in the Summer of 2019;

- GCU's doctoral students are required to attend two residencies on the university's campus and at its hotel in Phoenix, Arizona as part of their dissertation. On an annual basis approximately 3,000 learners attend the week-long residencies, most of whom have historically attended in the Summer. Most of the residencies which were scheduled for the last week of March 2020 through the end of July 2020 were cancelled, and the residencies scheduled for August 2020 through December 2020 were held at another location with lower than normal attendance. This reduced GCU's revenues including at its hotel, and thus reduced service revenues earned by GCE until residencies returned to normal attendance. In the first quarter of 2021, doctoral residencies returned to the university's campus and its hotel, although at lower than normal attendance rates; attendance at doctoral residencies in the second quarter of 2021 returned to 2019 levels;

- GCU shifted its start date for the Fall 2020 semester for its traditional ground students from August 24, 2020 to September 8, 2020, which had the effect of shifting tuition revenue for all GCU traditional students and certain ancillary revenue for residential students, from the third quarter of 2020 to the fourth quarter of 2020. This later start date for the Fall semester was retained in 2021 as the semester began on September 7, 2021;

- GCU shifted its move-in date for its residential students in the Fall 2020 semester to the week of September 21, 2020, which reduced housing revenue and certain ancillary revenue for residential students by three weeks. In addition, approximately 4,900 of GCU's traditional campus students elected to attend the Fall 2020 semester entirely in the online modality. Residential enrollment for the Fall 2020 semester was approximately 11,500 whereas residential bed capacity is approximately 14,500. This reduction in residential students caused a reduction in GCU's revenue and thus the service revenues earned by GCE;

- The first week of the Spring 2021 semester was completed in an online modality for GCU's traditional students to provide greater flexibility for students returning to campus after the holidays. Face-to-face instruction for the semester commenced on January 11, 2021 and ended April 1, 2021 for approximately 80% of classes, followed by two weeks of online instruction. Approximately 3,500 traditional ground students elected to complete the Spring 2021 semester entirely in the online modality. These changes had the effect of reducing GCU's dormitory and ancillary revenues in the Spring of 2021 and thus the service revenues earned by GCE;

- During the second quarter of 2020, GCU's online enrollment growth accelerated significantly into the high single digits. The increased level of online enrollment at that time resulted from a combination of factors including an acceleration of new students starting programs, a higher than expected number of students returning to the university that had taken a break from their program ("re-enters") and a lower than expected number of students deciding to drop out of or take a break from their program. We believe these trends were primarily caused by the shutdowns precipitated by the COVID-19 outbreak as greater numbers of working adults decided to return to school to finish undergraduate degree programs that they had previously started or to start new graduate degree programs during this time. These trends generally continued through the first quarter of 2021. Beginning in the second quarter of 2021, online enrollment growth rates as compared to the prior year period began to slow as both new enrollments and re-enters were down year over year, the numbers of students dropping out of school or taking periodic breaks in their program returned to historical levels and students completing their programs increased significantly on a year over year basis. We anticipate that some or all of these trends will continue through the rest of 2021 and thus the year over year online growth rate might continue to decline. We believe that as the year over year comparables return to historical levels and schools, hospitals and businesses fully reopen, our online enrollment growth rate will begin to re-accelerate;

- Professional studies students have declined significantly since the onset of the COVID-19 outbreak. Professional studies students at that time were converted to the online learning environment; since then, most have completed their programs while no new cohorts have been started until very recently. Now that the university has approved the recruitment of new professional studies cohorts, we anticipate that the number of these students will begin to grow.

The changes described above at GCU have impacted or will impact GCE's service revenue under the Master Services Agreement. In addition, due to the limited operating expenses that we incur to deliver those services, there has been or will be a direct reduction in our operating profit and operating margin.

GCE also has long-term services agreements with numerous other university partners across the United States. The majority of these other university partners' students are studying in the Accelerated Bachelor of Science in Nursing program which is offered in a 12-16 month format in three or four academic semesters. The Spring, Summer and Fall 2020 and Spring and Summer 2021 semesters were completed without interruption and each university partner has started its Fall 2021 semester. Some students who were scheduled to start their programs in the Summer 2020 semester delayed their start until the Fall 2020 semester, which resulted in lower enrollments and revenues in the Summer 2020 semester than was planned. In a number of locations, the demand to start in the Fall 2020 semester was greater than initially planned but a number of our university or healthcare partners chose not to increase the Fall 2020 cohort size to compensate for the Summer 2020 start shortfall due to concerns about clinical availability. The Fall 2020 enrollment was only slightly lower than our original expectations as the Summer 2020 new start shortfall was offset by higher retention rates and slightly higher than expected Fall 2020 new starts. Beginning with the Summer 2021 semester and continuing into the Fall 2021 semester, we have experienced a decline in revenue per student from students in these programs caused primarily by some students delaying their scheduled clinical courses due to vaccine mandates at hospital partners.

No other changes are currently anticipated with our other university partners related to the Fall 2021 semester that would have a material impact on GCE’s service revenue, operating profit and operating margins. However, if one of our university partners were to close an off-campus classroom and laboratory site prior to the end of the Fall 2021 semester, or take some other action that adversely impacted program enrollment, such an event would reduce the service revenues earned by GCE.

The COVID-19 outbreak also presents operational challenges to GCE as a large percentage of our workforce is currently working remotely and is expected to continue doing so for the foreseeable future. This degree of remote working could increase risks in the areas of internal control, cyber security and the use of remote technology, and thereby result in interruptions or disruptions in normal operational processes.

It is not possible for us to completely predict the duration or magnitude of the adverse results of the COVID-19 pandemic and its effects on our business, results of operations or financial condition at this time, but such effects may be material in future quarters.

2021 Outlook

Q4 2021:	Service revenue of between \$252.0 million and \$255.0 million; As Adjusted Operating Margin of between 40.0% and 40.7%; As Adjusted Diluted EPS of between \$2.08 and \$2.13 using 40.9 million diluted shares
Full Year 2021:	Service revenue of between \$897.2 million and \$900.2 million; As Adjusted Operating Margin of between 32.0% and 32.2%; As Adjusted Diluted EPS of between \$6.05 and \$6.10 using 44.3 million diluted shares

Forward-Looking Statements

This news release contains "forward-looking statements" which include information relating to future events, future financial performance, strategies expectations, competitive environment, regulation, and availability of resources. These forward-looking statements include, without limitation, statements regarding: proposed new programs; whether regulatory, economic, or business developments or other matters may or may not have a material adverse effect on our financial position, results of operations, or liquidity; projections, predictions, expectations, estimates, and forecasts as to our business, financial and operating results, and future economic performance; and management's goals and objectives and other similar expressions concerning matters that are not historical facts. Words such as "may," "should," "could," "would," "predicts," "potential," "continue," "expects," "anticipates," "future," "intends," "plans," "believes," "estimates" and similar expressions, the negative of these expressions, as well as statements in future tense, identify forward-looking statements.

Forward-looking statements should not be read as a guarantee of future performance or results and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved. Forward-looking statements are based on information available at the time those statements are made or management's good faith belief as of that time with respect to future events and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Important factors that could cause our actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements include, but are not limited to: the harm to our business, results of operations, and financial condition, and harm to our university partners resulting from epidemics, pandemics, including the continuing, and potential future, adverse effects of the COVID-19 pandemic, or public health crises: the occurrence of any event, change or other circumstance that could give rise to the termination of any of our key university partner agreements; our ability to properly manage risks and challenges associated with strategic initiatives, including potential acquisitions or divestitures of, or investments in, new businesses, acquisitions of new properties and new university partners, and expansion of services provided to our existing university partners; our failure to comply with the extensive regulatory framework applicable to us either directly as a third party education services provider or indirectly through our university partners, including Title IV of the Higher Education Act and the regulations thereunder, state laws and regulatory requirements, and accrediting commission requirements; competition from other education services companies in our geographic region and market sector, including competition for students, qualified executives and other personnel; the pace of growth of our university partners' enrollment and its effect on the pace of our own growth; our ability to, on behalf of our university partners, convert prospective students to enrolled students and to retain active students to graduation; our success in updating and expanding the content of existing programs and developing new programs in a cost-effective manner or on a timely basis for our university partners; the impact of any natural disasters or public health emergencies; and other factors discussed in reports on file with the Securities and Exchange Commission, including as set forth in Part I, Item 1A of our Annual Report on Form 10-K for period ended December 31, 2020, as updated in our subsequent reports filed with the Securities and Exchange Commission on Form 10Q or Form 8-K.

Forward-looking statements speak only as of the date the statements are made. You should not put undue reliance on any forward-looking statements. We assume no obligation to update forward-looking statements to reflect actual results, changes in assumptions, or changes in other factors affecting forward-looking information, except to the extent required by applicable securities laws. If we do update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements.

Conference Call

Grand Canyon Education, Inc. will discuss its third quarter 2021 results and full year 2021 outlook during a conference call scheduled for today, October 28, 2021 at 4:30 p.m. Eastern time (ET). To participate in the live call, investors should dial 877-577-1769 (domestic and Canada) or 706-679-7806 (international), passcode 5597817 at 4:25 p.m. (ET). The Webcast will be available on the Grand Canyon Education, Inc. website at www.gce.com.

A replay of the call will be available approximately two hours following the conclusion of the call, at 855-859-2056 (domestic) or 404-537-3406 (international), passcode 5597817. It will also be archived at www.gce.com in the investor relations section for 60 days.

About Grand Canyon Education, Inc.

Grand Canyon Education, Inc. ("GCE"), incorporated in 2008, is a publicly traded education services company that currently provides services to 27 university partners. GCE is uniquely positioned in the education services industry in that its leadership has over 30 years of proven expertise in providing a full array of support services in the post-secondary education sector and has developed significant technological solutions, infrastructure and operational processes to provide superior services in these areas on a large scale. GCE provides services that support students, faculty and staff of partner institutions such as marketing, strategic enrollment management, counseling services, financial services, technology, technical support, compliance, human resources, classroom operations, content development, faculty recruitment and training, among others. For more information about GCE visit the Company's website at www.gce.com.

Grand Canyon Education, Inc., 2600 W. Camelback Road, Phoenix, AZ 85017, **www.gce.com**.

###

GRAND CANYON EDUCATION, INC.
Consolidated Income Statements
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
(In thousands, except per share data)				
Service revenue	$ 206,767	$ 198,384	$ 645,188	$ 605,807
Costs and expenses:				
Technology and academic services	35,536	30,751	101,263	84,179
Counseling services and support	62,209	58,214	184,380	176,029
Marketing and communication	47,150	42,244	140,326	126,042
General and administrative	14,451	14,031	33,114	33,097
Amortization of intangible assets	2,105	2,105	6,315	6,315
Total costs and expenses	161,451	147,345	465,398	425,662
Operating income	45,316	51,039	179,790	180,145
Interest income on Secured Note	15,031	14,885	44,353	44,318
Interest expense	(741)	(918)	(2,303)	(3,537)
Investment interest and other	218	181	577	793
Income before income taxes	59,824	65,187	222,417	221,719
Income tax expense	12,166	13,141	47,186	51,278
Net income	$ 47,658	$ 52,046	$ 175,231	$ 170,441
Earnings per share:				
Basic income per share	$ 1.08	$ 1.11	$ 3.87	$ 3.62
Diluted income per share	$ 1.08	$ 1.11	$ 3.86	$ 3.60
Basic weighted average shares outstanding	44,212	46,808	45,272	47,051
Diluted weighted average shares outstanding	44,298	47,095	45,404	47,336

GRAND CANYON EDUCATION, INC.
Consolidated Balance Sheets

(In thousands, except par value)	As of September 30, 2021	As of December 31, 2020
ASSETS:	(Unaudited)	
Current assets		
Cash and cash equivalents	$ 61,002	$ 245,769
Investments	—	10,840
Accounts receivable, net	95,165	62,189
Interest receivable on Secured Note	4,850	5,011
Income taxes receivable	1,745	1,294
Other current assets	10,635	8,639
Total current assets	173,397	333,742
Property and equipment, net	134,508	128,657
Right-of-use assets	57,245	61,020
Secured Note receivable, net	964,912	964,912
Amortizable intangible assets, net	187,323	193,638
Goodwill	160,766	160,766
Other assets	2,310	1,844
Total assets	$ 1,680,461	$ 1,844,579
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Current liabilities		
Accounts payable	$ 40,667	$ 16,583
Accrued compensation and benefits	42,980	34,248
Accrued liabilities	26,531	21,945
Income taxes payable	50	5,405
Deferred revenue	3,204	—
Current portion of lease liability	7,495	7,393
Current portion of notes payable	82,915	33,144
Total current liabilities	203,842	118,718
Deferred income taxes, noncurrent	22,621	20,288
Other noncurrent liabilities	43	3
Lease liability, less current portion	53,179	56,611
Notes payable, less current portion	-	74,630
Total liabilities	279,685	270,250
Commitments and contingencies		
Stockholders' equity		
Preferred stock, $0.01 par value, 10,000 shares authorized; 0 shares issued and outstanding at September 30, 2021 and December 31, 2020	—	—
Common stock, $0.01 par value, 100,000 shares authorized; 53,637 and 53,277 shares issued and 43,054 and 46,649 shares outstanding at September 30, 2021 and December 31, 2020, respectively	536	533
Treasury stock, at cost, 10,583 and 6,628 shares of common stock at September 30, 2021 and December 31, 2020, respectively	(663,558)	(303,379)
Additional paid-in capital	293,859	282,467
Accumulated other comprehensive loss	—	—
Retained earnings	1,769,939	1,594,708
Total stockholders' equity	1,400,776	1,574,329
Total liabilities and stockholders' equity	$ 1,680,461	$ 1,844,579

GRAND CANYON EDUCATION, INC.
Consolidated Statements of Cash Flows
(Unaudited)

(In thousands)	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
Cash flows provided by operating activities:		
Net income	$ 175,231	$ 170,441
Adjustments to reconcile net income to net cash provided by operating activities:		
Share-based compensation	8,715	8,047
Depreciation and amortization	16,401	15,839
Amortization of intangible assets	6,315	6,315
Deferred income taxes	2,333	2,136
Other, including fixed asset impairments	478	344
Changes in assets and liabilities:		
Accounts receivable and interest receivable from university partners	(32,815)	(40,112)
Other assets	(2,451)	(6,021)
Right-of-use assets and lease liabilities	445	1,667
Accounts payable	23,487	(50)
Accrued liabilities	13,358	19,627
Income taxes receivable/payable	(5,806)	(8,370)
Deferred rent	3,204	10,220
Net cash provided by operating activities	208,895	180,083
Cash flows used in investing activities:		
Capital expenditures	(21,352)	(22,156)
Additions of amortizable content	(409)	(238)
Funding to GCU	(190,000)	(75,000)
Repayment by GCU	190,000	75,000
Purchases of investments	(56,335)	—
Proceeds from sale or maturity of investments	66,792	8,653
Net cash used in investing activities	(11,304)	(13,741)
Cash flows used in financing activities:		
Principal payments on notes payable	(24,859)	(24,858)
Repurchase of common shares including shares withheld in lieu of income taxes	(360,179)	(97,284)
Net proceeds from exercise of stock options	2,680	178
Net cash used in financing activities	(382,358)	(121,964)
Net (decrease) increase in cash and cash equivalents and restricted cash	(184,767)	44,378
Cash and cash equivalents and restricted cash, beginning of period	245,769	122,572
Cash and cash equivalents and restricted cash, end of period	$ 61,002	$ 166,950
Supplemental disclosure of cash flow information		
Cash paid for interest	$ 2,399	$ 3,536
Cash paid for income taxes	$ 48,408	$ 54,114
Supplemental disclosure of non-cash investing and financing activities		
Purchases of property and equipment included in accounts payable	$ 1,802	$ 1,022
Allowance for credit losses of $5,000, net of taxes of $1,168 from adoption of ASU 2016-13	$ —	$ 3,832
ROU Asset and Liability recognition	$ 3,775	$ 31,173

GRAND CANYON EDUCATION, INC.

Adjusted EBITDA (Non-GAAP Financial Measure)

Adjusted EBITDA is defined as net income plus interest expense, less interest income and other gain (loss) recognized on investments, plus income tax expense, and plus depreciation and amortization (EBITDA), as adjusted for (i) contributions to private Arizona school tuition organizations in lieu of the payment of state income taxes; (ii) loss on transaction; (iii) share-based compensation, and (iv) unusual charges or gains, such as litigation and regulatory reserves, impairment charges and asset write-offs, and exit or lease termination costs. We present Adjusted EBITDA because we consider it to be an important supplemental measure of our operating performance. We also make certain compensation decisions based, in part, on our operating performance, as measured by Adjusted EBITDA, and our loan agreement requires us to comply with covenants that include performance metrics substantially similar to Adjusted EBITDA. All of the adjustments made in our calculation of Adjusted EBITDA are adjustments to items that management does not consider to be reflective of our core operating performance. Management considers our core operating performance to be that which can be affected by our managers in any particular period through their management of the resources that affect our underlying revenue and profit generating operations during that period and does not consider the items for which we make adjustments (as listed above) to be reflective of our core performance.

We believe Adjusted EBITDA allows us to compare our current operating results with corresponding historical periods and with the operational performance of other companies in our industry because it does not give effect to potential differences caused by variations in capital structures (affecting relative interest expense, including the impact of write-offs of deferred financing costs when companies refinance their indebtedness), tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses), the book amortization of intangibles (affecting relative amortization expense), and other items that we do not consider reflective of underlying operating performance. We also present Adjusted EBITDA because we believe it is frequently used by securities analysts, investors, and other interested parties as a measure of performance.

In evaluating Adjusted EBITDA, investors should be aware that in the future we may incur expenses similar to the adjustments described above. Our presentation of Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by expenses that are unusual, non-routine, or non-recurring. Adjusted EBITDA has limitations as an analytical tool in that, among other things it does not reflect:

- cash expenditures for capital expenditures or contractual commitments;
- changes in, or cash requirements for, our working capital requirements;
- interest expense, or the cash required to replace assets that are being depreciated or amortized; and
- the impact on our reported results of earnings or charges resulting from the items for which we make adjustments to our EBITDA, as described above and set forth in the table below.

In addition, other companies, including other companies in our industry, may calculate these measures differently than we do, limiting the usefulness of Adjusted EBITDA as a comparative measure. Because of these limitations, Adjusted EBITDA should not be considered as a substitute for net income, operating income, or any other performance measure derived in accordance with and reported under GAAP, or as an alternative to cash flow from operating activities or as a measure of our liquidity. We compensate for these limitations by relying primarily on our GAAP results and only use Adjusted EBITDA as a supplemental performance measure.

The following table provides a reconciliation of net income to Adjusted EBITDA, which is a non-GAAP measure for the periods indicated:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
	(Unaudited, in thousands)		(Unaudited, in thousands)	
Net income	$ 47,658	$ 52,046	$ 175,231	$ 170,441
Plus: interest expense	741	918	2,303	3,537
Less: interest income on Secured Note	(15,031)	(14,885)	(44,353)	(44,318)
Less: investment interest and other	(218)	(181)	(577)	(793)
Plus: income tax expense	12,166	13,141	47,186	51,278
Plus: amortization of intangible assets	2,105	2,105	6,315	6,315
Plus: depreciation and amortization	5,580	5,538	16,401	15,839
EBITDA	53,001	58,682	202,506	202,299
Plus: contributions in lieu of state income taxes	5,000	5,000	5,000	5,000
Plus: share-based compensation	2,757	2,713	8,715	8,047
Plus: estimated litigation and regulatory reserves	917	68	2,163	677
Adjusted EBITDA	$ 61,675	$ 66,463	$ 218,384	$ 216,023

Non-GAAP Net Income and Non-GAAP Diluted Income Per Share

The Company believes the presentation of non-GAAP net income and non-GAAP diluted income per share information that excludes amortization of intangible assets allows investors to develop a more meaningful understanding of the Company's performance over time. Accordingly, for the three-months and nine-months ended September 30, 2021 and 2020, the table below provides reconciliations of these non-GAAP items to GAAP net income and GAAP diluted income per share, respectively:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
	(Unaudited, in thousands except per share data)			
GAAP Net income	$ 47,658	$ 52,046	$ 175,231	$ 170,441
Amortization of intangible assets	2,105	2,105	6,315	6,315
Income tax effects of adjustments(1)	(428)	(424)	(1,340)	(1,460)
As Adjusted, Non-GAAP Net income	$ 49,335	$ 53,727	$ 180,206	$ 175,296
GAAP Diluted income per share	$ 1.08	$ 1.11	$ 3.86	$ 3.60
Amortization of intangible assets (2)	$ 0.03	$ 0.03	$ 0.11	$ 0.10
As Adjusted, Non-GAAP Diluted income per share	$ 1.11	$ 1.14	$ 3.97	$ 3.70

(1) The income tax effects of adjustments are based on the effective income tax rate applicable to adjusted (non-GAAP) results.

(2) The amortization of acquired intangible assets per diluted share is net of an income tax benefit of $0.01 and $0.01 for the three months ended September 30, 2021 and 2020, respectively, and net of an income tax benefit of $0.03 and $0.03 for the nine months ended September 30, 2021 and 2020, respectively.