

July 30, 2013



## **Aspen Group Announces Increased Student Enrollments, Revenues and Gross Margins in Fiscal 2013**

NEW YORK, July 30, 2013 (GLOBE NEWSWIRE) -- Aspen Group, Inc. (OTCBB:ASPU), a nationally accredited online post-secondary education company (Aspen University), today filed its Form 10-K for the four months ended April 30<sup>th</sup>, 2013, a transition report reflecting the previously announced change in Aspen's fiscal year end from December 31<sup>st</sup>.

Results from the Transition Period include:

- Revenues of \$1,229,096, an increase of 65% from the comparable prior year period;
- Adjusted Gross Profit increased to \$479,166, a margin of 39%, a margin point increase of +55% from the comparable prior year period;
- Adjusted EBITDA improved by \$1,151,303 to a loss of -\$934,316, a -76% margin, a margin point improvement of +204% from the comparable prior year period.

"We continue to make tremendous progress in rebuilding the University," said Aspen Group Chairman and CEO Michael Mathews. We've driven our enrollment costs below \$1,000 and have chosen to transfer that efficiency to our graduate students by offering tuition rates at \$1,000 per course (\$333.33 per credit hour), which allows most of our students to pay cash for their education and not incur debt. Look for Aspen to continue to introduce initiatives that deliver on our mission of building the first ever cash-based university."

### **Transition Period Highlights**

During the first four months of 2013, Aspen University's student body rose 11% to 2,826 with full-time degree-seeking student enrollments increasing 12% to 1,875. Growth was paced by a 42% rise in enrollments in Aspen's School of Nursing to 376 students, which represents 20% of Aspen's full-time degree-seeking student enrollments.

For the transition period, revenues of \$1,229,096 increased 65% from the comparable prior year period. In particular, Nursing program revenues rose 167% to \$287,902 to represent 23% of Aspen revenues. Additionally, revenues less instructional costs and services and marketing and promotional costs or Adjusted Gross Profit, increased to \$479,166 (a margin of 39% of revenues) from a prior period loss of -\$119,759 (a -16% margin). Lastly, Adjusted EBITDA improved by \$1,151,303 to a loss of -\$934,316 (a -76% margin) from a prior year period loss of -\$2,085,619 (a -280% margin).

Fiscal Year 2014 First Quarter Update

Thus far in the first quarter of fiscal year 2014, Aspen's operating metrics have continued to improve even during the seasonally weak summer period. Over the period, Aspen enrolled 259 new students at an average cost of \$927. Aspen's School of Nursing now has 464 students, which represents 23% of Aspen's full-time degree-seeking students and a sequential increase of 23%. As of July 29, 2013, Aspen's full-time degree-seeking student enrollments stand at 2,008, with the total student body now at 3,006.

## **Non-GAAP – Financial Measures**

This press release includes both financial measures in accordance with Generally Accepted Accounting Principles, or GAAP, as well as non-GAAP financial measures. Generally, a non-GAAP financial measure is a numerical measure of a company's performance, financial position or cash flows that either excludes or includes amounts that are not normally included or excluded in the most directly comparable measure calculated and presented in accordance with GAAP. Non-GAAP financial measures should be viewed as supplemental to, and should not be considered as alternatives to net income, operating income, and cash flow from operating activities, liquidity or any other financial measures. They may not be indicative of the historical operating results of Aspen Group nor are they intended to be predictive of potential future results. Investors should not consider non-GAAP financial measures in isolation or as substitutes for performance measures calculated in accordance with GAAP.

Our management uses and relies on Adjusted EBITDA and Adjusted Gross Profit, each of which are non-GAAP financial measures. We believe that both management and shareholders benefit from referring to the following non-GAAP financial measures in planning, forecasting and analyzing future periods. Our management uses these non-GAAP financial measures in evaluating its financial and operational decision making and as a means to evaluate period-to-period comparison. Our management recognizes that the non-GAAP financial measures have inherent limitations because of the described excluded items.

Aspen Group defines Adjusted EBITDA as earnings (or loss) from continuing operations before preferred dividends, interest expense, income taxes, collateral valuation adjustment, bad debt expense, depreciation and amortization, and amortization of stock-based compensation. Aspen Group excludes the charges from collateral valuation adjustment, bad debt expense and stock based compensation because they are non-cash in nature. The preferred dividends were derived from Aspen University. Upon the closing of the Reverse Merger in 2012, Aspen University preferred stock was exchanged for Aspen Group common stock and dividends will not accrue in the future. Adjusted EBITDA is an important measure of our operating performance because it allows management, investors and analysts to evaluate and assess our core operating results from period-to-period after removing the impact of items of a non-operational nature that affect comparability.

Aspen Group defines Adjusted Gross Profit as revenues less cost of revenues (instructional costs and services and marketing and promotional costs) but excluding the amortization of courseware and software.

We have included a reconciliation of our non-GAAP financial measures to the most comparable financial measures calculated in accordance with GAAP. We believe that providing the non-GAAP financial measures, together with the reconciliation to GAAP, helps

investors make comparisons between Aspen Group and other companies. In making any comparisons to other companies, investors need to be aware that companies use different non-GAAP measures to evaluate their financial performance. Investors should pay close attention to the specific definition being used and to the reconciliation between such measure and the corresponding GAAP measure provided by each company under applicable SEC rules.

The following table presents a reconciliation of Adjusted EBITDA to Net loss allocable to common shareholders, a GAAP financial measure:

|                                           | Four Months Ended<br>April 30, |                       | Difference          | Change % |
|-------------------------------------------|--------------------------------|-----------------------|---------------------|----------|
|                                           | 2013                           | 2012                  |                     |          |
| Net loss allocable to common shareholders | \$ (1,402,982)                 | \$ (2,213,119)        | \$ 810,137          | -37%     |
| Accretion of preferred dividends          | --                             | 37,379                | (37,379)            | -100%    |
| Interest Expense, net of interest income  | 6,407                          | 2,261                 | 4,146               | 183%     |
| Discontinued Operations, net              | 111,927                        | (148,513)             | 260,440             | -175%    |
| Bad Debt Expense                          | 37,000                         | 32,955                | 4,045               | 12%      |
| Depreciation & Amortization               | 159,269                        | 121,812               | 37,457              | 31%      |
| Stock-based compensation                  | 154,062                        | 81,605                | 72,457              | 89%      |
| Adjusted EBITDA (Loss)                    | <u>\$ (934,317)</u>            | <u>\$ (2,085,620)</u> | <u>\$ 1,151,303</u> |          |

The following table presents a reconciliation of Adjusted Gross Profit, a non-GAAP financial measure, to gross profit calculated in accordance with GAAP:

|                                                                                | For the Four Months Ended<br>April 30, |                   | For the Year Ended<br>December 31, |                     |
|--------------------------------------------------------------------------------|----------------------------------------|-------------------|------------------------------------|---------------------|
|                                                                                | 2013                                   | 2012              | 2012                               | 2011                |
|                                                                                | (Unaudited)                            |                   |                                    |                     |
| Revenues                                                                       | <u>\$ 1,229,096</u>                    | <u>\$ 745,656</u> | <u>\$ 2,684,931</u>                | <u>\$ 2,346,238</u> |
| Cost of revenues (exclusive of depreciation and amortization shown separately) | <u>749,930</u>                         | <u>865,408</u>    | <u>2,342,037</u>                   | <u>1,972,208</u>    |
| Adjusted Gross Profit                                                          | 479,166                                | (119,752)         | 342,894                            | 374,030             |
|                                                                                | 39%                                    | (16)%             | 13%                                | 16%                 |
| Amortization expenses excluded from cost of revenues                           | (145,331)                              | (112,286)         | (368,014)                          | (238,710)           |
| GAAP gross profit                                                              | 333,835                                | (232,038)         | (25,120)                           | 135,320             |
|                                                                                | 27%                                    | (31)%             | (1)%                               | 6%                  |

## About Aspen Group, Inc.

Aspen Group, Inc. is an online post-secondary education company. Aspen University's mission is to become an institution of choice for adult learners by offering cost-effective, comprehensive, and relevant online education. We are dedicated to helping our students exceed their personal and professional objectives in a socially conscious and economically sensible way. One of the key differences between Aspen University and other publicly-traded, exclusively online, for-profit universities is that 86% of our full-time degree-seeking

students (as of July 30, 2013) are enrolled in a graduate degree program (master's or doctoral degree program). Aspen University is dedicated to providing the highest quality education experiences taught by top-tier faculty - 61% of our adjunct faculty holds doctoral degrees. To learn more about Aspen University, visit [www.aspen.edu](http://www.aspen.edu).

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