

October 31, 2025



Aspen Group Reports Second Consecutive Quarter of Net Income for First Quarter Fiscal 2026

- Second consecutive quarter of net income of \$0.4 million
- Revenue increased to \$11.4 million, led by growth from USU
- Disciplined cost controls deliver operating income of \$0.7 million
- Positive Adjusted EBITDA of \$1.9 million as compared to \$0.4 million
- Third consecutive quarter of positive operating cash flow of \$0.4 million

PHOENIX, Oct. 31, 2025 (GLOBE NEWSWIRE) -- Aspen Group, Inc. (OTCQB: ASPU) ("AGI" or the "Company"), an education technology holding company, today announced financial results for its first quarter of fiscal year 2026, ended July 31, 2025.

First Quarter Fiscal Year 2026 Summary Results

\$ in millions, except per share data

	Three Months Ended July 31,	
	2025	2024
Revenue	\$ 11.4	\$ 11.3
Gross Profit ¹	\$ 8.4	\$ 7.5
Gross Margin (%) ¹	73%	66%
Net Income (Loss)	\$ 0.4	\$ (0.1)
Earnings (Loss) per Share - Basic	\$ 0.01	\$ (0.01)
Earnings (Loss) per Share - Diluted	\$ 0.01	\$ (0.01)
EBITDA ²	\$ 1.4	\$ 1.0
Adjusted EBITDA ²	\$ 1.9	\$ 0.4

1 GAAP gross profit calculation includes marketing and promotional costs, instructional costs and services, and amortization expense of \$0.4 million and \$0.5 million, respectively for the three months ended July 31, 2025 and 2024.

2 Non-GAAP financial measures. See reconciliations of GAAP to non-GAAP financial measures under "Non-GAAP-Financial Measures" starting on page 4.

Michael Mathews, Chairman and CEO of AGI, stated: "This quarter, we continued to maintain revenue stability while also making further progress executing cost controls to strengthen Aspen Group's financial foundation. Our restructuring initiatives are expected to deliver additional quarterly general and administrative savings of approximately \$1.5 million by the third quarter of Fiscal 2026. Our cost control initiatives also resulted in the continuation of positive operating cash flow, building from our success in Fiscal 2025."

Mr. Mathews added, “These actions enhance our liquidity and position us to strategically reinvest in marketing to boost enrollment. While the regulatory review of the merger between Aspen University and United States University continues, we remain confident in our ability to expand student resources and achieve positive operating cash flow in fiscal year 2026.”

Fiscal Q1 2026 Financial and Operational Results (compared to Fiscal Q1 2025)

Revenue increased by 1% to \$11.4 million compared to \$11.3 million. The following table presents the Company’s revenue, both per subsidiary and total:

	Three Months Ended July 31,			
	2025	\$ Change	% Change	2024
AU	\$ 4,285,868	\$ (506,036)	(11)%	\$ 4,791,904
USU	7,154,598	617,665	9%	6,536,933
Revenue	<u>\$ 11,440,466</u>	<u>\$ 111,629</u>	<u>1%</u>	<u>\$ 11,328,837</u>

Aspen University's (“AU”) revenue decline of \$0.5 million, or 11%, is the result of lower post-licensure enrollments from the effect of decreased marketing spend initiated late in Q1 Fiscal 2023.

United States University (“USU”) revenue was up 9% compared to the prior year period. MSN-FNP program enrollments increased sequentially due to strong organic leads during the quarter. Additionally, USU’s performance was supported by strong demand from existing students returning from inactive status and higher revenue per student driven by more students entering their second year of the MSN-FNP program, which includes clinical rotations, and by tuition increases.

GAAP gross profit increased by \$0.8 million to \$8.4 million. Consolidated gross margin was 73% compared to 66%, AU's gross margin was 70% versus 61%, and USU's gross margin was 76% versus 71%. GAAP gross profit and gross margin increased primarily due to higher revenue at USU related to increased revenue per student combined with reduced cost of revenue at AU and USU driven by increased efficiencies in the use of faculty.

AU instructional costs and services represented 25% of AU revenue, and USU instructional costs and services represented 22% of USU revenue. AU marketing and promotional costs represented 1% of AU revenue, while USU marketing and promotional costs represented less than 1% of USU revenue.

The following tables present the Company’s net income (loss), both per subsidiary and total:

	Three Months Ended July 31, 2025			
	Consolidated	AGI Corporate	AU	USU
Net income (loss)	\$ 406,805	\$ (2,457,170)	\$ 323,725	\$ 2,540,250
Net income per share– Basic	\$ 0.01			
Net income per share – Diluted	\$ 0.01			

	Three Months Ended July 31, 2024			
	Consolidated	AGI Corporate	AU	USU
Net (loss) income	\$ (127,864)	\$ (2,131,705)	\$ (74,782)	\$ 2,078,623
Net loss per share - Basic	\$ (0.01)			
Net loss per share - Diluted	\$ (0.01)			

The following tables present the Company's Non-GAAP measures, both per subsidiary and total. See reconciliations of GAAP to non-GAAP financial measures under "Non-GAAP—Financial Measures" starting on page 4.

	Three Months Ended July 31, 2025			
	Consolidated	AGI Corporate	AU	USU
EBITDA	\$ 1,394,277	\$ (2,078,673)	\$ 777,955	\$ 2,694,995
EBITDA Margin	12%	NM	18%	38%
Adjusted EBITDA	\$ 1,876,457	\$ (2,047,440)	\$ 1,002,955	\$ 2,920,942
Adjusted EBITDA Margin	16%	NM	23%	41%

NM – Not meaningful

	Three Months Ended July 31, 2024			
	Consolidated	AGI Corporate	AU	USU
EBITDA	\$ 1,039,102	\$ (1,706,887)	\$ 529,054	\$ 2,216,935
EBITDA Margin	9%	NM	11%	34%
Adjusted EBITDA	\$ 447,615	\$ (2,322,995)	\$ 316,446	\$ 2,454,164
Adjusted EBITDA Margin	4%	NM	7%	38%

Adjusted EBITDA improved by \$1.4 million primarily due to increased revenue per student at USU, increased instructional efficiencies at AU and USU and a decrease in general and administrative costs attributed to our restructurings.

Operating Metrics

New Student Enrollments

On a Company-wide basis, new student enrollments increased 6% year-over-year. Sequentially, new student enrollments increased due to continued strong organic lead flow, existing students returning from inactive status, and students enrolling in advance of Q2 Fiscal 2026 price increases. New student enrollments were negatively impacted by the on-going maintenance level of marketing spend. As a result of the restructurings and increased instructional efficiencies, we anticipate the resumption of marketing spend in the second half of Fiscal 2026 at a level necessary to provide enrollments needed to grow the student body and allow for the generation of positive operating cash flow.

New student enrollments for the past five quarters are shown below:

	Q1'25	Q2'25	Q3'25	Q4'25	Q1'26
Aspen University	413	508	359	350	533
USU	410	442	196	258	338
Total	823	950	555	608	871

Total Active Student Body

AGI's active degree-seeking student body for the past five quarters, including AU and USU, is shown below:

	Q1'25	Q2'25	Q3'25	Q4'25	Q1'26
Aspen University	4,145	3,827	3,564	3,375	3,140
USU	2,477	2,560	2,475	2,434	2,369
Total	6,622	6,387	6,039	5,809	5,509

Nursing Students

AGI's nursing student body for the past five quarters is shown below:

	Q1'25	Q2'25	Q3'25	Q4'25	Q1'26
Aspen University	3,198	2,948	2,745	2,606	2,418
USU	2,254	2,300	2,297	2,254	2,210
Total	5,452	5,248	5,042	4,860	4,628

Liquidity

The Fiscal Q1 2026 ending unrestricted cash balance was \$0.5 million. As of October 24, 2025, the Company had \$0.6 million of unrestricted cash on hand. In Q2 Fiscal 2026, we implemented a fifth restructuring plan, that will result in additional cash benefits for the Company starting in Q3 Fiscal 2026. The restructuring resulted in the elimination of approximately 75 positions within AU and AGI. The resulting additional on-going quarterly compensation-related savings will be approximately \$1.5 million beginning in Q3 Fiscal 2026.

Our restructuring efforts were designed to achieve positive annual operating cash flows, which will permit the resumption of marketing spend at a level that we expect will renew growth in our post-licensure nursing student body. In Fiscal Q1 2026, we had positive cash flow from operations of \$0.4 million.

Cost reductions associated with the restructuring plans and other corporate cost reductions ensure that the Company will have sufficient cash to meet its working capital needs for the next 12 months.

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 (loss), operating income (loss), and cash flow from operating activities, liquidity or any other financial measures. They may not be indicative of the historical operating results of AGI 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 EBITDA, Adjusted EBITDA and Adjusted EBITDA

Margin, which are non-GAAP financial measures. We believe that management, analysts, and shareholders benefit from referring to the following non-GAAP financial measures to evaluate and assess our core operating results from period-to-period after removing the impact of items that affect comparability. Our management recognizes that the non-GAAP financial measures have inherent limitations because of the excluded items described below.

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 AGI 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.

AGI defines Adjusted EBITDA as EBITDA excluding: (1) provision for credit losses; (2) stock-based compensation; and (3) non-recurring charges. The following table presents a reconciliation of net income (loss) to EBITDA and Adjusted EBITDA and of net income (loss) margin to the Adjusted EBITDA margin:

	Three Months Ended July 31,	
	2025	2024
Net income (loss)	\$ 406,805	\$ (127,864)
Interest expense, net	310,391	347,170
Tax expense (benefit)	7,419	(208)
Depreciation and amortization	669,662	820,004
EBITDA	1,394,277	1,039,102
Provision for credit losses	450,000	450,000
Stock-based compensation	32,180	210,091
Severance	—	50,707
Lease modifications	—	(523,298)
Change in fair value of put warrant liability	—	(820,987)
Non-recurring charges - Other	—	42,000
Adjusted EBITDA	\$ 1,876,457	\$ 447,615
Net income (loss) Margin	4%	(1)%
EBITDA Margin	12%	9%
Adjusted EBITDA Margin	16%	4%

The following tables present a reconciliation of net income (loss) to EBITDA and Adjusted EBITDA and of Net income (loss) margin to the Adjusted EBITDA margin by business unit:

	Three Months Ended July 31, 2025			
	Consolidated	AGI Corporate	AU	USU
Net income (loss)	\$ 406,805	\$ (2,457,170)	\$ 323,725	\$ 2,540,250
Interest expense, net	310,391	310,391	—	—
Taxes	7,419	83	7,336	—
Depreciation and amortization	669,662	68,023	446,894	154,745
EBITDA	1,394,277	(2,078,673)	777,955	2,694,995
Provision for credit losses	450,000	—	225,000	225,000
Stock-based compensation	32,180	31,233	—	947
Adjusted EBITDA	\$ 1,876,457	\$ (2,047,440)	\$ 1,002,955	\$ 2,920,942

Net income Margin	4%	NM	8%	36%
Adjusted EBITDA Margin	16%	NM	23%	41%

NM - Not meaningful

	Three Months Ended July 31, 2024			
	Consolidated	AGI Corporate	AU	USU
Net income (loss)	\$ (127,864)	\$ (2,131,705)	\$ (74,782)	\$ 2,078,623
Interest expense, net	347,170	347,170	—	—
Taxes	(208)	92	—	(300)
Depreciation and amortization	820,004	77,556	603,836	138,612
EBITDA	1,039,102	(1,706,887)	529,054	2,216,935
Provision for credit losses	450,000	—	225,000	225,000
Stock-based compensation	210,091	201,754	6,865	1,472
Severance	50,707	3,125	36,825	10,757
Lease modifications	(523,298)	—	(523,298)	—
Change in fair value of put warrant liability	(820,987)	(820,987)	—	—
Non-recurring charges - Other	42,000	—	42,000	—
Adjusted EBITDA	\$ 447,615	\$ (2,322,995)	\$ 316,446	\$ 2,454,164

Net income (loss) Margin	(1)%	NM	(2)%	32%
Adjusted EBITDA Margin	4%	NM	7%	38%

Definitions

Adjusted EBITDA Margin – is defined as Adjusted EBITDA divided by revenue. We believe Adjusted EBITDA margin is useful for management, analysts and investors as this measure allows for a more meaningful comparison between our performance and that of our competitors. Adjusted EBITDA margin has certain limitations in that it does not take into account the impact to our consolidated statement of operations of certain expenses.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 including the expected general and administrative savings to be achieved by the third quarter of the fiscal year ending April 30, 2026 (“Fiscal 2026”), increased marketing spend, and achieving positive operating cash flow for Fiscal 2026. The words “believe,” “may,” “estimate,” “continue,” “anticipate,” “intend,” “should,” “plan,” “could,” “target,” “potential,” “is likely,” “will,” “expect” and similar expressions, as they

relate to us, are intended to identify forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. Important factors that could cause actual results to differ from those in the forward-looking statements include the continued demand of nursing students for the new programs, student attrition, national and local economic factors including the impact of tariffs, competition from nursing schools in local markets, the competitive impact from the trend of major non-profit universities using online education and consolidation among our competitors, the impact, if any from the current U.S. government shutdown, and our ability to refinance our outstanding convertible debentures. Any forward-looking statement made by us herein speaks only as of the date on which it is made. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law.

About Aspen Group, Inc.

Aspen Group, Inc. is an education technology holding company that leverages its infrastructure and expertise to allow its two universities, Aspen University and United States University, to deliver on the vision of making college affordable again.

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GAAP Financial Statements

ASPEN GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	July 31, 2025	April 30, 2025
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 480,581	\$ 736,871
Restricted cash	338,002	338,002
Accounts receivable, net of allowance of \$6,199,996 and \$5,731,139, respectively	16,896,190	17,167,346
Prepaid expenses	373,052	443,366
Other current assets	1,127,150	518,171
Total current assets	<u>19,214,975</u>	<u>19,203,756</u>
Property and equipment:		
Computer equipment and hardware	897,124	894,251
Furniture and fixtures	1,974,271	1,974,271
Leasehold improvements	5,621,087	5,621,087
Instructional equipment	529,299	529,299
Software	7,704,341	7,527,066
	<u>16,726,122</u>	<u>16,545,974</u>
Less: accumulated depreciation and amortization	<u>(10,546,264)</u>	<u>(9,907,309)</u>
Total property and equipment, net	6,179,858	6,638,665
Goodwill	5,011,432	5,011,432
Intangible assets, net	7,900,000	7,900,000
Courseware and accreditation, net	239,037	256,994
Long-term contractual accounts receivable	21,068,679	19,846,823
Operating lease right-of-use assets, net	6,882,871	7,250,407
Deposits and other assets	654,403	657,850
Total assets	<u><u>\$ 67,151,255</u></u>	<u><u>\$ 66,765,927</u></u>

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ASPEN GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (CONTINUED)

	<u>July 31, 2025</u>	<u>April 30, 2025</u>
	(Unaudited)	
Liabilities and Stockholders' Equity		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 2,735,862	\$ 2,055,173
Accrued expenses	2,608,147	2,483,520
Advances on tuition	1,730,416	2,235,332
Deferred tuition	2,683,072	2,535,533
Due to students	2,152,303	2,115,581
Current portion of long-term debt	6,751,104	2,000,000
Operating lease obligations, current portion	2,926,379	2,811,471
Other current liabilities	713,245	185,296
Total current liabilities	<u>22,300,528</u>	<u>16,421,906</u>
Long-term debt, net	—	5,224,524
Operating lease obligations, less current portion	11,630,856	12,398,678
Put warrants liabilities	1,427,521	1,427,521
Other long-term liabilities	327,402	327,402
Total liabilities	<u>35,686,307</u>	<u>35,800,031</u>
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.001 par value; 1,000,000 shares authorized, 10,000 issued and 10,000 outstanding at both July 31, 2025 and April 30, 2025	10	10
Common stock, \$0.001 par value; 85,000,000 shares authorized, 29,080,778 and 28,389,531 issued and outstanding at July 31, 2025 and April 30, 2025, respectively	29,081	28,390
Additional paid-in capital	122,244,089	122,152,533
Accumulated deficit	(90,808,232)	(91,215,037)
Total stockholders' equity	<u>31,464,948</u>	<u>30,965,896</u>
Total liabilities and stockholders' equity	<u><u>\$ 67,151,255</u></u>	<u><u>\$ 66,765,927</u></u>

ASPEN GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended July 31,	
	2025	2024
	(Unaudited)	(Unaudited)
Revenue	\$ 11,440,466	\$ 11,328,837
Operating expenses:		
Cost of revenue (exclusive of depreciation and amortization shown separately below)	2,685,052	3,347,225
General and administrative	6,911,137	7,327,334
Provision for credit losses	450,000	450,000
Depreciation and amortization	669,662	820,004
Total operating expenses	<u>10,715,851</u>	<u>11,944,563</u>
Operating income (loss)	724,615	(615,726)
Other income (expense):		
Interest expense	(310,391)	(347,170)
Change in fair value of put warrant liability	—	820,987
Other income, net	—	13,837
Total other (expense) income, net	<u>(310,391)</u>	<u>487,654</u>
Income (loss) before income taxes	414,224	(128,072)
Income tax expense (benefit)	<u>7,419</u>	<u>(208)</u>
Net income (loss)	406,805	(127,864)
Dividends attributable to preferred stock	<u>(42,345)</u>	<u>(141,152)</u>
Net income (loss) available to common stockholders	<u><u>\$ 364,460</u></u>	<u><u>\$ (269,016)</u></u>
Net income (loss) per share attributable to common stockholders:		
Basic	<u><u>\$ 0.01</u></u>	<u><u>\$ (0.01)</u></u>
Diluted	<u><u>\$ 0.01</u></u>	<u><u>\$ (0.01)</u></u>
Weighted average number of common stock outstanding:		
Basic	<u><u>29,073,583</u></u>	<u><u>25,929,218</u></u>
Diluted	<u><u>38,451,820</u></u>	<u><u>25,929,218</u></u>

ASPEN GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended July 31,	
	2025	2024
	(Unaudited)	(Unaudited)
Cash flows from operating activities:		
Net income (loss)	\$ 406,805	\$ (127,864)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Provision for credit losses	450,000	450,000
Depreciation and amortization	669,662	820,004
Stock-based compensation	32,180	151,341
Change in fair value of put warrant liability	—	(820,987)
Amortization of warrant-based cost	—	7,000
Amortization of debt issuance costs	26,580	—
Non-cash lease benefit	(225,313)	(124,497)
Changes in operating assets and liabilities:		
Accounts receivable	(1,400,700)	481,156
Prepaid expenses	70,314	(6,001)
Other current assets	(608,979)	368,529
Deposits and other assets	3,447	19,419
Accounts payable	680,689	(196,066)
Accrued expenses	124,627	219,262
Due to students	36,722	(138,529)
Advances on tuition and deferred tuition	(357,377)	(1,267,356)
Other current liabilities	527,951	402,493
Net cash provided by operating activities	436,608	237,904
Cash flows from investing activities:		
Purchases of courseware and accreditation	(12,750)	(20,580)
Purchases of property and equipment	(180,148)	(289,906)
Net cash used in investing activities	(192,898)	(310,486)
Cash flows from financing activities:		
Repayment of portion of 15% Senior Secured Debentures	(500,000)	(150,000)
Net cash used in financing activities	(500,000)	(150,000)

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ASPEN GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
(Unaudited)

	Three Months Ended July 31,	
	2025	2024
	(Unaudited)	(Unaudited)
Net decrease in cash, cash equivalents and restricted cash	\$ (256,290)	\$ (222,582)
Cash, cash equivalents and restricted cash at beginning of period	1,074,873	2,619,427
Cash, cash equivalents and restricted cash at end of period	\$ 818,583	\$ 2,396,845
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 310,391	\$ 345,413
Cash paid (refunds) for income taxes	\$ 7,419	\$ (208)
Supplemental disclosure of non-cash investing and financing activities:		
Accrued dividends	\$ 42,345	\$ 141,152

The following table provides a reconciliation of cash and cash equivalents and restricted

cash reported within the accompanying consolidated balance sheet to the total amounts shown in the accompanying unaudited consolidated statements of cash flows:

	July 31,	
	2025	2024
	(Unaudited)	(Unaudited)
Cash and cash equivalents	\$ 480,581	\$ 1,308,843
Restricted cash	338,002	1,088,002
Total cash, cash equivalents and restricted cash	<u>\$ 818,583</u>	<u>\$ 2,396,845</u>



Source: Aspen Group Inc.