

September 29, 2023



# Aspen Group Reports Revenue of \$14.6 Million and Operating Income of \$0.4 million for First Quarter Fiscal 2024

- Reduces net loss to \$(0.6) million
- Third consecutive quarter of positive EBITDA; increased to \$1.3 million, or 9% margin, in Q1'24
- Gross margin increased to 67% from 43% in the year ago quarter as a result of implementation of restructuring plans
- New Student Enrollments for Aspen University and USU increased sequentially, reflecting increasing market demand for online nursing programs
- Secured \$12.4 million debt financing in Q1'24 before discount, fees and other financing expenses

NEW YORK, Sept. 29, 2023 (GLOBE NEWSWIRE) -- Aspen Group, Inc. (OTC Pink: ASPU) ("AGI or the Company"), an education technology holding company, today announced financial results for its first quarter fiscal year 2024 ended July 31, 2023.

## First Quarter Fiscal Year 2024 Summary Results

**\$ in millions, except per share data**

	Three Months Ended July 31,	
	2023	2022
Revenue	\$ 14.6	\$ 18.9
Gross Profit <sup>1</sup>	\$ 9.8	\$ 8.2
Gross Margin (%) <sup>1</sup>	67%	43%
Operating Income (Loss)	\$ 0.4	\$ (3.1)
Net Income (Loss)	\$ (0.6)	\$ (3.7)
Earnings (Loss) per Share	\$ (0.03)	\$ (0.15)
EBITDA <sup>2</sup>	\$ 1.3	\$ (2.2)
Adjusted EBITDA <sup>2</sup>	\$ 1.9	\$ (1.2)

<sup>1</sup> GAAP gross profit calculation includes marketing and promotional costs, instructional costs and services, and amortization expense of \$0.5 million and \$0.5 million for the three months ended July 31, 2023 and 2022, respectively.

<sup>2</sup> Non-GAAP financial measures. See reconciliations of GAAP to non-GAAP financial measures under "Non-GAAP–Financial Measures" starting on page 5.

"Aspen Group has made remarkable progress on the bottom line by delivering our third consecutive quarter of reduced net loss, resulting in record positive EBITDA of \$1.3 million in the fiscal first quarter," said Michael Mathews, Chairman and CEO of AGI. "We continue to position our operational business units for sustainable growth as we wind down our pre-licensure campuses. Our near-term strategy focuses on revitalizing our post-licensure

nursing programs by working through our existing pipeline and benefiting from the strong demand for these degrees. In addition, enrollments in the quarter increased sequentially at both Aspen University and USU, and we are anticipating record fall post-licensure nursing enrollments for both universities. Our near-term financial goals are to maintain positive EBITDA and neutral to slightly positive cash flow from operations during the remainder of fiscal year 2024.”

### **Fiscal Q1 2024 Financial and Operational Results (compared to Fiscal Q1 2023)**

Revenue decreased 23% to \$14.6 million compared to \$18.9 million. The following table presents the Company’s revenue, both per subsidiary and total:

	Three Months Ended July 31,			
	2023	\$ Change	% Change	2022
AU	\$ 7,722,925	\$ (4,225,169)	(35)%	\$ 11,948,094
USU	6,916,947	(28,872)	—%	6,945,819
Revenue	\$ 14,639,872	\$ (4,254,041)	(23)%	\$ 18,893,913

Aspen University (“AU”) revenue decline of \$4.2 million or 35% reflects the enrollment stoppage at the pre-licensure program campuses, which accounted for \$2.8 million of the decrease, and lower post-licensure enrollments from the effect of decreased marketing spend initiated late in Q1 Fiscal 2023. The active student body at AU decreased by 34% year-over-year to 6,001 at July 31, 2023 from 9,133 at July 31, 2022.

United States University (“USU”) revenue was flat compared to the prior period. MSN-FNP program enrollments decreased due to lower marketing spend initiated in late Q1 Fiscal 2023. Lower enrollments were offset by higher revenue per student driven by more students entering their second year of the MSN-FNP program, which includes clinical rotations. The active student body at USU decreased by 11% to 2,590 at July 31, 2023 from 2,915 at July 31, 2022.

GAAP gross profit increased 19% to \$9.8 million compared to \$8.2 million due primarily to lower cost of revenue associated with the decrease in marketing spend beginning in Q1 Fiscal 2023. Gross margin was 67% compared to 43%. AU gross margin was 62% versus 39%, and USU gross margin was 72% versus 56%.

AU instructional costs and services represented 33% of AU revenue, and USU instructional costs and services represented 27% of USU revenue. AU marketing and promotional costs represented less than 1% of AU revenue, and USU marketing and promotional costs represented less than 1% of USU revenue.

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

	Three Months Ended July 31, 2023			
	Consolidated	AGI Corporate	AU	USU
Net income (loss)	\$ (639,438)	\$ (3,805,601)	\$ 646,376	\$ 2,519,787
Net loss per share	\$ (0.03)			

	Three Months Ended July 31, 2022			
	Consolidated	AGI Corporate	AU	USU
Net income (loss)	\$ (3,714,971)	\$ (4,898,587)	\$ (209,429)	\$ 1,393,045
Net loss per share	\$ (0.15)			

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 5.

	Three Months Ended July 31, 2023			
	Consolidated	AGI Corporate	AU	USU
EBITDA	\$1,344,405	\$(2,738,712)	\$1,427,102	\$2,656,015
EBITDA Margin	9%	NM	18%	38%
Adjusted EBITDA	\$1,881,854	\$(2,691,840)	\$1,685,160	\$2,888,534
Adjusted EBITDA Margin	13%	NM	22%	42%

NM - Not meaningful

	Three Months Ended July 31, 2022			
	Consolidated	AGI Corporate	AU	USU
EBITDA	\$(2,182,962)	\$(4,242,266)	\$549,458	\$1,509,846
EBITDA Margin	(12)%	NM	5%	22%
Adjusted EBITDA	\$(1,176,700)	\$(3,657,664)	\$826,382	\$1,654,582
Adjusted EBITDA Margin	(6)%	NM	7%	24%

EBITDA improved by \$3.5 million in Fiscal Q1 2024 to \$1.3 million from a loss of \$2.2 million. The improvement was primarily due to cost controls implemented in conjunction with the two restructurings implemented in Fiscal Q2 2023 and Fiscal Q4 2023 and the reduction of marketing spend to maintenance levels initiated in Fiscal Q1 2023. Included in Fiscal Q1 2024 EBITDA are general and administrative spend reductions of approximately \$1.5 million related to decreased headcount associated with the restructuring plans and marketing spend reductions of \$4.5 million. Fiscal Q1 2024 is the third consecutive quarter of increased positive EBITDA. EBITDA for the last four fiscal quarters is as follows:

	Q2'23	Q3'23	Q4'23	Q1'24
Net loss	\$ (2,293,640)	\$ (1,555,040)	\$ (783,954)	\$ (639,438)
EBITDA	\$ (603,364)	\$ 116,162	\$ 812,041	\$ 1,344,405

## Operating Metrics

### *New Student Enrollments*

New student enrollments at AU decreased 28% year-over-year and at USU decreased 13% year-over-year reflecting lower marketing advertising spend across all programs to maintenance levels. We anticipate the resumption of marketing spend in the second half of fiscal 2024 at a level which management believes will be 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:

	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24
Aspen University	868	784	695	574	626
USU	447	506	374	360	389
Total	1,315	1,290	1,069	934	1,015

New student enrollments, bookings and ARPU for Q1'24 versus Q1'23 are shown below (rounding differences may occur):

First Quarter Bookings <sup>1</sup> and Average Revenue Per Enrollment (ARPU) <sup>1</sup>					
	Q1'23 Enrollments	Q3'22 Bookings <sup>1</sup>	Q1'24 Enrollments	Q3'23 Bookings <sup>1</sup>	Percent Change Total Bookings & ARPU <sup>1</sup>
Aspen University	868	\$ 10,882,200	626	\$ 5,115,600	
USU	447	\$ 7,965,540	389	\$ 6,931,980	
Total	1,315	\$ 18,847,740	1,015	\$ 12,047,580	(36)%
ARPU		\$ 14,333		\$ 11,870	(17)%

<sup>1</sup> "Bookings" are defined by multiplying LTV by new student enrollments for each operating unit. "ARPU" is defined by dividing total Bookings by total new student enrollments for each operating unit.

### *Total Active Student Body*

Total active student body for the past five quarters is shown below:

	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24
Aspen University	9,133	7,973	7,232	6,670	6,001
USU	2,915	2,984	2,724	2,729	2,590
Total	12,048	10,957	9,956	9,399	8,591

### *Nursing Students*

As of July 31, 2023, 7,115 of 8,591 or 83% of all active students across both universities are degree-seeking nursing students. Of the students seeking nursing degrees, 6,765 are RNs studying to earn an advanced degree, including 4,416 at Aspen University and 2,349 at USU. The remaining 350 nursing students are enrolled in Aspen University's BSN Pre-licensure program in the Phoenix, Austin, Tampa and Nashville metros. The majority of the year-over-year Aspen University nursing student body decrease is a result of the enrollment stoppage and teach out of the pre-licensure program and the reduction in marketing spend to maintenance levels.

Nursing student body for the past five quarters is shown below:

	Q1'23	Q2'23	Q3'23	Q4'23	Q1'24
Aspen University	7,686	6,640	5,899	5,392	4,766
USU	2,708	2,752	2,450	2,490	2,349
Total	10,394	9,392	8,349	7,882	7,115

### **Liquidity**

At July 31, 2023, the Company had unrestricted cash of \$0.2 million and restricted cash of \$5.8 million. As of September 28, 2023, the Company's unrestricted cash balance had increased to \$1.9 million. Variability in our unrestricted cash balance is due to the timing of financial aid reimbursements from the DoE.

On February 8, 2023, AU received notification from the DoE that effective February 7, 2023 the DoE had placed AU on the HCM2 method of financial aid reimbursement. Under the HCM2 method of payment, AU may continue to obligate funds under the federal student financial assistance programs. A school placed on HCM2 no longer receives funds under the Advance Payment Method. After a school on HCM2 makes disbursements to students from its own institutional funds, a request must be submitted to the DoE for reimbursement of those funds. The transition to HCM2 created variability in our unrestricted cash balance because receipt of the first payment under the program is generally delayed due to extended DoE review time. In August 2023 and September 2023, we received the second and third reimbursement payments under HCM2 of approximately \$2.9 million and \$1.9 million, respectively, which substantially increased our unrestricted cash balance. Consequently, now that AU has received three payments under HCM2, we have experienced shorter review times.

On May 12, 2023, in order to provide liquidity for the transition to HCM2, the Company entered into a Securities Purchase Agreement pursuant to which it sold approximately \$12.4 million in the aggregate principal amount of 15% Senior Secured Debentures ("Debentures") and five-year warrants for total gross proceeds of approximately \$11 million, representing an 11% original issue discount on the Debentures, before deducting offering fees and expenses. Approximately \$5 million of the proceeds from the offering were used to repay outstanding borrowings under the Company's prior credit facility dated November 5, 2018, \$2.0 million is required to be kept as restricted cash, and after paying fees and expenses associated with this offering, the remaining proceeds are being used for working capital needs.

Cash flow used in operations for the quarter ended July 31, 2023 was \$4.6 million. We generated approximately \$0.8 million of cash from our net loss adjusted for non-cash activities, and we used approximately \$5.4 million of cash from changes in working capital primarily related to the timing of HCM2 payments and increased long-term monthly payment plan accounts receivable. The use of cash from working capital changes is expected to change to a source of cash in our fiscal second quarter due to the receipt of the second, third and possibly the fourth HCM2 payments. Management believes the Company is positioned to generate positive operating cash flow during the remainder of Fiscal 2024 as a result of ongoing cost controls and the two restructuring plans implemented in Fiscal 2023.

### **Additional Information**

For additional information on the financial statements and performance, please refer to the Aspen Group, Inc. Quarterly Report for the first quarter of fiscal year 2024 published on the Company's website at [www.aspu.com](http://www.aspu.com), on the All OTC Filings page under Financial Info.

### **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.

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

	Three Months Ended				
	July 31, 2022	October 31, 2022	January 31, 2023	April 31, 2023	July 31, 2023
Net loss	\$ (3,714,971)	\$ (2,293,640)	\$ (1,555,040)	\$ (783,954)	\$ (639,438)
Interest expense, net	580,580	708,705	714,801	639,517	936,460
Taxes	30,321	46,501	37,249	22,677	84,171
Depreciation and amortization	921,108	935,070	919,152	933,801	963,212
EBITDA	(2,182,962)	(603,364)	116,162	812,041	1,344,405
Bad debt expense	350,000	450,000	450,000	450,000	450,000
Stock-based compensation	46,330	458,336	394,510	387,452	87,449
Severance	125,000	—	—	149,043	—
Non-recurring charges (income) - Other	484,932	232,367	—	—	—
Adjusted EBITDA	\$ (1,176,700)	\$ 537,339	\$ 960,672	\$ 1,798,536	\$ 1,881,854
Net loss Margin	(20)%				(4)%
Adjusted EBITDA Margin	(6)%				13%

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, 2023			
	Consolidated	AGI Corporate	AU	USU
Net income (loss)	\$ (639,438)	\$ (3,805,601)	\$ 646,376	\$ 2,519,787
Interest expense, net	936,460	936,481	(6)	(15)
Taxes	84,171	54,766	19,425	9,980
Depreciation and amortization	963,212	75,642	761,307	126,263
EBITDA	1,344,405	(2,738,712)	1,427,102	2,656,015
Bad debt expense	450,000	—	225,000	225,000
Stock-based compensation	87,449	46,872	33,058	7,519
Adjusted EBITDA	\$ 1,881,854	\$ (2,691,840)	\$ 1,685,160	\$ 2,888,534
Net income (loss) Margin	(4)%	NM	8%	36%
Adjusted EBITDA Margin	13%	NM	22%	42%

NM - Not meaningful

	Three Months Ended July 31, 2022			
	Consolidated	AGI Corporate	AU	USU
Net income (loss)	\$ (3,714,971)	\$ (4,898,587)	\$ (209,429)	\$ 1,393,045
Interest expense, net	580,580	581,279	(578)	(121)
Taxes	30,321	5,600	14,721	10,000
Depreciation and amortization	921,108	69,442	744,744	106,922
EBITDA	(2,182,962)	(4,242,266)	549,458	1,509,846
Bad debt expense	350,000	—	225,000	125,000
Stock-based compensation	46,330	(25,330)	51,924	19,736
Severance	125,000	125,000	—	—
Non-recurring charges - Other	484,932	484,932	—	—
Adjusted EBITDA	\$ (1,176,700)	\$ (3,657,664)	\$ 826,382	\$ 1,654,582
Net income (loss) Margin	(20)%	NM	(2)%	20%
Adjusted EBITDA Margin	(6)%	NM	7%	24%

## Definitions

**Lifetime Value ("LTV")** – is the weighted average total amount of tuition and fees paid by every new student that enrolls in the Company's universities, after giving effect to attrition.

**Bookings** – defined by multiplying LTV by new student enrollments for each operating unit.

**Average Revenue per Enrollment ("ARPU")** – defined by dividing total Bookings by total enrollments for each operating unit.

**Adjusted EBITDA Margin** – 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 statements regarding our perceived positioning for substantial growth, anticipated trends including with respect to future demand for nurses, anticipated record fall enrollments for both universities, our goal to maintain positive EBITDA and improved cash flow, the planned marketing spend in fiscal year 2024,

and our liquidity. All statements other than statements of historical facts contained in this report, including statements regarding our future financial position, liquidity, business strategy and plans and objectives of management for future operations, are forward-looking statements. 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, uncertainties and risks that may cause actual results to differ materially from these forward-looking statements include, without limitation, our ability to enroll new students and generate revenue given the prior sharp reduction in marketing, the continued demand of nursing students for our programs, our ability to successfully resolve the regulatory matters involving agencies in Arizona and elsewhere, our ability to maintain and grow enrollments in our active programs with increased marketing, the continued attraction of online learning as the COVID-19 pandemic has receded, student attrition, national and local economic factors including a possible recession and increasing unemployment, uncertainties arising from high inflation, Federal Reserve interest rate increases, the banking crisis, and the Russian invasion of Ukraine including its effect on the U.S. economy, the competitive impact from the trend of major non-profit universities using online education and consolidation among our competitors, the timing of DOE payments, regulatory risks including those related to the Arizona Board of Nursing actions which caused us to agree to teach out our pre-licensure students and the myriad of risks which may affect our ability to maintain our operations, advance our business plan, manage our costs, grow our revenue, and repay our obligations as and when they come due. Further information on the risks and uncertainties affecting our business is contained in our filings with the SEC, including our Annual Report on Form 10-K for the fiscal year ended April 30, 2022. However, we no longer file reports with the SEC, and we undertake no obligation to publicly update or revise any forward-looking statements, nor the risks and uncertainties which qualify them, whether as the result of new information, future events or otherwise. Investors are also urged to review our periodic reports made with the OTC Markets Group, Inc., which we also make available on our corporate website.

### **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.

### **Investor Relations Contact**

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### **GAAP Financial Statements**



**ASPEN GROUP, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

	<u>July 31, 2023</u>	<u>April 30, 2023</u>
	(Unaudited)	
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 217,370	\$ 1,353,635
Restricted cash	5,839,400	4,370,832
Accounts receivable, net of allowance of \$3,554,460 and \$3,506,895, respectively	21,820,749	22,121,237
Prepaid expenses	644,023	609,900
Other current assets	6,279,155	3,068,918
Total current assets	<u>34,800,697</u>	<u>31,524,522</u>
Property and equipment:		
Computer equipment and hardware	1,655,130	1,655,130
Furniture and fixtures	2,190,450	2,169,090
Leasehold improvements	8,055,363	8,055,363
Instructional equipment	756,568	756,568
Software	11,913,878	11,648,505
	<u>24,571,389</u>	<u>24,284,656</u>
Less: accumulated depreciation and amortization	<u>(12,855,415)</u>	<u>(11,922,435)</u>
Total property and equipment, net	11,715,974	12,362,221
Goodwill	5,011,432	5,011,432
Intangible assets, net	7,900,000	7,900,000
Courseware, net	294,125	291,438
Long-term contractual accounts receivable	15,770,141	13,004,428
Deferred financing costs	148,867	73,897
Operating lease right-of-use assets, net	13,017,763	13,431,074
Deposits and other assets	781,550	210,536
<b>Total assets</b>	<u><u>\$ 89,440,549</u></u>	<u><u>\$ 83,809,548</u></u>

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

	<u>July 31, 2023</u>	<u>April 30, 2023</u>
	(Unaudited)	
<b>Liabilities and Stockholders' Equity</b>		
<b>Liabilities:</b>		
Current liabilities:		
Accounts payable	\$ 2,430,943	\$ 2,250,902
Accrued expenses	2,570,229	2,355,370
Advances on tuition	2,987,470	2,975,680
Deferred tuition	3,693,180	2,892,333
Due to students	2,810,861	2,624,831
Current portion of long-term debt	—	5,000,000
Operating lease obligations, current portion	2,500,317	2,502,810
Other current liabilities	21,011	109,328
Total current liabilities	<u>17,014,011</u>	<u>20,711,254</u>
Long-term debt, net	20,326,771	10,000,000
Operating lease obligations, less current portion	<u>16,943,973</u>	<u>17,551,512</u>
Total liabilities	54,284,755	48,262,766
Commitments and contingencies		
<b>Stockholders' equity:</b>		
Preferred stock, \$0.001 par value; 1,000,000 shares authorized, 0 issued and 0 outstanding at July 31, 2023 and April 30, 2023	—	—
Common stock, \$0.001 par value; 60,000,000 shares authorized, 25,548,046 issued and 25,548,046 outstanding at July 31, 2023 25,592,802 issued and 25,437,316 outstanding at April 30, 2023	24,061	25,593
Additional paid-in capital	111,862,560	113,429,992
Treasury stock (0 shares at July 31, 2023 and 155,486 shares at April 30, 2023)	—	(1,817,414)
Accumulated deficit	<u>(76,730,827)</u>	<u>(76,091,389)</u>
Total stockholders' equity	<u>35,155,794</u>	<u>35,546,782</u>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 89,440,549</b>	<b>\$ 83,809,548</b>

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

	<b>Three Months Ended July 31,</b>	
	<b>2023</b>	<b>2022</b>
	(Unaudited)	(Unaudited)
Revenue	\$ 14,639,872	\$ 18,893,913
Operating expenses:		
Cost of revenue (exclusive of depreciation and amortization shown separately below)	4,392,855	10,205,551
General and administrative	8,470,878	10,532,020
Bad debt expense	450,000	350,000
Depreciation and amortization	963,212	921,108
Total operating expenses	14,276,945	22,008,679
Operating income (loss)	362,927	(3,114,766)
Other income (expense):		
Interest expense	(936,481)	(581,293)
Other income, net	18,287	11,409
Total other expense, net	(918,194)	(569,884)
Loss before income taxes	(555,267)	(3,684,650)
Income tax expense	84,171	30,321
Net loss	\$ (639,438)	\$ (3,714,971)
Net loss per share - basic and diluted	\$ (0.03)	\$ (0.15)
Weighted average number of common stock outstanding - basic and diluted	25,567,351	25,202,278

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

	<b>Three Months Ended July 31,</b>	
	<b>2023</b>	<b>2022</b>
	(Unaudited)	(Unaudited)
Cash flows from operating activities:		
Net loss	\$ (639,438)	\$ (3,714,971)
Adjustments to reconcile net loss to net cash used in operating activities:		
Bad debt expense	450,000	350,000
Depreciation and amortization	963,212	921,108
Stock-based compensation	87,449	46,330
Amortization of warrant-based cost	7,000	7,000
Amortization of deferred financing costs	73,174	67,068
Amortization of debt discounts	77,208	33,890
Non-cash lease benefit	(196,720)	(158,410)
Changes in operating assets and liabilities:		
Accounts receivable	(2,915,225)	(1,713,462)
Prepaid expenses	(34,123)	(386,930)
Other current assets	(3,210,237)	(240,073)
Deposits and other assets	(571,014)	11,883
Accounts payable	180,041	(41,754)
Accrued expenses	214,859	325,524
Due to students	186,030	(100,102)
Advances on tuition and deferred tuition	812,637	355,619
Other current liabilities	(88,317)	621,087
Net cash used in operating activities	(4,603,464)	(3,616,193)
Cash flows from investing activities:		
Purchases of courseware and accreditation	(28,020)	(15,500)
Purchases of property and equipment	(291,632)	(476,833)
Net cash used in investing activities	(319,652)	(492,333)
Cash flows from financing activities:		
Proceeds from 15% Senior Secured Debentures, net of original issuance discount	11,000,000	—
Repayment of 2018 Credit Facility	(5,000,000)	—
Payments of deferred financing costs	(744,581)	—
Net cash provided by financing activities	5,255,419	—

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

	<b>Three Months Ended July 31,</b>	
	<b>2023</b>	<b>2022</b>
	(Unaudited)	(Unaudited)
Net increase (decrease) in cash, cash equivalents and restricted cash	\$ 332,303	\$ (4,108,526)
Cash, cash equivalents and restricted cash at beginning of period	5,724,467	12,916,147
Cash, cash equivalents and restricted cash at end of period	\$ 6,056,770	\$ 8,807,621

**Supplemental disclosure cash flow information:**

Cash paid for interest	\$ 671,031	\$ 416,164
Cash paid for income taxes	\$ 59,172	\$ 4,721

**Supplemental disclosure of non-cash investing and financing activities:**

Warrants issued as part of the 15% Senior Secured Debentures	\$ 154,000	\$ —
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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,	
	2023	2022
	(Unaudited)	(Unaudited)
Cash and cash equivalents	\$ 217,370	\$ 2,374,224
Restricted cash	5,839,400	6,433,397
Total cash, cash equivalents and restricted cash	\$ 6,056,770	\$ 8,807,621



Source: Aspen Group Inc.