

**CREATING VALUE BY
TRANSFORMING THE COLLEGE
EDUCATION EXPERIENCE**



ASPEN
GROUP INC.

**Q3 Fiscal Year 2020
Earnings Slides**

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Nasdaq: ASPU

SAFE HARBOR STATEMENT

Certain statements in this presentation and responses to various questions include forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements relating to the growth of future student enrollments, bookings and ARPU, Fiscal 2020 revenue growth, the expansion of the highest LTV programs, expected G&A trends including Fiscal 2020 Adjusted EBITDA, gross margins, expected campus expansion, campus capital expenditures and campus operating metrics and generating cash from operations. 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 are included in our Risk Factors contained in our Form 10-K for the fiscal year ended April 30, 2019 and other filings with the Securities and Exchange Commission.

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.

Regulation G – Non-GAAP Financial Measures. This presentation includes a discussion of Adjusted EBITDA, a non-GAAP financial measure. Certain information regarding this non-GAAP financial measure (including reconciliations to GAAP) is provided in our press release dated March 10, 2020 and on our website at www.aspu.com – Financial Information.

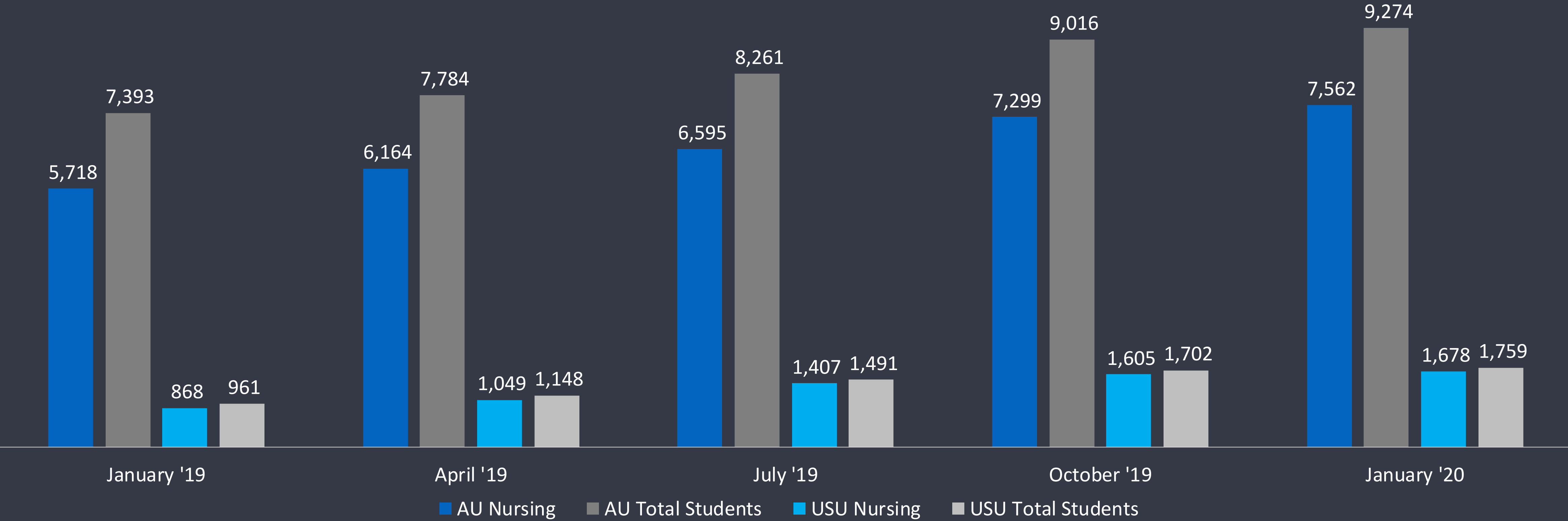
Q3 Fiscal 2020 Operating Metrics

TRENDS FUELING STRONG DEMAND FOR NURSES

- Fiscal Q3 2020 revenue grew 48% to \$12.5 million, while marketing expenses increased by only 9% year-over-year, driving a gross margin improvement of 700 basis points to 57%
- Aspen BSN Pre-Licensure and USU Increased to 42% of Revenue, Up from 25% in Third Quarter 2019
- Bookings rose 72% to \$26.5 million lifting average revenue per enrollment (ARPU) 34% to \$15,199
- Aspen University Online and Pre-Licensure BSN units, as well as United States University, were net income positive for the second consecutive quarter primarily due to improved operating efficiencies and lower enrollment costs
- Company delivered Adjusted EBITDA (a non-GAAP financial measure) of \$222,415 or 2% margin, a 15% margin improvement YoY

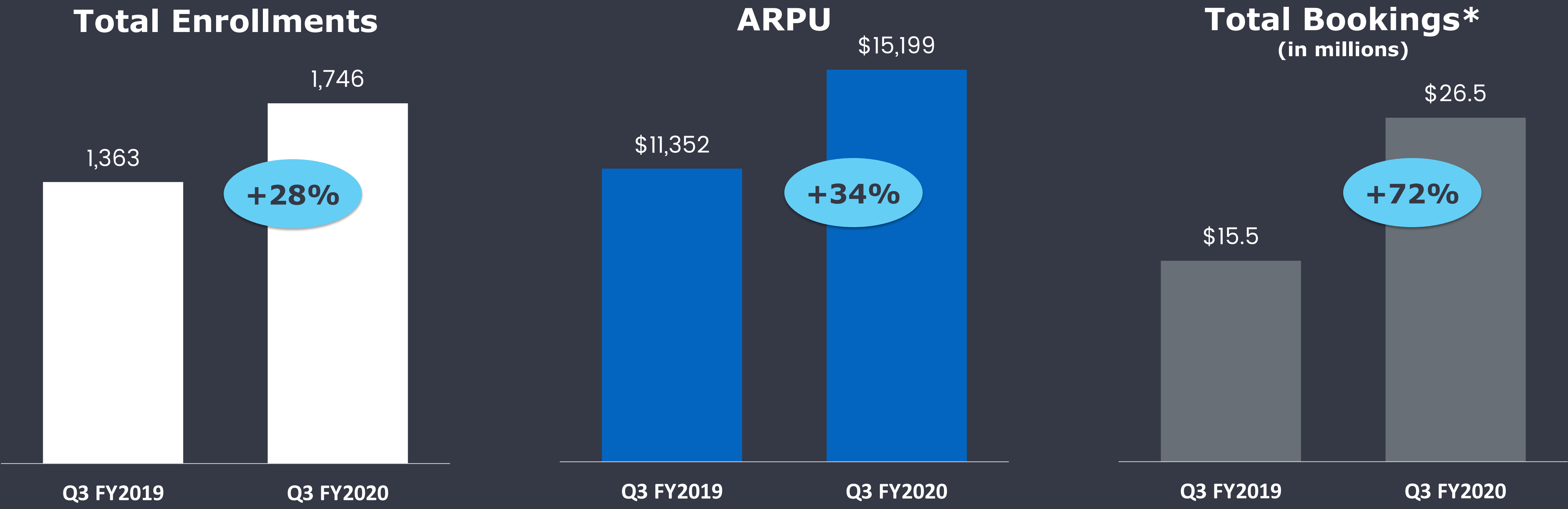
AGI Active Student Body Grows to 11,033; Nursing Students Represent 84% of Total

AU and USU Active Student Body* and Nursing Students by University



*Active Degree-Seeking Students” are defined as degree-seeking students who were enrolled in a course during the quarter reported or are registered for an upcoming course.

STRONG BOOKINGS GROWTH AND INCREASED ARPU FUELED BY HIGH LTV PROGRAM ENROLLMENTS



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

Improved Marketing Efficiency Ratio (MER)* Results Driven by Cost of Enrollment Declining by 28%

Third quarter weighted average customer acquisition cost (CAC) fell by 28% year-over-year

Marketing Efficiency Ratio

	Enrollments	CAC ¹	LTV ²	MER
Aspen University	1,371	961	14,482 ³	15.1X
USU	375	1,103	17,820 ⁴	16.2X
Weighted Average		\$928		

1 Based on 6-month rolling weighted average CAC for each university's enrollments

2 Lifetime Value (LTV) of a new student enrollment

3 Weighted average LTV for all Aspen University enrollments in the quarter

4 LTV for USU's MSN-FNP Program

**THE FOLLOWING METRICS ARE
FOR ANNUAL YEAR-OVER-
YEAR ANTICIPATED GROWTH:**

**Fiscal Year 2020
Outlook -
Updated**



Annual revenue growth to meet or exceed 42%



Bookings forecasted to exceed 54% to over \$102 million



ARPU to increase at least 18% to a full-year average over \$13,440

Q3 Fiscal Year 2020 Financial Results

Q3 FY'20 Income Statement

For the Quarter Ended January 31, 2020

Revenues		\$	12,537,940
Operating expenses			
	Cost of revenues		5,163,007
	General and administrative		8,627,588
	Depreciation and amortization		475,393
	Total operating expenses		14,265,988
Operating loss from operations			(1,728,048)
Other income (expense):			
	Other income		34,117
	Interest expense		(571,958)
Loss from operations before income taxes			(2,265,889)
Income tax expense			15,163
Net loss		\$	(2,281,052)
Adjusted EBITDA		\$	222,415

Q3 FY'20 Net (Loss)/Income, Adjusted EBITDA and EPS for Consolidated and Subsidiaries

	Consolidated	AGI	AU	USU
Net (Loss)/Income	\$ (2,281,052)	\$ (3,604,910)	\$ 1,283,830	\$40,028
Adjusted EBITDA	\$ 222,415	\$ (1,894,480)	\$ 1,868,821	\$248,074
Net Profit/(Loss) Per Basic Share	(\$0.12)	(\$0.19)	\$0.07	\$0.00

Subsidiary KPIs—Q3 FY'20 Ratios

	Consolidated		AU	USU
Revenues	\$12,537,940	+48% YOY	\$9,112,663	\$3,425,277
		Ratios as a Percentage of Total AGI Revenue	Ratios as a Percentage of AU Revenue	Ratios as a Percentage of USU Revenue
Instructional costs	\$2,623,252	20.9%	19.4%	25.0%
Marketing costs	\$2,539,755	20.3%	19.6%	14.6%
Depreciation and Amortization	\$475,393	3.8%	3.8%	3.5%
GAAP Gross Profit	\$7,094,150	56.6%	57.9%	60.4%
General and Administrative expenses	\$8,627,588	68.8%	43.0%	55.6%

Q3 FY'20 Net Loss to Adjusted EBITDA Reconciliation

Net Loss	(\$2,281,052)
Interest income, net	570,020
Taxes	98,173
Depreciation and Amortization	<u>475,393</u>
EBITDA (loss)	(\$1,137,466)
Bad Debt Expense	2,547
Stock-Based Compensation	347,210
Non-recurring Charges	<u>1,010,124</u>
Adjusted EBITDA	\$222,415