

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



**Third Quarter
Fiscal Year 2021
Earnings Slides**

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Robert Alessi, Chief Financial Officer & Chief
Accounting Officer
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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 regarding the anticipated impact on the pre-licensure unit of the implementation of double cohorts in the main Phoenix campus and of the expansion of the pre-licensure program in new metros, including future revenue growth and operational scale; the expected launch date of the initial core program semester in Nashville; course starts and revenue growth forecast for the fourth fiscal quarter of 2021; our expectations regarding future course start behavior; expected operating losses of new campuses and the expected time they will achieve profitability; expected increase in gross margins in future quarters; revenue estimates and trends; G&A trends; our estimates concerning bookings, LTV, MER and ARPU; our estimates concerning and experience with our accounts receivable; our expectations regarding Adjusted EPS loss in the fourth fiscal quarter, and our liquidity. 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 our ability to obtain the necessary regulatory approvals to launch our future campuses in a timely fashion or at all, the continued ability of our in-house CRM to perform as expected, continued high demand for nurses, the continued effectiveness of our marketing efforts, the effectiveness of our collection efforts and process improvements, national and local economic factors including the substantial impact of the COVID-19 pandemic on our Aspen nursing programs (other than the BSN Pre-Licensure program) and the economy, any delays, side effects or other issues occurring in the manufacturing, delivery and administration of COVID-19 vaccines, the competitive impact from the trend of major non-profit and for-profit universities marketing online family nurse practitioner programs, unfavorable regulatory changes, including at the state level, and our failure to continue obtaining enrollments at low acquisition costs and keeping teaching costs down. Further information on the risks and uncertainties affecting our business and operating results is contained in our filings with the Securities and Exchange Commission, including our Form 10-K for the fiscal year ended April 30, 2020 and the prospectus supplement dated August 31, 2020.

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.

Also, the discussions during this conference call and slides 3, 13, 15, 16 and 17 include certain financial measures that were not prepared in accordance with U.S. generally accepted accounting principles (“GAAP”). Additional information regarding non-U.S. GAAP financial measures can be found in the press release issued on March 16, 2021 and the Form 10-Q filed the same day. Any non-U.S. GAAP financial measures presented are not, and should not be viewed as, substitutes for financial measures required by U.S. GAAP, have no standardized meaning prescribed by U.S. GAAP and may not be comparable to the calculation of similar measures of other companies. See reconciliation of these non-GAAP financial measures to their respective GAAP measures at the end of this slide presentation.

Key Takeaways For Q3 FY'21 Financial Results

33% revenue growth from solid quarterly enrollment despite the Company's predominantly RN student body on front lines of pandemic

- ✓ USU enrollment increased 43%, primarily from MSN-FNP program
- ✓ USU and AU BSN Pre-Licensure equaled 51% of consolidated revenue
- G&A increased on a dollar basis by 49% of the rate of revenue dollar growth, below Company's stated goal of 50%
- Aspen's BSN Pre-licensure program accounted for \$1.0 million of AU's \$1.4 million net income, and \$1.0 million of AU's \$1.9 million EBITDA¹, for an EBITDA margin of 28% - the highest margin unit of the Company

*As a percentage of revenue attributable to each unit

	<u>Q3 Fiscal 2021</u>			
	<u>Aspen University</u>	<u>USU</u>	<u>AGI Corporate</u>	<u>Consolidated</u>
GAAP Gross Profit Margin*	54%	53%	NA	52%
Instructional costs and services*	22%	27%	NA	24%
Marketing and promotional costs*	20%	21%	NA	22%
Net income	\$1.4	\$0.3	(\$4.5)	(\$2.8)
EBITDA ¹	\$1.9 ²	\$0.4	(\$4.5)	(\$2.2)
EBITDA margin*	16%	8%	NA	(13%)
Adjusted EBITDA ¹	\$2.5	\$0.5	(\$3.8)	(\$0.9)
Adjusted EBITDA margin*	21%	10%	NA	(5%)

¹Non-GAAP financial measure. See reconciliation to the most comparable GAAP measure on slide 15.

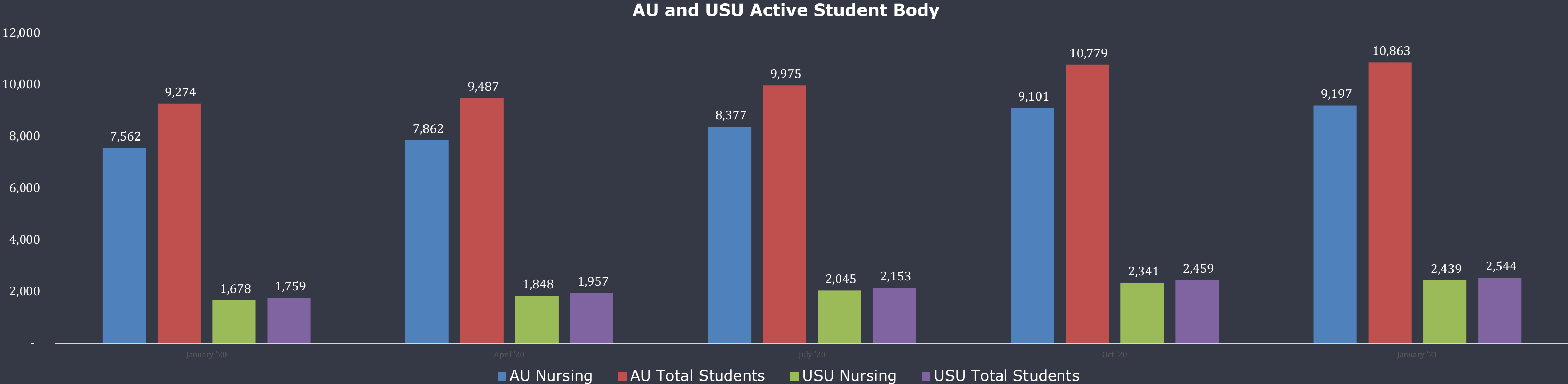
²Aspen's BSN Pre-Licensure program accounted for net income of \$1.0 million (which includes \$1.8 million of net income from the Phoenix metro, offset by the net loss of (\$0.8) million in the Austin and Tampa metros) of the \$1.4 million generated at Aspen University. Aspen's BSN Pre-Licensure program accounted for EBITDA of \$1.0 million of the \$1.9 million EBITDA generated at Aspen University, operating at an EBITDA margin of 28% - the highest margin unit of the Company. Reconciliation from net income to EBITDA and Adjusted EBITDA for the Aspen BSN Pre-Licensure program delivers the same result, as there were no material interest, taxes, depreciation and amortization expenses incurred in this unit.



Aspen Group, Inc. Third Quarter Fiscal Year 2021 Operating Metrics

AGI Active Student Body Grew by 22% to 13,407 in Q3 FY'21; Nursing Students Represent 87% of Total Student Body

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.

Q3 FY'21 Aspen University Marketing Efficiency Ratio (MER)⁵ Above 11X for Both Universities

Third quarter weighted average customer acquisition cost (CAC) increased by 38% year-over-year from \$989 to \$1,365, due to PL-BSN campus launches in two new markets.

Marketing Efficiency Ratio					
	Q3'21 Enrollments	Q3'21 CAC ¹	Q3'21 LTV ²	Q3'21 MER	Q3'20 MER
Aspen University	1,593	\$1,296	\$14,737 ³	11.4X	15.1X
USU	536	\$1,574	\$17,820 ⁴	11.3X	16.2X
Weighted Average		\$1,365			

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

² Lifetime Value (LTV) of a new student enrollment

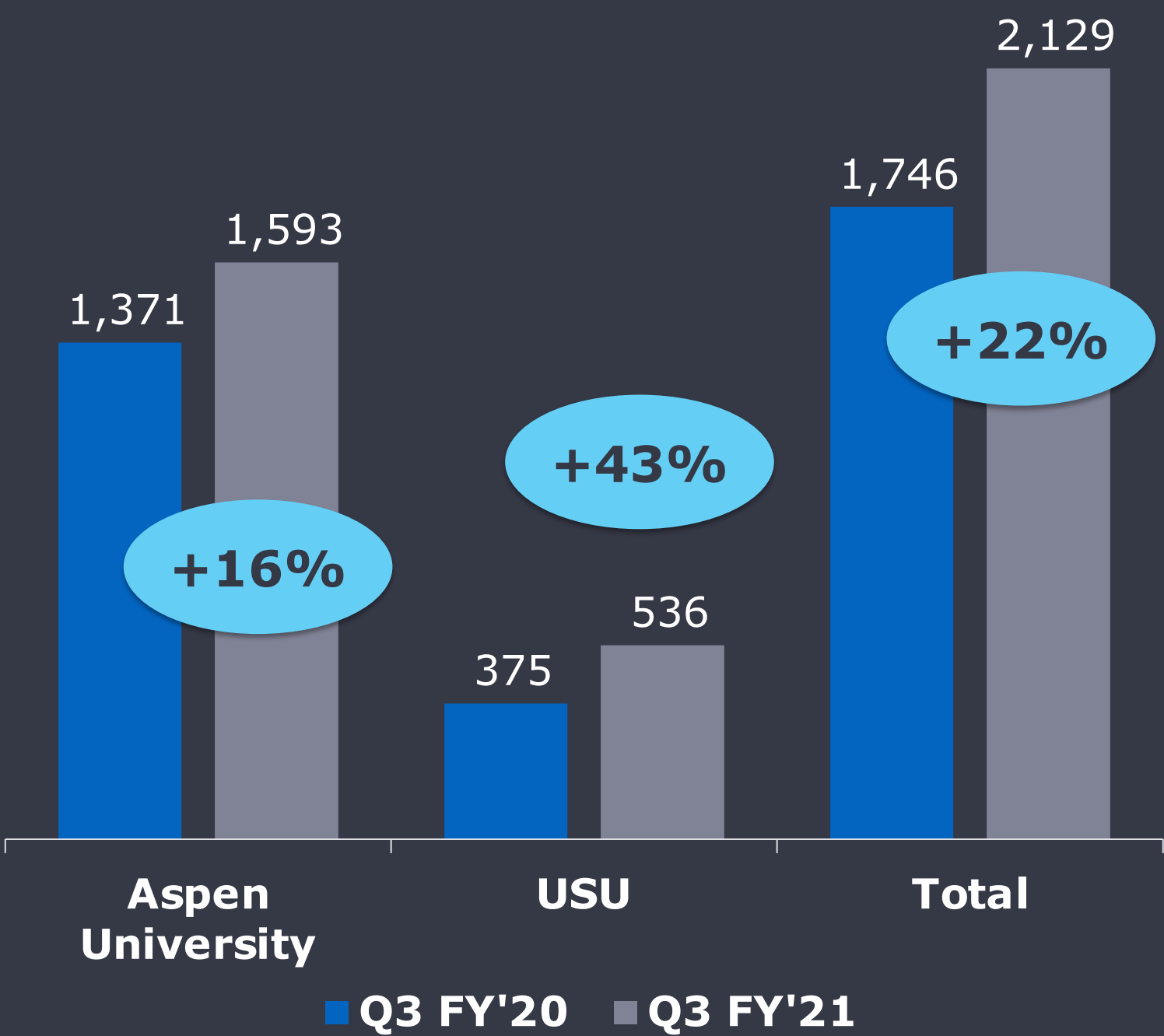
³ Weighted average LTV for all Aspen University enrollments in the quarter

⁴ LTV for USU's MSN-FNP Program

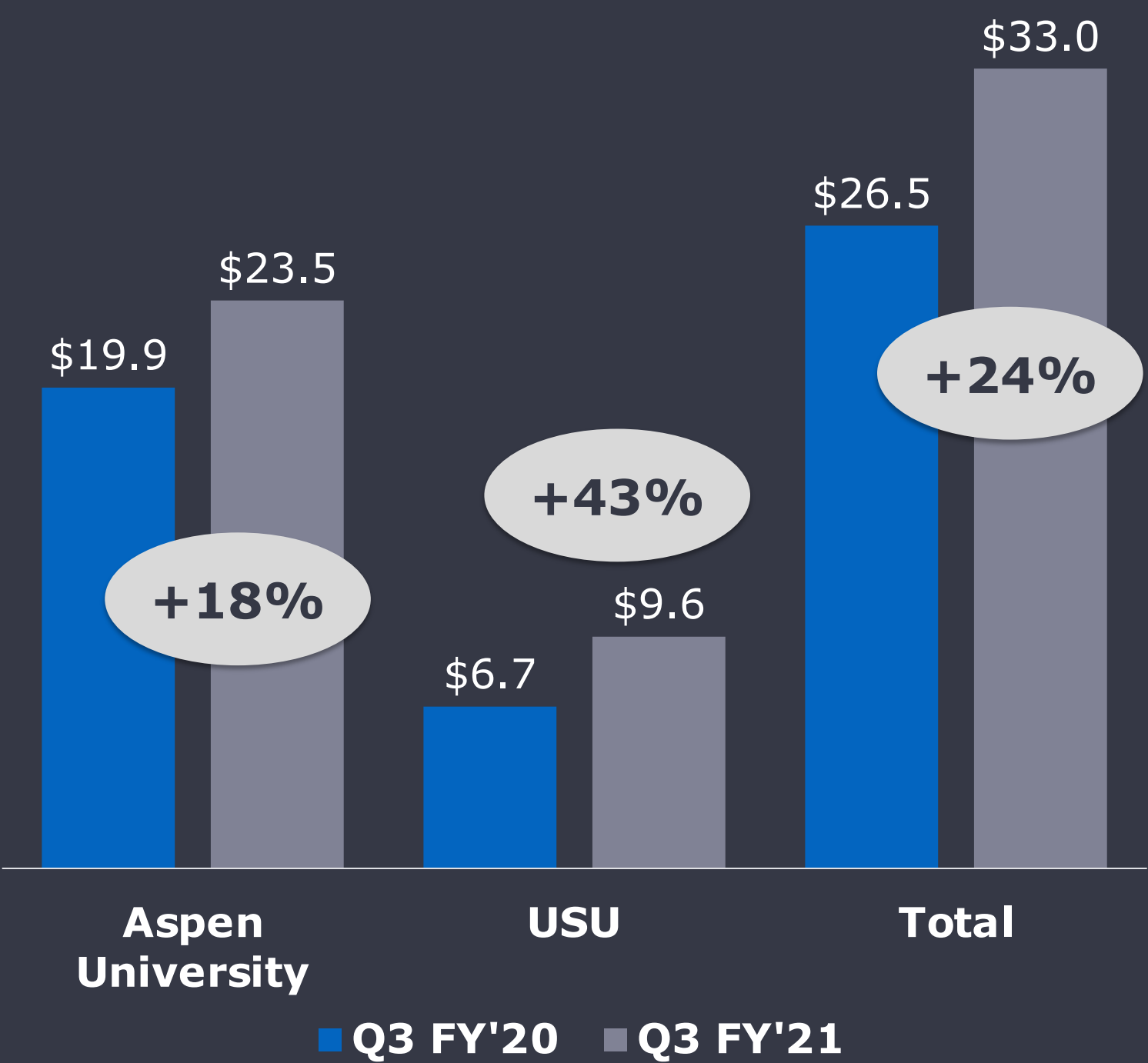
⁵ Marketing Efficiency ratio (MER) defined as revenue-per-enrollment (LTV) divided by cost-per-enrollment (CAC)

Q3 FY'21 High LTV Enrollment Growth Lifted Bookings By 24% and ARPU by 2%

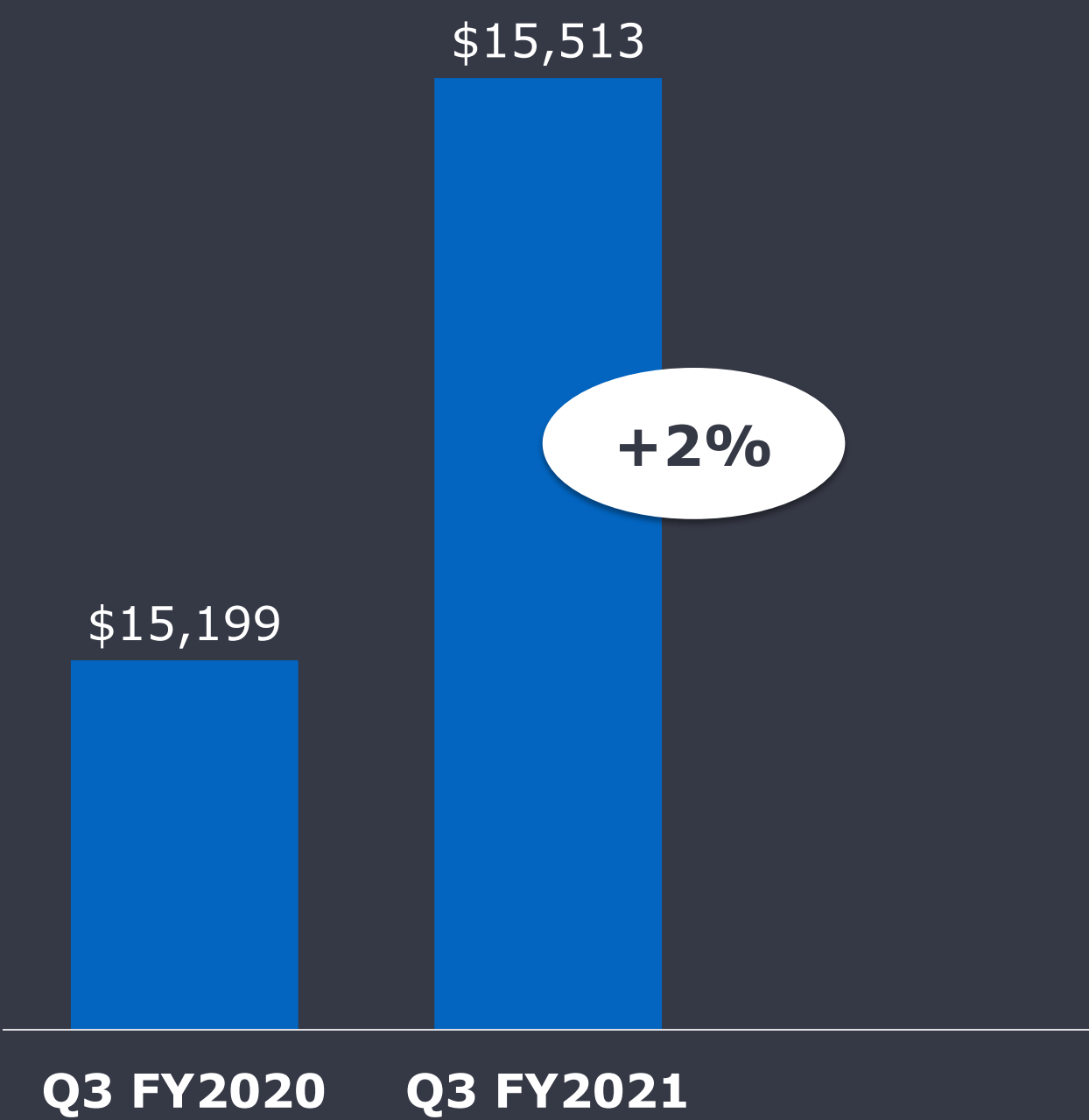
Q3 FY'21 ENROLLMENT



Q3 FY'21 Bookings¹
(in millions)



Q3 FY'21 ARPU²

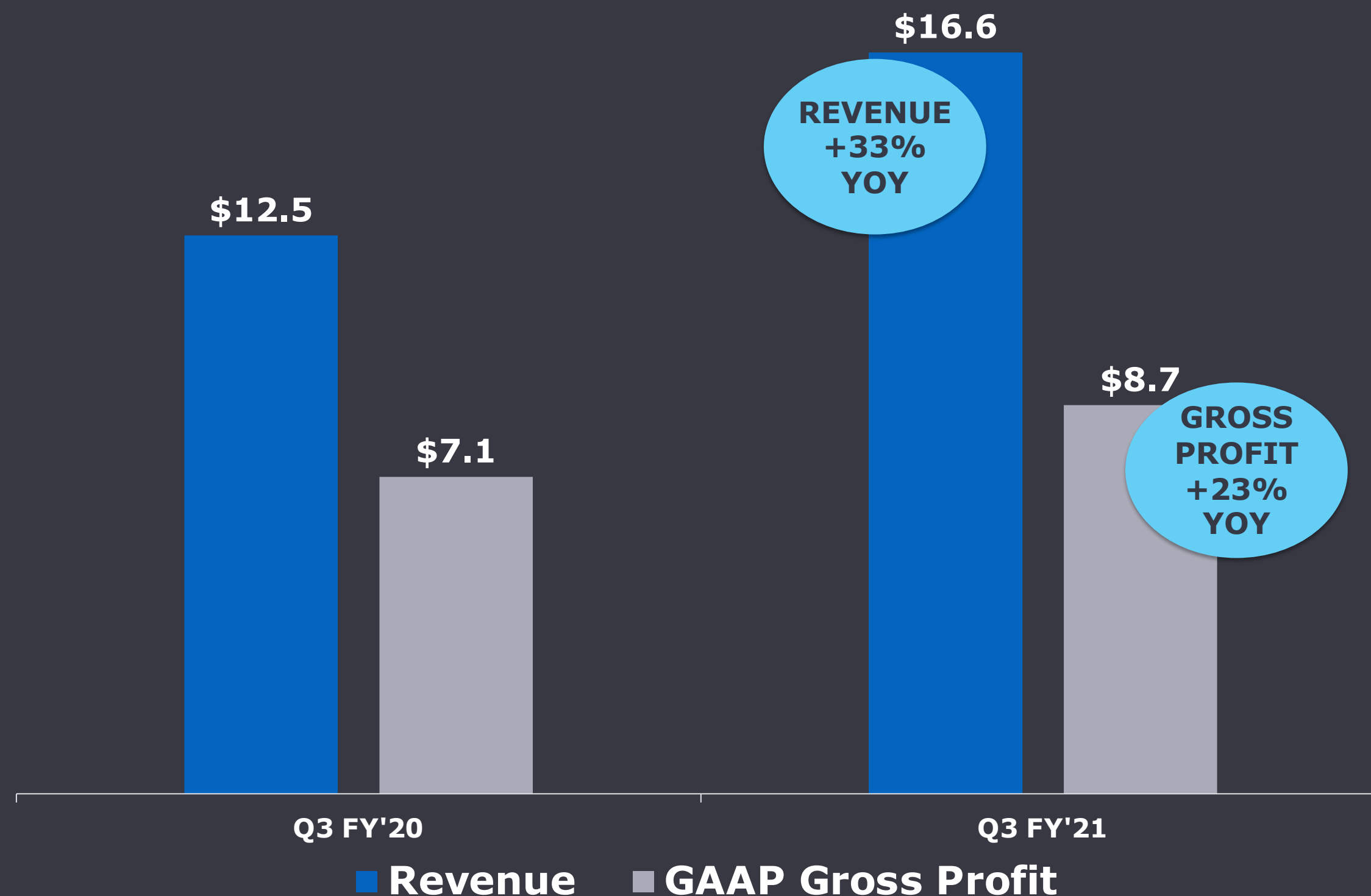


1 Bookings are defined by multiplying LTV by new student enrollments for each operating unit.

2 Average revenue per enrollment (ARPU) is defined by dividing total bookings by total new student enrollments for each operating unit.

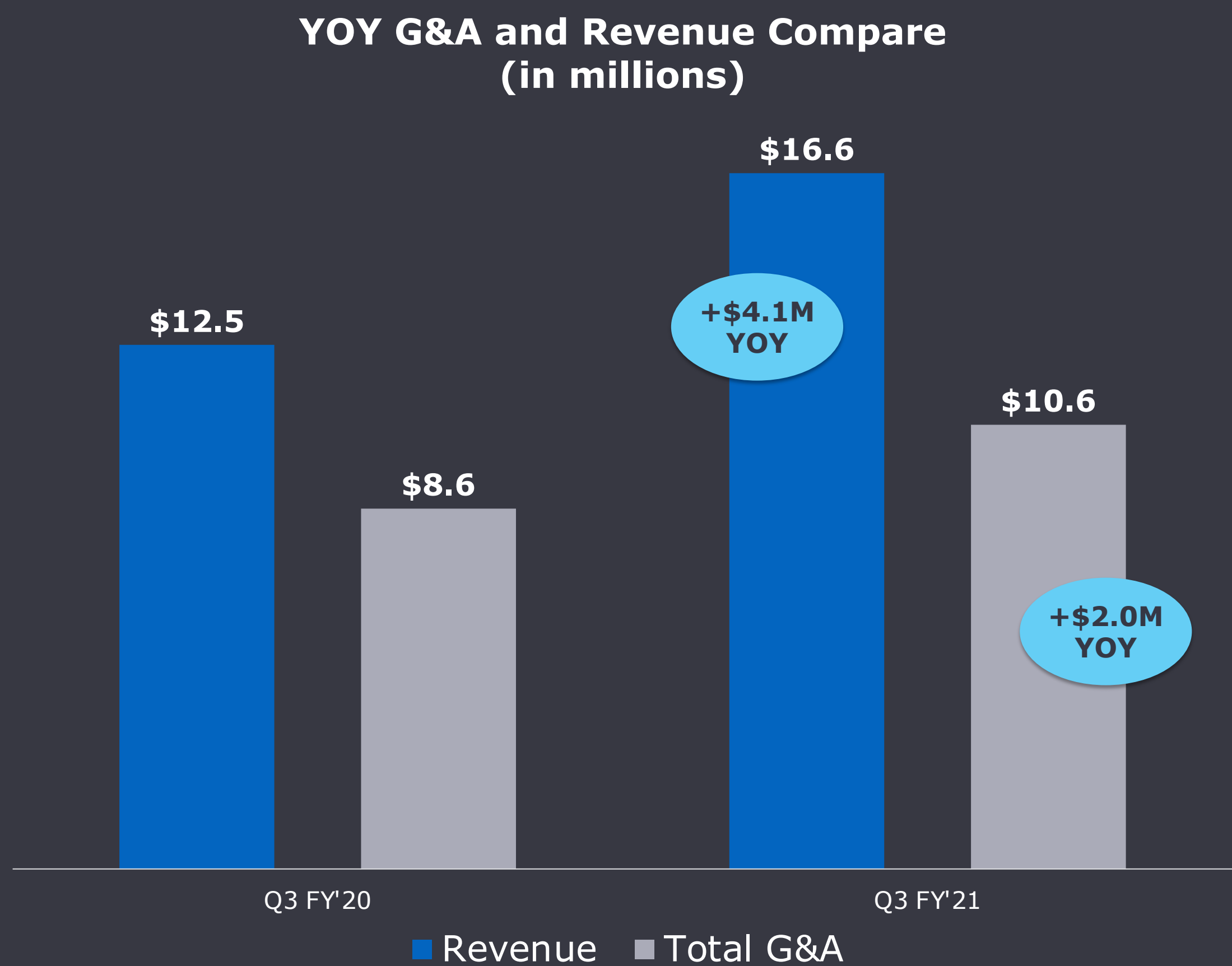
Gross Profit Reflects Growth Spending in Two Newest Metros

Gross Profit and Revenue
Annual Growth Rate Comparison
(in millions)



- Full quarter of growth spending in Austin and Tampa in third quarter impacted gross margin
- PL-BSN and USU revenue exceeded 50% of total revenue – increasing contribution from these units expected to increase future gross margin
- Expect to meet or exceed historical gross margins in future quarters, due to:
 - ✓ Anticipated increased percentage of total revenue coming from these programs
 - ✓ Maintaining marketing spend rate in current range for remainder of FY'21
 - ✓ New campuses maturing

Q3 FY'21 G&A Grew at 49% of Rate of Revenue Growth



- Revenue increased by \$4.1 million
- Total G&A increased by \$2.0 million
- G&A increased on a dollar basis by 49% of the rate of revenue dollar growth, below Company's stated goal of 50%

FISCAL YEAR 2021 KEY METRICS

Increasing enrollments in highest LTV programs while **managing costs** to **achieve** our fiscal year **Adjusted EBITDA** goal

**Annual FY'21 revenue
forecast of 37%-38% growth**



Aspen Group, Inc. Third Quarter Fiscal Year 2021 Financial Results

Q3 FY'21 Income Statement

	Three Months Ended	
	<u>Jan. 31, 2021</u>	<u>Jan. 31, 2020</u>
Revenues	\$ 16,624,837	\$ 12,537,940
Operating expenses:		
Cost of revenues (exclusive of depreciation and amortization shown separately below)	7,559,951	5,163,007
General and administrative	10,644,438	8,625,041
Bad debt expense	670,000	2,547
Depreciation and amortization	535,273	475,393
Total operating expenses	19,409,662	14,265,988
Operating loss	(2,784,825)	(1,728,048)
Other income (expense):		
Interest expense	(33,539)	(571,958)
Other income, net	13,558	34,117
Total other expense, net	(19,981)	(537,841)
Loss before income taxes	(2,804,806)	(2,265,889)
Income tax expense	10,460	15,163
Net Loss	\$ (2,815,266)	\$ (2,281,052)

Q3 FY'21 Net (Loss)/Income, Adjusted EBITDA and EPS for Consolidated and Subsidiaries

	<u>Consolidated</u>	<u>AGI</u>	<u>AU</u>	<u>USU</u>
Net Income/(Loss)	\$ (2,815,266)	\$ (4,537,882)	\$1,375,359	\$347,257
Adjusted EBITDA ¹	\$ (864,927)	\$ (3,792,982)	\$2,471,994	\$456,061
Earnings/(Loss) Per Share, basic & diluted	\$ (0.11)	\$ (0.18)	\$0.06	\$0.01
Weighted Average Shares	24,544,334			

1. Non-GAAP financial measure. See reconciliation to the most comparable GAAP measure on slide 15.

Subsidiary KPIs—Q3 FY'21 Ratios

	<u>Consolidated</u>	<u>AU</u>	<u>USU</u>
Revenues	\$16,624,837	\$11,860,174	\$4,764,663
	Ratios as a Percentage of Total AGI Revenue	Ratios as a Percentage of AU Revenue	Ratios as a Percentage of USU Revenue
Instructional costs and services	24%	22%	27%
Marketing and promotional costs	22%	20%	21%
Depreciation and amortization	3%	4%	1%
General and administrative expenses	64%	36%	44%
GAAP Gross Profit	52%	54%	53%

Q3 FY'21 Net Loss to Adjusted EBITDA Reconciliation

	Three Months Ended January 31, 2021					
	<u>Consolidated</u>	<u>AGI Corporate</u>	<u>Aspen BSN Pre-Licensure</u>	<u>AU Online</u>	<u>AU Total</u>	<u>USU</u>
Net Loss	\$ (2,815,266)	\$ (4,537,882)	\$989,100 ¹	\$386,259	\$1,375,359	\$347,257
Interest expense, net	33,436	33,516	--	--	--	(80)
Taxes	10,460	3,600	--	6,800	6,800	60
Depreciation and amortization	535,273	15,540	25,000	467,303	492,303	27,430
EBITDA	\$ (2,236,097)	\$ (4,485,226)	\$1,014,100 ¹	\$860,362	\$1,874,462	\$374,667
Bad debt expense	670,000	--	--	610,000	610,000	60,000
Stock-based compensation	701,170	692,244	--	(12,468)	(12,468)	21,394
Adjusted EBITDA	\$ (864,927)	\$ (3,792,982)	\$1,014,100 ¹	\$1,457,894	\$2,471,994	\$456,061

¹Aspen's BSN Pre-Licensure program accounted for net income of \$1.0 million (which includes \$1.8 million of net income from the Phoenix metro, offset by the net loss of (\$0.8) million in the Austin and Tampa metros) of the \$1.4 million generated at Aspen University. Aspen's BSN Pre-Licensure program accounted for EBITDA of \$1.0 million of the \$1.9 million EBITDA generated at Aspen University, operating at an EBITDA margin of 28% - the highest margin unit of the Company. Reconciliation from net income to EBITDA and Adjusted EBITDA for the Aspen BSN Pre-Licensure program delivers the same result, as there were no material interest, taxes, depreciation and amortization expenses incurred in this unit.

Q3 FY'21 Reconciliation of Net Income (Loss) to Adjusted Net Income (Loss) and Net Income (Loss) per Share to Adjusted Net Income (Loss) per Share

	Three Months Ended	
	<u>Jan. 31, 2021</u>	<u>Jan. 31, 2020</u>
Net Loss	\$ (2,815,266)	\$ (2,281,052)
Add back:		
Stock-based compensation	701,170	347,210
Non-recurring charges	--	1,010,123
Adjusted Net Loss	\$ (2,114,096)	\$ (923,719)
Earnings (loss) per share	\$ (0.11)	\$ (0.12)
Adjusted Net Loss per Share	\$ (0.09)	\$ (0.05)
Weighted average number of common stock outstanding*	24,544,334	19,420,987

*Same share count used for GAAP and non-GAAP financial measure