



Second Quarter Fiscal Year 2022 Earnings Slides

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Matt LaVay, Chief Financial Officer
December 14, 2021
Nasdaq: ASPU

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

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 our planned lower cash use in the fiscal third and fourth quarters, our expectations regarding bookings, Lifetime Value and costs of enrollment, the timing of our next campus launch, advertisement expenditures, projected reduction in cash consumption, the anticipated impact of changes in growth spend on enrollments, our projected pre-licensure effect on bookings and the costs of enrollment, timing of opening new campuses, our expected increase in future gross margins post COVID-19, our expected increases from our highest LTV businesses, planned advertising spending, the expected time to breakeven for our new campuses, the expected revenue growth from the new campuses, and our ability to control G&A expenses. 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, without limitation, our ability to successfully implement the ‘Aspen 2.0’ business plan and the accuracy of the assumptions used in estimating the results of such implementation, unanticipated issues with, and delays in, launching phase two of our in-house CRM and the continued ability of the CRM to perform as expected, the continued high demand for nurses, the continued effectiveness of our marketing efforts, the effectiveness of our collection efforts and process improvements, our ability to obtain the necessary regulatory approvals to launch our future campuses in a timely fashion or at all, national and local economic factors, including the substantial impact of the COVID-19 pandemic on working nurses and the economy, competition from nursing schools in local markets, the competitive impact from the trend of major non-profit universities using online education, unfavorable regulatory changes, and potential loss of employees as a result of the COVID-19 vaccine mandate. 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, 2021, as amended and supplemented by the Form 10-Q for the three months ended October 31, 2021.

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 slide 4, 14 and 15, 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 December 14, 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.

Q2 FY'22 EXECUTIVE SUMMARY

REVENUE ROSE 12% TO \$18.9 M

Growth driven by highest LTV programs with strong growth from USU, up 26% YOY, and Aspen University PL-BSN growth from its three new metros

35% REDUCTION IN NET LOSS

Aspen 2.0 focused ad spend produced growth in our highest efficiency businesses and helped narrow losses in the quarter

OUTLOOK FOR CASH BALANCE

Cash and cash equivalents of \$11 million at end of Q2 FY'22. Aspen 2.0 and 2H FY'22 forecast expected to reduce cash consumption. Capital raise or additional borrowings not expected in FY'22

SECOND QUARTER FISCAL YEAR 2022 HIGHLIGHTS

(All comparisons are Q2 FY'22 versus Q2 FY'21)

REVENUE

\$18.9M
REVENUES

UP
12%

- Two business units with highest LTV represented 54% of total revenue
- Growth in Pre-Licensure in three new metros and USU's FNP
- COVID headwinds impacted RN student class starts

GROSS PROFIT

\$9.7M
GROSS PROFIT

UP
4%

- Disciplined cost controls...G&A 61% of revenue, down from 66%
- Margin declined 400 bps due to investment in new campus launches
- AU and USU Adjusted EBITDA margins of 18%

NET LOSS

\$(2.9)M
NET LOSS

35%
LOWER

Reduction in net loss

attributable to:

- Opening of three new Pre-Licensure campuses
- Aspen 2.0 increased revenue from high-LTV programs
- Lower advertising costs

Aspen 2.0: Focused Growth Spending and Managing New Investments

Focused “growth spend” on highest efficiency businesses, as defined by return on marketing dollar spent

- Decrease marketing spend on lowest efficiency unit and in Phoenix BSN-PL market:
 - Aspen University legacy online unit (excluding Doctoral)
 - First-year pre-requisite student pipeline in Phoenix metro nearing 1,650 capacity

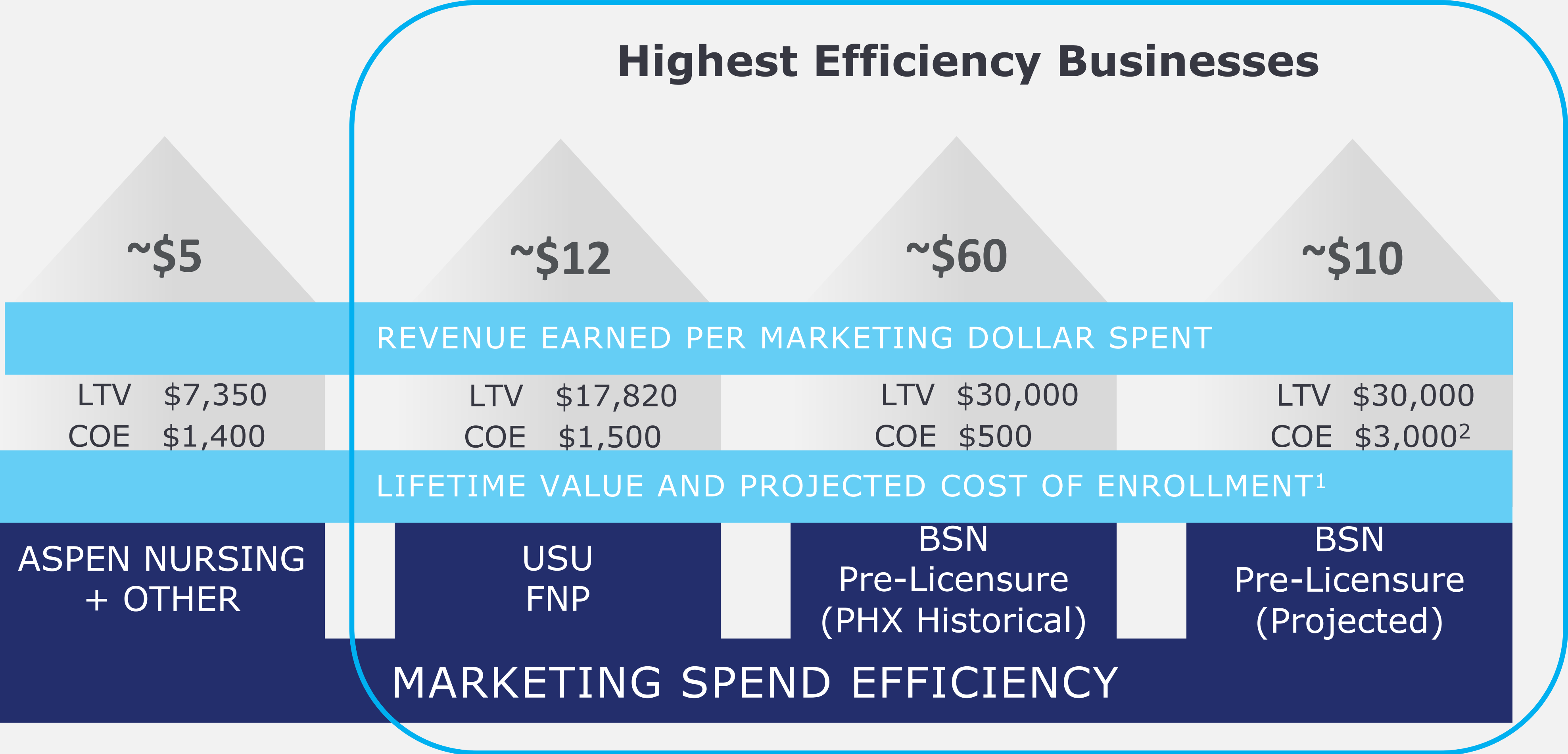
Manage new investments with next BSN Pre-licensure metro launch targeted at end of FY’22

- Expected in Spring 2022
- Targeting Tier 1 market, larger than Phoenix

Notwithstanding the impact of Covid headwinds in the current quarter, the Company continues to pursue its goal of break even on a GAAP basis for the fourth quarter

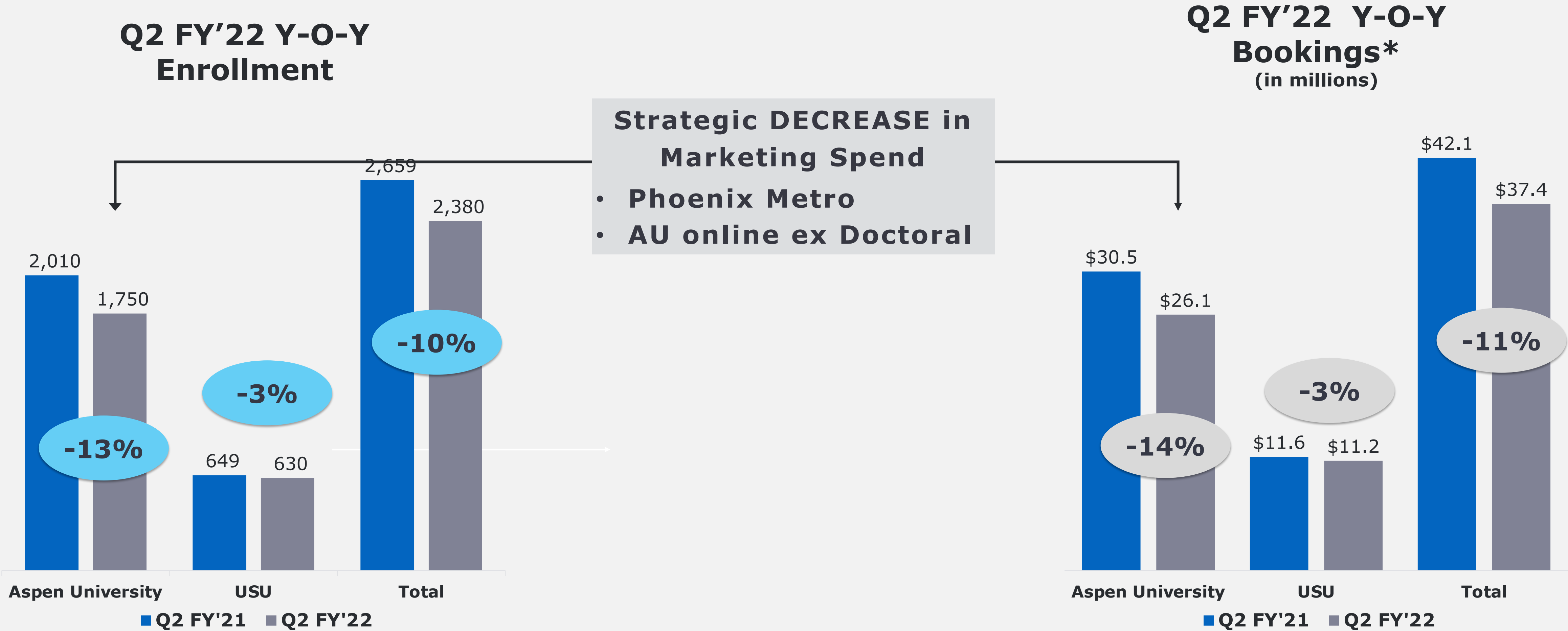
- While the COVID-19 pandemic may continue to impact post-licensure revenue growth, the Company will aggressively manage discretionary G&A spending in the coming months to minimize the impact of any revenue shortfalls.

Aspen 2.0 Business Plan Designed to Deliver Maximum Efficiency



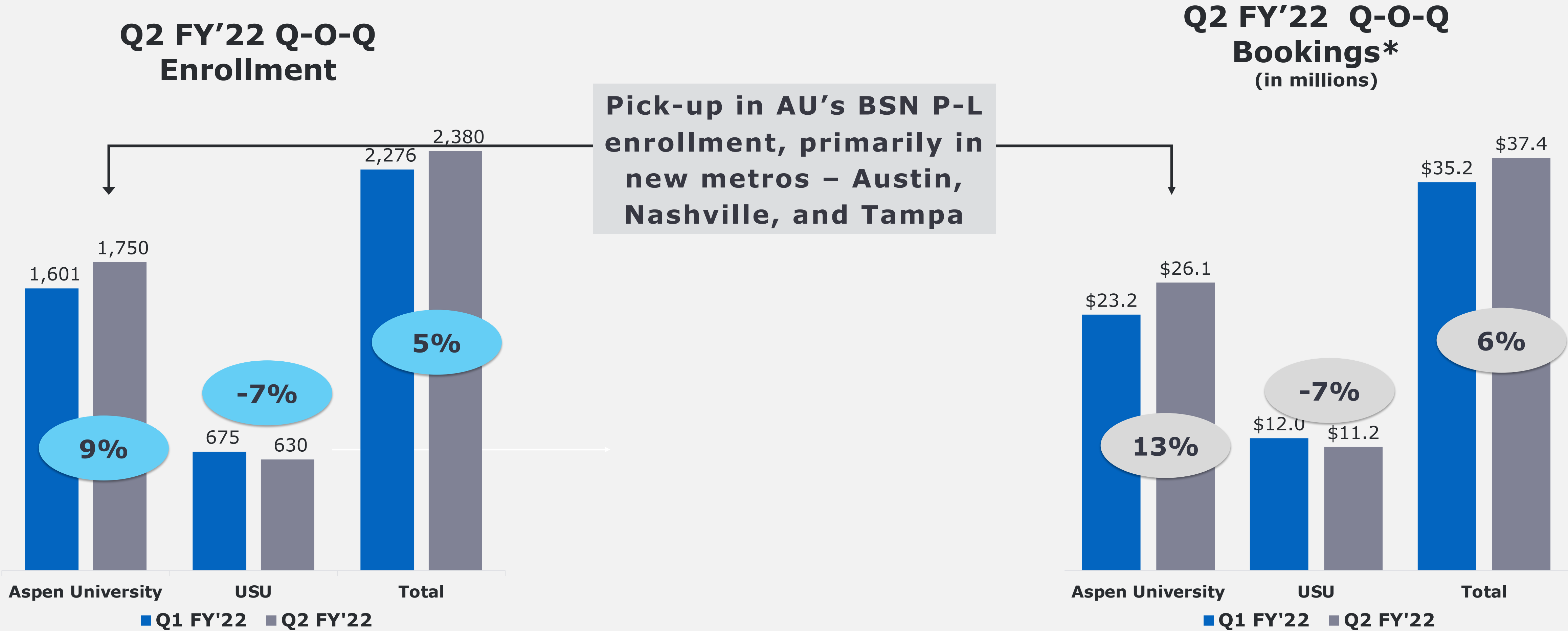
¹ Projected Cost of Enrollment (COE) for FY 2022
² Projected COE in new metros - Austin, Tampa, and Nashville

Q2 FY'22 Enrollment and Bookings Impacted by COVID Delta Variant on Working RN Students and FNP Prospects



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

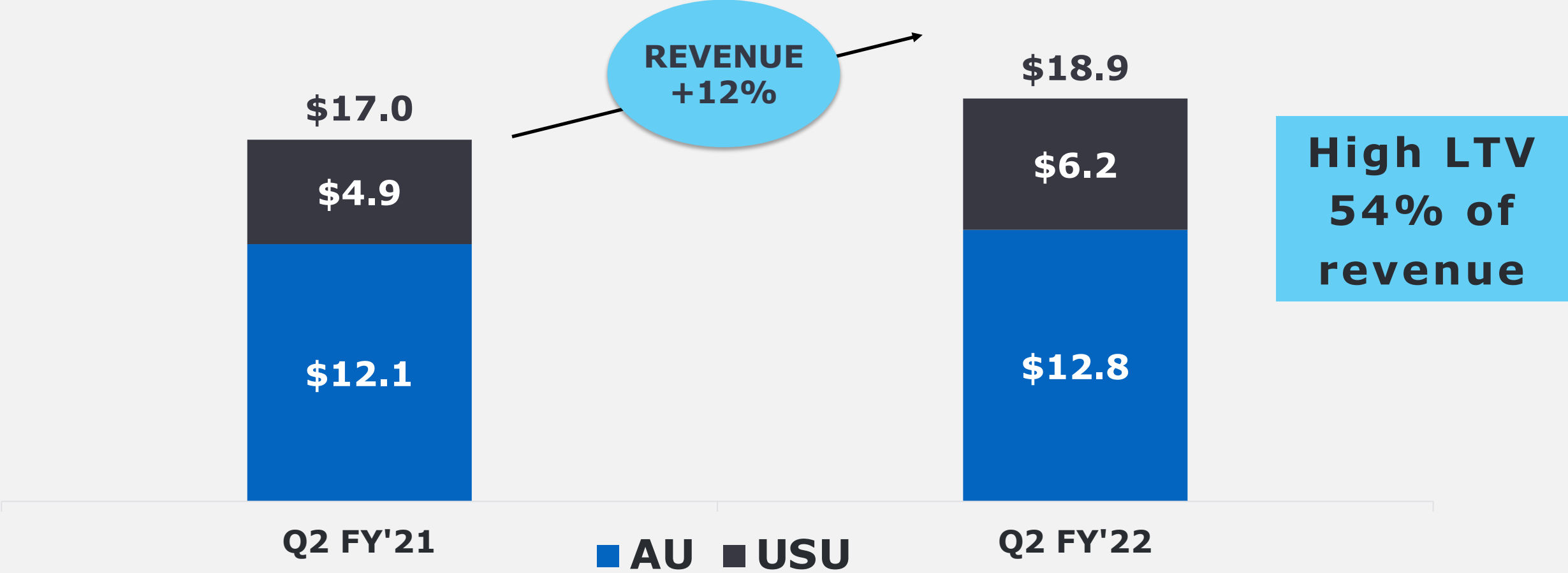
Q2 FY'22 Sequential Total Enrollment and Bookings Lifted by New BSN P-L Campuses



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

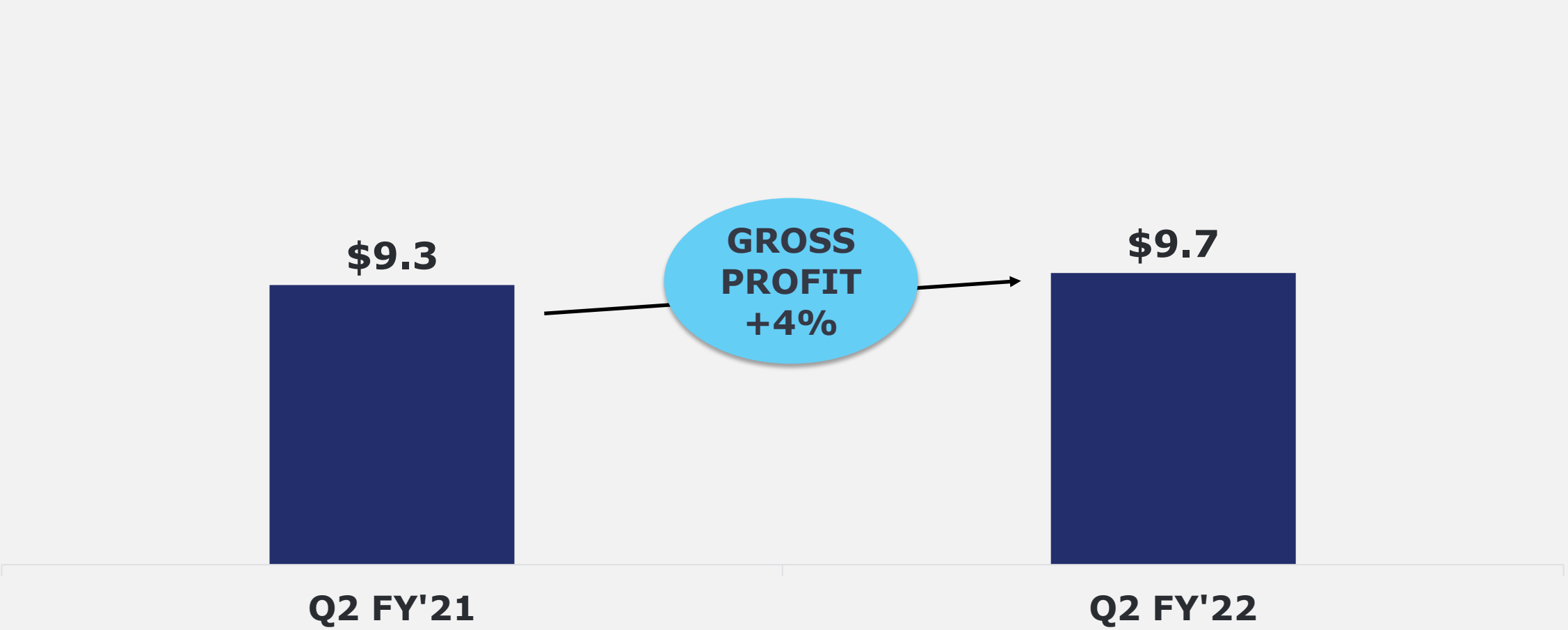
Q2 FY'22 Revenue and Gross Profit

Revenue Y-O-Y Compare
(in millions)



Investment in higher LTV programs driving higher revenue in high-LTV programs to offset COVID impact on post-licensure

Gross Profit Y-O-Y Compare
(in millions)



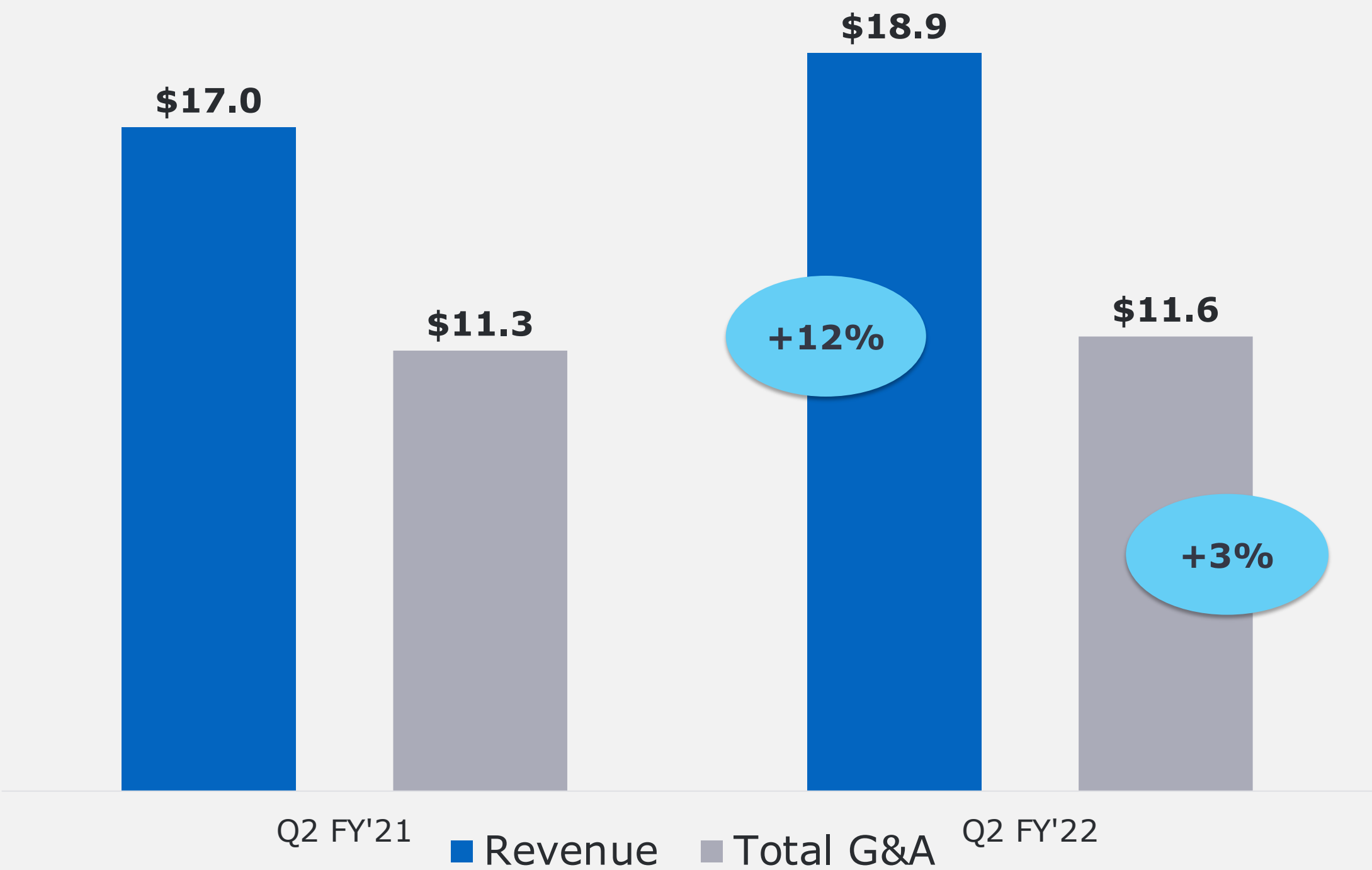
Gross profit up despite decline in margin due to higher instructional and marketing costs for recently launched P-L campuses

Anticipate meeting or exceeding historical gross margins in future quarters once COVID headwinds subside:

- Increased percentage of total revenue coming from BSN P-L and USU FNP
- Aspen 2.0 limits FY2022 YoY advertising spend increase to 12% (support new campuses, high-LTV programs and maintain current Phoenix pipeline)
- New campuses expected to achieve breakeven gross margin after 6 quarters of operation

G&A Returns to Prior Year Levels in Q2 FY'22 with Five Operational BSN-PL Campuses

Q2 FY22 Y-O-Y G&A and Revenue Comparison
(in millions)

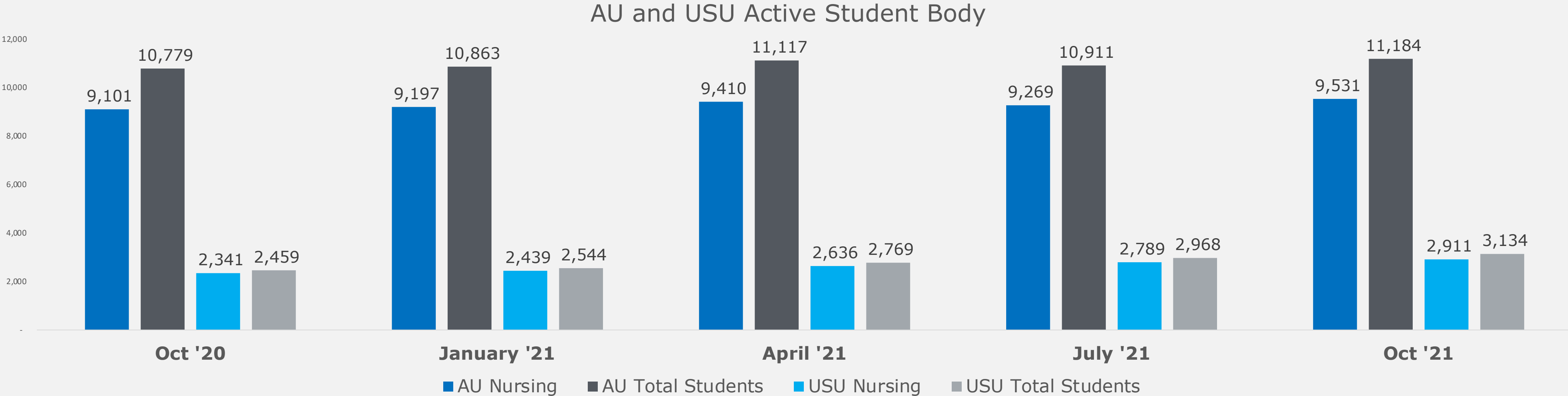


- G&A decreased to 61% of revenue, down from 66%, due to cost controls associated with the Aspen 2.0 business plan
- **Anticipate achieving operational scale going forward, due to:**
 - ✓ Revenue growth from pre-licensure campuses launched in FY 2022 and FY 2023
 - ✓ Continued ability to limit G&A spend increases as we achieve scale with our existing infrastructure
 - ✓ New campuses turning gross margin breakeven after approximately six quarters

AGI Active Student Body Grew 8% to 14,318; Nursing Students Represent 87% of Total Student Body

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

YoY Degree-Seeking Student Body Grew 8%
AU Nursing Student Body +5%
USU Nursing Student Body +24%



*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.



Second Quarter Fiscal Year 2022 Financial Results Tables

Income Statement

	Three Months Ended October 31,		Six Months Ended October 31,	
	2021	2020	2021	2020
Revenue	\$ 18,940,211	\$ 16,971,045	\$ 38,371,206	\$ 32,136,607
Operating expenses:				
Cost of revenue (exclusive of depreciation and amortization shown separately below)	8,789,201	7,324,780	17,382,769	13,172,303
General and administrative	11,641,312	11,285,155	22,587,789	20,078,911
Bad debt expense	350,000	632,000	700,000	1,032,000
Depreciation and amortization	817,234	526,357	1,596,643	1,016,981
Total operating expenses	21,597,747	19,768,292	42,267,201	35,300,195
Operating loss	(2,657,536)	(2,797,247)	(3,895,995)	(3,163,588)
Other income (expense):				
Interest expense	(139,502)	(1,529,668)	(173,041)	(1,985,125)
Other (expense) income, net	(49,320)	(7,080)	502,800	(130,378)
Total other (expense) income, net	(188,822)	(1,536,748)	329,759	(2,115,503)
Loss before income taxes	(2,846,358)	(4,333,995)	(3,566,236)	(5,279,091)
Income tax expense	5,900	36,530	156,910	34,630
Net loss	\$ (2,852,258)	\$ (4,370,525)	\$ (3,723,146)	\$ (5,313,721)
Net loss per share - basic and diluted	\$ (0.11)	\$ (0.19)	\$ (0.15)	\$ (0.23)
Weighted average number of common stock outstanding - basic and diluted	24,957,046	22,791,503	24,935,793	22,763,235

Net Loss to EBITDA and Adjusted EBITDA Reconciliation

	Three Months Ended October 31,		Six Months Ended October 31,	
	2021	2020	2021	2020
Net loss	\$ (2,852,258)	\$ (4,370,525)	\$ (3,723,146)	\$ (5,313,721)
Interest expense, net	138,064	1,529,517	170,196	1,984,740
Taxes	5,900	36,530	156,910	34,630
Depreciation and amortization	817,234	526,357	1,596,643	1,016,981
EBITDA	(1,891,060)	(2,278,121)	(1,799,397)	(2,277,370)
Bad debt expense	350,000	632,000	700,000	1,032,000
Stock-based compensation	722,158	1,831,548	1,264,870	2,318,658
Non-recurring charges - Severance	—	—	19,665	44,000
Non-recurring (income) charges - Other	103,754	—	(394,366)	375,437
Adjusted EBITDA	\$ (715,148)	\$ 185,427	\$ (209,228)	\$ 1,492,725
Net loss Margin	(15)%	(26) %	(10) %	(17)%
Adjusted EBITDA Margin	(4)%	1 %	(1) %	5 %

Reconciliation Of Net Income (Loss) To EBITDA and Adjusted EBITDA By Subsidiary

	Three Months Ended October 31, 2021			
	Consolidated	AGI Corporate	AU	USU
Net income (loss)	\$ (2,852,258)	\$ (5,059,164)	\$ 1,329,813	\$ 877,093
Interest expense, net	138,064	139,239	(739)	(436)
Taxes	5,900	1,249	3,400	1,251
Depreciation and amortization	817,234	38,141	681,107	97,986
EBITDA	(1,891,060)	(4,880,535)	2,013,581	975,894
Bad debt expense	350,000	—	250,000	100,000
Stock-based compensation	722,158	672,967	23,298	25,893
Non-recurring income - Other	103,754	58,325	45,429	—
Adjusted EBITDA	\$ (715,148)	\$ (4,149,243)	\$ 2,332,308	\$ 1,101,787
Net income (loss) Margin	(15)%	NM	10 %	14 %
Adjusted EBITDA Margin	(4)%	NM	18 %	18 %

NM – Not meaningful

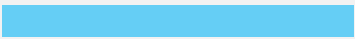
Balance Sheet (Assets)

	October 31, 2021 (Unaudited)	April 30, 2021
Assets		
Current assets:		
Cash and cash equivalents	\$ 10,985,131	\$ 12,472,082
Restricted cash	1,433,397	1,193,997
Accounts receivable, net of allowance of \$3,345,182 and \$3,289,816, respectively	21,309,982	16,724,744
Prepaid expenses	1,577,516	1,077,831
Other current assets	20,631	68,529
Total current assets	35,326,657	31,537,183
Property and equipment:		
Computer equipment and hardware	1,402,006	956,463
Furniture and fixtures	1,976,342	1,705,101
Leasehold improvements	7,057,859	5,729,324
Instructional equipment	608,894	421,039
Software	9,386,352	8,488,635
Construction in progress	900	247,767
	20,432,353	17,548,329
Less: accumulated depreciation and amortization	(6,672,208)	(4,892,987)
Total property and equipment, net	13,760,145	12,655,342
Goodwill	5,011,432	5,011,432
Intangible assets, net	7,907,503	7,908,360
Courseware, net	299,914	187,296
Accounts receivable, net of allowance of \$— and \$625,963, respectively	—	45,329
Long term contractual accounts receivable	12,663,815	10,249,833
Deferred financing costs	117,857	18,056
Operating lease right of use assets, net	13,510,656	12,714,863
Deposits and other assets	515,569	479,212
Total assets	\$ 89,113,548	\$ 80,806,906

Balance Sheet (Liabilities and Stockholders' Equity)

	October 31, 2021 (Unaudited)	April 30, 2021
Liabilities and Stockholders' Equity		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 2,102,624	\$ 1,466,488
Accrued expenses	1,772,808	2,040,896
Deferred revenue	10,191,241	6,825,014
Due to students	3,219,643	2,747,484
Operating lease obligations, current portion	2,145,431	2,029,821
Other current liabilities	96,003	307,921
Total current liabilities	19,527,750	15,417,624
Long-term debt	5,000,000	—
Operating lease obligations, less current portion	17,732,483	16,298,808
Total liabilities	42,260,233	31,716,432
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.001 par value; 1,000,000 shares authorized, 0 issued and 0 outstanding at October 31, 2021 and April 30, 2021	—	—
Common stock, \$0.001 par value; 40,000,000 shares authorized, 25,148,194 issued and 24,992,708 outstanding at October 31, 2021 25,066,297 issued and 24,910,811 outstanding at April 30, 2021	25,149	25,067
Additional paid-in capital	110,526,729	109,040,824
Treasury stock (155,486 at both October 31, 2021 and April 30, 2021)	(1,817,414)	(1,817,414)
Accumulated deficit	(61,881,149)	(58,158,003)
Total stockholders' equity	46,853,315	49,090,474
Total liabilities and stockholders' equity	\$ 89,113,548	\$ 80,806,906

Subsidiary KPIs (Percentage of Revenue)



Three Months Ended October 31, 2021

	<u>Consolidated</u>	<u>AU</u>	<u>USU</u>
Revenue	\$18,940,211	\$12,758,851	\$6,181,360

Percentage of Revenue	<u>Consolidated</u>	<u>AU</u>	<u>USU</u>
Instructional costs	26%	26%	25%
Marketing costs	21%	20%	16%
General and Administrative expenses	61%	36%	41%
Depreciation and Amortization	4%	5%	2%
GAAP Gross Profit	51%	50%	58%



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