

October 11, 2022



Aspen Group, Inc. Cancels Equity Distribution Agreement

NEW YORK, Oct. 11, 2022 (GLOBE NEWSWIRE) -- Aspen Group, Inc. ("AGI") (Nasdaq: ASPU), an education technology holding company, today announced that the Company has canceled the Equity Distribution Agreement that it entered into on August 18, 2022 with Northland Securities, Inc.

"As we discussed in our first quarter fiscal year 2023 earnings call, we implemented a restructuring plan to address the Company's working capital requirements, reduce our cash burn and achieve our operational goals over the next 12 months," stated Michael Mathews, Chairman and CEO. "We are encouraged by the results we are achieving thus far and have concluded that financing with the Equity Distribution Agreement is not needed at this time."

In parallel, AGI has engaged Lampert Capital Advisors to assist with securing an accounts receivable (AR) financing facility to provide working capital to position the Company for future growth among our online post-licensure nursing degree programs.

Restructuring Plan

There are two key components of the Company's restructuring plan announced during its first quarter fiscal year 2023 earnings call on September 13, 2022. The restructuring plan is expected to result in spending reductions of \$4.4 million in the second quarter of fiscal year 2023 and \$4.9 million in the third and fourth quarters of fiscal year 2023.

- First, the Company has scaled back marketing ad spend to a maintenance level of \$150,000 per quarter. This action is expected to result in savings of \$3.6 million in the second quarter of fiscal 2023 and \$3.8 million in each of the third and fourth quarters of fiscal year 2023. The savings estimates are based on a normalized marketing ad spend run rate of \$4.2 million per quarter.
- Second, the Company eliminated approximately 70 positions mostly within G&A functions at Aspen University and AGI. As a result, additional savings of \$750,000 in the second quarter of fiscal 2023 and \$1.1 million in each of the third and fourth quarters of fiscal year 2023 are expected.

The net result is an estimated savings of more than \$14 million through the end of fiscal year 2023.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 including the anticipated savings from the restructuring, reduction of our cash burn and our ability to close an AR facility. 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 enroll new students and generate revenue given the sharp reduction in marketing, the impact of a declining economy, inflation and higher interest rates, the continued attraction of online learning as COVID-19 has receded, student attrition, the competitive impact from the trend of non-profit universities using online education and consolidation among our competitors, and the myriad of risks which may affect our ability to close an accounts receivable financing ranging from locating a willing lender to contractual difficulties including covenants which prevent us from closing a facility. Other risks are included in our filings with the SEC including our Form 10-K for the year ended April 30, 2022. 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. For more information, visit www.aspu.com.

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Source: Aspen Group Inc.