

January 18, 2024



Aspen Group Reports Revenue of \$13.8 Million for Second Quarter Fiscal 2024

Q2 Fiscal 2024 Highlights

- Gross margin increased by 300 basis points to 63%
- Operating loss improved 66% to (\$0.5) million from (\$1.5) million
- Narrowed net loss to (\$1.6) million from (\$2.3) million
- 4th consecutive quarter of positive EBITDA; generated positive cash from operations
- AGI total enrollment grew by 5% YoY and 34% sequentially; USU enrollment rose by 8% YoY

NEW YORK, Jan. 18, 2024 (GLOBE NEWSWIRE) -- Aspen Group, Inc. (OTCQB: ASPU) ("AGI" or the "Company"), an education technology holding company, today announced financial results for its second quarter fiscal year 2024 ended October 31, 2023.

Second Quarter Fiscal Year 2024 Summary Results

\$ in millions, except per share data	Three Months Ended October 31,		Six Months Ended October 31,	
	2023	2022	2023	2022
Revenue	\$ 13.8	\$ 17.1	\$ 28.5	\$ 36.0
Gross Profit ¹	\$ 8.7	\$ 10.2	\$ 18.5	\$ 18.4
Gross Margin (%) ¹	63%	60%	65%	51%
Operating Income (Loss)	\$ (0.5)	\$ (1.5)	\$ (0.2)	\$ (4.7)
Net Income (Loss)	\$ (1.6)	\$ (2.3)	\$ (2.3)	\$ (6.0)
Earnings (Loss) per Share	\$ (0.06)	\$ (0.09)	\$ (0.09)	\$ (0.24)
EBITDA ²	\$ 0.4	\$ (0.6)	\$ 1.8	\$ (2.8)
Adjusted EBITDA ²	\$ 1.1	\$ 0.5	\$ 3.0	\$ (0.6)

¹ GAAP gross profit calculation includes marketing and promotional costs, instructional costs and services, and amortization expense of \$0.5 million and \$0.5 million, and \$1.0 million and \$1.0 million for the three and six months ended October 31, 2023 and 2022, respectively.

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

"In the second quarter of fiscal year 2024, we narrowed our net loss by 30% on a year-over-year basis, delivered our fourth consecutive quarter of positive EBITDA and generated cash from operations," said Michael Mathews, Chairman and CEO of AGI. "Healthcare industry dynamics continue to create high demand for postgraduate nursing degrees from RNs. Notably, enrollments at Aspen University and United States University increased over the

past two quarters with minimal internet marketing spend, a testament to the value of our programs and the strength of our university brands. As we near completion of the Aspen University pre-licensure program teach-out, we remain focused on sustaining positive cash flow from operations. We anticipate the pre-licensure teach-out will be substantially completed in Arizona by the end of January and completed in all other states by mid-year 2024.”

Mr. Mathews concluded, “Currently, we are graduating our final, and largest cohorts from the Phoenix pre-licensure program, and I am thrilled to announce that the NCLEX first-time pass rate in Arizona for the fourth calendar quarter ended December 31, 2023 has increased to 89% (N=93/105). The improvement reflects our ongoing commitments to increased program rigor and improved student test preparation.”

Fiscal Q2 2024 Financial and Operational Results (compared to Fiscal Q2 2023)

Revenue decreased by 19% to \$13.8 million compared to \$17.1 million. The following table presents the Company’s revenue, both per-subsidary and total:

	Three Months Ended October 31,			
	2023	\$ Change	% Change	2022
AU	\$ 7,293,124	\$ (3,048,779)	(29)%	\$ 10,341,903
USU	6,535,723	(196,921)	(3)%	6,732,644
Revenue	\$ 13,828,847	\$ (3,245,700)	(19)%	\$ 17,074,547

Aspen University's (“AU”) revenue decline of \$3.0 million, or 29%, reflects the enrollment stoppage at the pre-licensure program campuses, which accounted for \$2.3 million of the decrease, and lower post-licensure enrollments in prior quarters as a result of the decrease in marketing spend initiated in late Q1 Fiscal 2023. The active student body at AU decreased by 29% year-over-year to 5,679 at October 31, 2023 from 7,973 at October 31, 2022.

United States University (“USU”) revenue was down 3% compared to the prior period. MSN-FNP program enrollments decreased in previous quarters 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, and by tuition increases. The active student body at USU decreased by 8% to 2,733 at October 31, 2023 from 2,984 at October 31, 2022.

GAAP gross profit decreased 15% to \$8.7 million compared to \$10.2 million primarily due to lower revenue associated with the teach-out of the pre-licensure program.

Gross margin was 63% compared to 60%. AU's gross margin was 61% versus 60%, and USU's gross margin was 67% versus 67%. The increase in gross margin is the result of lower marketing spend and lower instructional costs and services associated with the enrollment stoppage in the pre-licensure program.

AU instructional costs and services represented 31% of AU revenue, and USU instructional costs and services represented 30% of USU revenue. AU marketing and promotional costs represented 3% of AU revenue, and USU marketing and promotional costs represented 2% of USU revenue.

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

	Three Months Ended October 31, 2023			
	Consolidated	AGI Corporate	AU	USU
Net income (loss)	\$ (1,611,813)	\$ (3,807,821)	\$ 581,707	\$ 1,614,301
Net loss per share	\$ (0.06)			

	Three Months Ended October 31, 2022			
	Consolidated	AGI Corporate	AU	USU
Net income (loss)	\$ (2,293,640)	\$ (5,150,209)	\$ 1,067,885	\$ 1,788,684
Net loss per share	\$ (0.09)			

The following tables present the Company's Non-GAAP Financial 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 October 31, 2023			
	Consolidated	AGI Corporate	AU	USU
EBITDA	\$419,073	\$(2,680,982)	\$1,339,102	\$1,760,953
EBITDA Margin	3%	NM	18%	27%
Adjusted EBITDA	\$1,087,205	\$(2,487,843)	\$1,585,674	\$1,989,374
Adjusted EBITDA Margin	8%	NM	22%	30%

NM – Not meaningful

	Three Months Ended October 31, 2022			
	Consolidated	AGI Corporate	AU	USU
EBITDA	\$(603,364)	\$(4,362,762)	\$1,852,192	\$1,907,206
EBITDA Margin	(4)%	NM	18%	28%
Adjusted EBITDA	\$537,339	\$(3,726,004)	\$2,114,530	\$2,148,813
Adjusted EBITDA Margin	3%	NM	20%	32%

EBITDA improved by \$1.0 million in Fiscal Q2 2024 to \$0.4 million from a loss of \$0.6 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 Q2 2024 EBITDA are general and administrative spend reductions of approximately \$2.5 million, including \$1.5 million related to decreased headcount associated with the restructuring plans. Additionally, marketing spend reductions of approximately \$0.5 million are included in Q2 2024 EBITDA. Total EBITDA for the last four fiscal quarters was \$2.7 million, as depicted in the table below:

	Q3'23	Q4'23	Q1'24	Q2'24	TTM
Net loss	\$ (1,555,040)	\$ (783,954)	\$ (639,438)	\$ (1,611,813)	\$ (4,590,245)
EBITDA	\$ 116,162	\$ 812,041	\$ 1,344,405	\$ 419,073	\$ 2,691,681

TTM – Trailing twelve months

Operating Metrics

New Student Enrollments

Total enrollments for AGI increased 5% from Q2 Fiscal '23 and 34% sequentially, despite

the reduction in internet advertising spend across all programs to maintenance levels. The increase in enrollments reflects the demand for postgraduate nursing degrees, our unique and affordable monthly payment plans and students obtaining legacy pricing prior to September 2023 tuition price increases. By the end of Fiscal '24, we anticipate the resumption of marketing spend to a level necessary to provide enrollments needed to resume growth of the student body in fiscal 2025 while allowing for the generation of positive operating cash flow.

New student enrollments for the past five quarters are shown below:

	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24
Aspen University	784	695	574	626	808
USU	506	374	360	389	548
Total	1,290	1,069	934	1,015	1,356

New student enrollments, bookings and ARPU for Q2'24 versus Q2'23 are shown below (rounding differences may occur):

First Quarter Bookings ¹ and Average Revenue Per Enrollment (ARPU) ¹					
	Q2'23 Enrollments	Q2'23 Bookings ¹	Q2'24 Enrollments	Q2'24 Bookings ¹	Percent Change Total Bookings & ARPU ¹
Aspen University	784	\$ 8,450,250	808	\$ 6,663,300	
USU	506	9,016,920	548	9,765,360	
Total	1,290	\$ 17,467,170	1,356	\$ 16,428,660	(6)%
ARPU		\$ 13,540		\$ 12,116	(11)%

¹ "Bookings" are defined by multiplying Lifetime Value (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:

	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24
Aspen University	7,973	7,232	6,670	6,001	5,679
USU	2,984	2,724	2,729	2,590	2,733
Total	10,957	9,956	9,399	8,591	8,412

Nursing Students

As of October 31, 2023, 6,902 of 8,412, or 82%, of all active students across both universities are degree-seeking nursing students. Of the students seeking nursing degrees, 6,624 are RNs studying to earn an advanced degree, including 4,192 at Aspen University and 2,432 at USU. The remaining 278 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.

	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24
Aspen University	6,640	5,899	5,392	4,766	4,470
USU	2,752	2,450	2,490	2,349	2,432
Total	9,392	8,349	7,882	7,115	6,902

Liquidity

On October 31, 2023, the Company had unrestricted cash of \$1.9 million and restricted cash of \$4.1 million. Included in the unrestricted cash balance is \$1.5 million related to the Second Amendment to the 15% Debentures under which the purchasers agreed to unrestrict \$1.5 million of restricted cash associated with the Debentures. Subsequent to the closing of the quarter, AGI received \$1 million from the reduction of the surety bond required by the state of Arizona. Additionally, prior to the end of January 2024, the Company is anticipating a \$3.9 million student financial aid reimbursement from the Department of Education ("DoE") which will allow the Company to pay down \$1.5 million of the Debenture principal. After the Debenture principal repayment, the unrestricted cash balance is projected to exceed \$2.0 million. Variability in the unrestricted cash balance is primarily due to the timing of financial aid reimbursements from the DoE under the Heightened Cash Monitoring 2 ("HCM2") method of financial aid reimbursement. HCM2 requires the Company to make disbursements to students from its own institutional funds, and a request is then submitted to the DoE for reimbursement of those funds.

Cash provided by operations in Q2 Fiscal '24 was \$0.4 million due to the receipt of HCM2 payments, and management believes the Company is positioned to continue generating positive operating cash flows during the remainder of Fiscal 2024 as a result of ongoing HCM2 cash receipts and ongoing cost controls. Cash used in operations for the six months ended October 31, 2023 was \$4.2 million. The Company generated approximately \$0.8 million of cash from the net loss adjusted for non-cash activities and used approximately \$5.0 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 related to increased enrollments.

Additional Information

For additional information on the financial statements and performance, please refer to the Aspen Group, Inc. Quarterly Report for the second quarter of fiscal year 2024 published on the Company's website at www.aspu.com, or the OTC Markets Aspen Group Quote page under the [Disclosure](#) tab.

Conference Call

Aspen Group, Inc. will host a conference call to discuss its second quarter fiscal year 2024 results and business outlook on Thursday, January 18, 2024, at 4:30 pm ET. Aspen Group, Inc. will issue a press release reporting results after the market closes on that day. The conference call can be accessed by dialing toll-free (877) 704-4453 (U.S.) or (201) 389-0920 (International), passcode 13743216.

Subsequent to the call, a transcript of the audio cast will be available from the Company's website at www.aspu.com. There will also be a seven-day dial-in replay which can be

accessed by dialing toll-free (844) 512-2921 (U.S.) or (412) 317-6671 (International), passcode 13743216.

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; (3) severance; and (4) non-recurring charges or income. The following table presents a reconciliation of net income (loss) to EBITDA and Adjusted EBITDA and of net income (loss) margin to the Adjusted EBITDA margin:

	Three Months Ended				
	October 31, 2022	January 31, 2023	April 31, 2023	July 31, 2023	October 31, 2023
Net loss	\$ (2,293,640)	\$ (1,555,040)	\$ (783,954)	\$ (639,438)	\$ (1,611,813)
Interest expense, net	708,705	714,801	639,517	936,460	1,040,720
Taxes	46,501	37,249	22,677	84,171	40,076
Depreciation and amortization	935,070	919,152	933,801	963,212	950,090
EBITDA	(603,364)	116,162	812,041	1,344,405	419,073
Bad debt expense	450,000	450,000	450,000	450,000	450,000
Stock-based compensation	458,336	394,510	387,452	87,449	218,132
Severance	—	—	149,043	—	—
Non-recurring charges - Other	232,367	—	—	—	—
Adjusted EBITDA	\$ 537,339	\$ 960,672	\$ 1,798,536	\$ 1,881,854	\$ 1,087,205
Net loss Margin	(13)%				(12)%
Adjusted EBITDA Margin	(3)%				8%

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 October 31, 2023			
	Consolidated	AGI Corporate	AU	USU
Net income (loss)	\$ (1,611,813)	\$ (3,807,821)	\$ 581,707	\$ 1,614,301
Interest expense, net	1,040,720	1,040,720	—	—
Taxes	40,076	7,997	18,601	13,478
Depreciation and amortization	950,090	78,122	738,794	133,174
EBITDA	419,073	(2,680,982)	1,339,102	1,760,953
Bad debt expense	450,000	—	225,000	225,000
Stock-based compensation	218,132	193,139	21,572	3,421
Adjusted EBITDA	\$ 1,087,205	\$ (2,487,843)	\$ 1,585,674	\$ 1,989,374
Net income (loss) Margin	(12)%	NM	8%	25%
Adjusted EBITDA Margin	8%	NM	22%	30%

NM – Not meaningful

	Three Months Ended October 31, 2022			
	Consolidated	AGI Corporate	AU	USU
Net income (loss)	\$ (2,293,640)	\$ (5,150,209)	\$ 1,067,885	\$ 1,788,684
Interest expense, net	708,705	710,237	(1,239)	(293)
Taxes	46,501	8,350	27,776	10,375
Depreciation and amortization	935,070	68,860	757,770	108,440
EBITDA	(603,364)	(4,362,762)	1,852,192	1,907,206
Bad debt expense	450,000	—	225,000	225,000
Stock-based compensation	458,336	404,391	37,338	16,607
Non-recurring charges - Other	232,367	232,367	—	—
Adjusted EBITDA	\$ 537,339	\$ (3,726,004)	\$ 2,114,530	\$ 2,148,813
Net income (loss) Margin	(13)%	NM	10%	27%
Adjusted EBITDA Margin	3%	NM	20%	32%

Definitions

Lifetime Value ("LTV") – is calculated as 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 – is defined by multiplying LTV by new student enrollments for each operating

unit.

Average Revenue per Enrollment ("ARPU") – is defined by dividing total bookings by total enrollments.

Adjusted EBITDA Margin – is 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 our liquidity, receipt of payment from the U.S. Department of Education, our continuing generating positive cash flow from operations, and our estimates as to Lifetime Value, bookings and ARPU, changes in enrollments and the expected use of proceeds from the drawdown under the revolving credit 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 the continued demand of nursing students and for new programs, student attrition, national and local economic factors including the potential impact of COVID-19, influenza and other respiratory viruses on the economy, the effectiveness of our future marketing campaigns, our reliance on third parties which may have differing priorities, the continued government spending on healthcare, any regulatory risks including the reauthorization of Aspen University by its accreditor, continued improvement in NCLEX scores, competition from nursing schools in local markets, the competitive impact from the trend of major non-profit universities using online education and consolidation among our competitors. 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.

Investor Relations Contact

Kim Rogers
Managing Director
Hayden IR

GAAP Financial Statements

ASPEN GROUP, INC. AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS

	October 31, 2023	April 30, 2023
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,906,332	\$ 1,353,635
Restricted cash	4,100,000	4,370,832
Accounts receivable, net of allowance of \$3,862,420 and \$3,506,895, respectively	22,654,843	22,121,237
Prepaid expenses	629,040	609,900
Other current assets	4,921,735	3,068,918
Total current assets	<u>34,211,950</u>	<u>31,524,522</u>
Property and equipment:		
Computer equipment and hardware	1,643,665	1,655,130
Furniture and fixtures	2,190,450	2,169,090
Leasehold improvements	8,052,440	8,055,363
Instructional equipment	756,568	756,568
Software	12,180,811	11,648,505
	<u>24,823,934</u>	<u>24,284,656</u>
Less: accumulated depreciation and amortization	<u>(13,765,150)</u>	<u>(11,922,435)</u>
Total property and equipment, net	11,058,784	12,362,221
Goodwill	5,011,432	5,011,432
Intangible assets, net	7,900,000	7,900,000
Courseware, net	360,628	291,438
Long-term contractual accounts receivable	17,334,007	13,004,428
Deferred financing costs	—	73,897
Operating lease right-of-use assets, net	12,585,726	13,431,074
Deposits and other assets	594,566	210,536
Total assets	<u>\$ 89,057,093</u>	<u>\$ 83,809,548</u>

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

	<u>October 31, 2023</u>	<u>April 30, 2023</u>
	(Unaudited)	
Liabilities and Stockholders' Equity		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 2,916,185	\$ 2,250,902
Accrued expenses	2,921,285	2,355,370
Advances on tuition	2,377,593	2,975,680
Deferred tuition	4,762,952	2,892,333
Due to students	2,535,736	2,624,831
Current portion of long-term debt	4,684,290	5,000,000
Operating lease obligations, current portion	2,497,946	2,502,810
Other current liabilities	688,268	109,328
Total current liabilities	<u>23,384,255</u>	<u>20,711,254</u>
Long-term debt, net	15,535,401	10,000,000
Operating lease obligations, less current portion	<u>16,311,827</u>	<u>17,551,512</u>
Total liabilities	55,231,483	48,262,766
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.001 par value; 1,000,000 shares authorized, 0 issued and 0 outstanding at October 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 October 31, 2023 25,592,802 issued and 25,437,316 outstanding at April 30, 2023	24,061	25,593
Additional paid-in capital	112,144,189	113,429,992
Treasury stock (0 shares at October 31, 2023 and 155,486 shares at April 30, 2023)	—	(1,817,414)
Accumulated deficit	(78,342,640)	(76,091,389)
Total stockholders' equity	<u>33,825,610</u>	<u>35,546,782</u>
Total liabilities and stockholders' equity	<u>\$ 89,057,093</u>	<u>\$ 83,809,548</u>

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

	<u>Three Months Ended October 31,</u>		<u>Six Months Ended October 31,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	\$ 13,828,847	\$ 17,074,547	\$ 28,468,719	\$ 35,968,460
Operating expenses:				
Cost of revenue (exclusive of depreciation and amortization shown separately below)	4,584,193	6,347,008	8,977,048	16,552,559
General and administrative	8,371,546	10,883,118	16,842,424	21,415,138
Bad debt expense	450,000	450,000	900,000	800,000
Depreciation and amortization	950,090	935,070	1,913,302	1,856,178
Total operating expenses	<u>14,355,829</u>	<u>18,615,196</u>	<u>28,632,774</u>	<u>40,623,875</u>
Operating loss	(526,982)	(1,540,649)	(164,055)	(4,655,415)
Other income (expense):				
Interest expense	(1,040,720)	(710,372)	(1,977,201)	(1,291,665)
Other (expense) income, net	(4,035)	3,882	14,252	15,291
Total other expense, net	<u>(1,044,755)</u>	<u>(706,490)</u>	<u>(1,962,949)</u>	<u>(1,276,374)</u>
Loss before income taxes	(1,571,737)	(2,247,139)	(2,127,004)	(5,931,789)
Income tax expense	<u>40,076</u>	<u>46,501</u>	<u>124,247</u>	<u>76,822</u>
Net loss	<u>\$ (1,611,813)</u>	<u>\$ (2,293,640)</u>	<u>\$ (2,251,251)</u>	<u>\$ (6,008,611)</u>
Net loss per share - basic and diluted	<u>\$ (0.06)</u>	<u>\$ (0.09)</u>	<u>\$ (0.09)</u>	<u>\$ (0.24)</u>
Weighted average number of common stock outstanding - basic and diluted	25,548,046	25,282,947	25,557,646	25,242,833

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

	Six Months Ended October 31,	
	2023	2022
	(Unaudited)	(Unaudited)
Cash flows from operating activities:		
Net loss	\$ (2,251,251)	\$ (6,008,611)
Adjustments to reconcile net loss to net cash used in operating activities:		
Bad debt expense	900,000	800,000
Depreciation and amortization	1,913,302	1,856,178
Stock-based compensation	305,581	504,666
Amortization of warrant-based cost	14,000	14,000
Amortization of deferred financing costs	156,020	269,133
Amortization of debt discounts	193,020	59,000
Non-cash lease benefit	(399,201)	(229,809)
Common stock issued for services	—	24,500
Tenant improvement allowances	—	418,280
Changes in operating assets and liabilities:		
Accounts receivable	(5,763,185)	(3,761,463)
Prepaid expenses	(19,140)	(242,310)
Other current assets	(1,852,817)	(26,956)
Deposits and other assets	(384,030)	41,608
Accounts payable	665,283	921,112
Accrued expenses	565,915	326,053
Due to students	(89,095)	(898,160)
Advances on tuition and deferred tuition	1,272,532	2,882,106
Other current liabilities	578,940	424,685
Net cash used in operating activities	(4,194,126)	(2,625,988)
Cash flows from investing activities:		
Purchases of courseware and accreditation	(120,863)	(48,532)
Disbursements for reimbursable leasehold improvements	—	(418,280)
Purchases of property and equipment	(558,565)	(842,044)
Net cash used in investing activities	(679,428)	(1,308,856)
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)	—
Repayment of portion of 15% Senior Secured Debentures	(100,000)	—
Payments of deferred financing costs	(744,581)	(60,833)
Payment of commitment fee for 2022 Credit Facility	—	(200,000)
Proceeds from sale of common stock, net of underwriter costs	—	9,535
Net cash provided by (used in) financing activities	5,155,419	(251,298)

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

	Six Months Ended October 31,	
	2023	2022
	(Unaudited)	(Unaudited)
Net increase (decrease) in cash, cash equivalents and restricted cash	\$ 281,865	\$ (4,186,142)
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	<u>\$ 6,006,332</u>	<u>\$ 8,730,005</u>
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 1,639,701	\$ 802,167
Cash paid for income taxes	<u>\$ 24,525</u>	<u>\$ 22,522</u>
Supplemental disclosure of non-cash investing and financing activities:		
Warrants issued as part of the 15% Senior Secured Debentures	\$ 154,000	\$ —
Warrants issued as part of the 15% Senior Secured Debentures as amended	<u>\$ 56,496</u>	<u>\$ —</u>

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:

	October 31,	
	2023	2022
	(Unaudited)	(Unaudited)
Cash and cash equivalents	\$ 1,906,332	\$ 2,306,480
Restricted cash	4,100,000	6,423,525
Total cash, cash equivalents and restricted cash	<u>\$ 6,006,332</u>	<u>\$ 8,730,005</u>



Source: Aspen Group Inc.