

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



**ASPEN**  
GROUP INC.

**Fourth Quarter  
Fiscal Year 2020  
Earnings Slides**

**Michael Mathews**, Chairman & Chief Executive Officer  
**Frank J. Cotroneo**, Chief Financial Officer  
**Robert Alessi**, Chief Accounting Officer  
**July 7, 2020**  
**Nasdaq: ASPU**

# SAFE HARBOR STATEMENT

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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, 2020 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 July 7, 2020 and on our website at [www.aspu.com](http://www.aspu.com) – Financial Information.

# KEY TAKEAWAYS FOR FY'20 FINANCIAL RESULTS

- Enrollment growth in high LTV programs drove highly profitable FY'20 revenue growth
- Combined with increased marketing efficiency ratio, gross margin rose by 800 bps
- Along with moderate G&A growth, net income loss in FY'20 narrowed significantly
- 34% of the \$15.0 million increase in FY'20 revenue dropped to EBITDA

<i>(amounts in millions)</i>	Fiscal Year 2020	Year-over-Year Dollar Increase / Decrease	Year-over-Year Better/Worse	Year-over-Year Dollar Change % of Revenue
Revenues	\$49.1	\$15.0	44%	100%
GAAP Gross Profit	\$28.9	\$11.5	67%	77%
Operating Loss	(\$4.0)	\$5.1	56%	34%
Net Loss	(\$5.7)	\$3.6	39%	24%
EBITDA	(\$1.6)	\$5.1	76%	34%

A smiling female healthcare worker in teal scrubs holding a clipboard in a hospital hallway. The background is a blurred hospital corridor with other staff members.

**Aspen Group Inc.  
Fourth Quarter Fiscal Year 2020  
Operating Metrics**

# Fourth Quarter Fiscal Year 2020 (Q4 FY'20) Highlights

## Positive EBITDA and Record Q4 FY'20 Adjusted EBITDA of \$1.4 Million or 10% Margin

*Quarterly results for Q4 FY2020 versus Q4 FY2019*

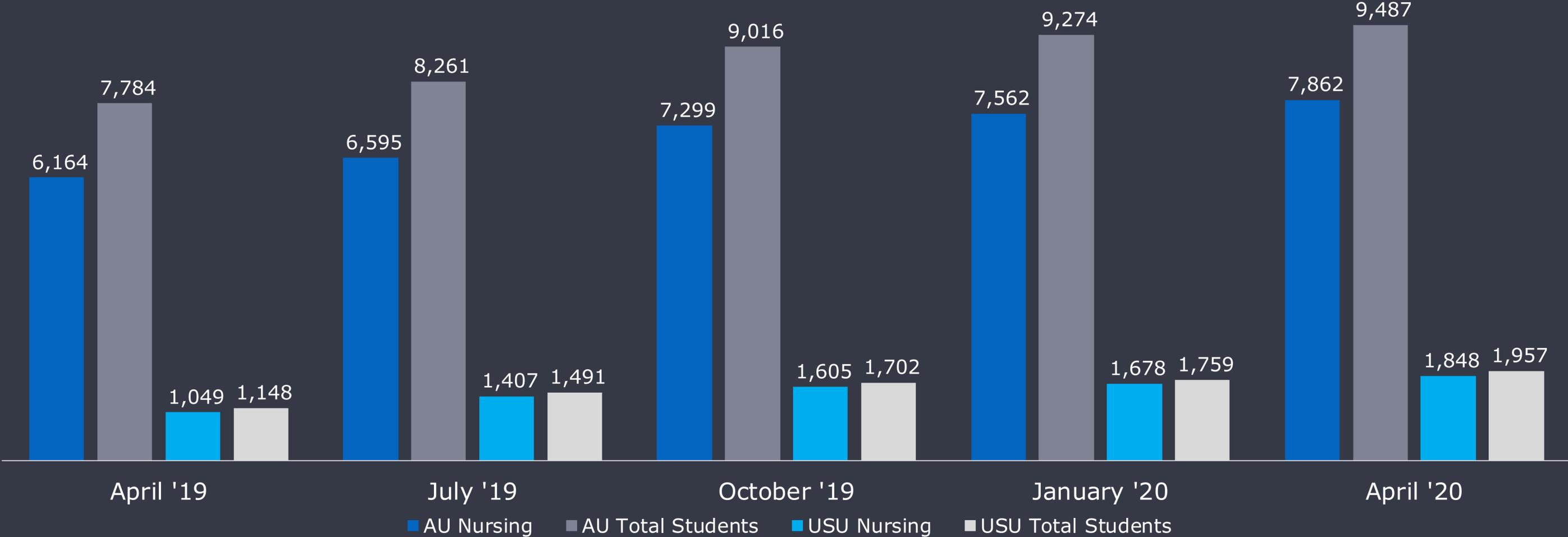
- Quarterly revenue grew by 38% to \$14.1 million, and increased \$1.5 million sequentially
- Aspen BSN pre-licensure and USU combined increased to 46% of revenue, up from 28%
- GAAP gross profit rose by 47% and gross margin improved by 300 basis points to 59%
- Operating loss reduced by 75% to (\$0.3 million) from (\$1.4 million)
- Net loss reduced to (\$0.7 million) or (\$0.03) cents per share from (\$1.6 million) or (\$0.09)
- EBITDA (a non-GAAP financial measure) improved to \$0.2 million, or 2% margin, from a loss of (\$0.7 million) or (7%) margin
- Adjusted EBITDA (a non-GAAP financial measure) increased to \$1.4 million from \$0.1 million, or 10% margin from 1% margin, an improvement of 900 basis points

# AGI Active Student Body Grows to 11,444

## Nursing Students Represent 85% of Total Student Body

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

**AU and USU Active Student Body**



\*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.

# Q4 FY'20 Marketing Efficiency Ratio (MER)\* Improvement Driven by 10% Decline in Cost of Enrollment

Fourth quarter weighted average customer acquisition cost (CAC) fell by 10% year-over-year from \$1,462 to \$1,315

## Marketing Efficiency Ratio

	Enrollments	CAC <sup>1</sup>	LTV <sup>2</sup>	Q4'20 MER	Q4'19 MER	MER % Change
Aspen University	1,344	\$1,284	14,058 <sup>3</sup>	<b>10.9X</b>	<b>7.9X</b>	<b>38%</b>
USU	432	\$1,423	17,820 <sup>4</sup>	<b>12.5X</b>	<b>11.0X</b>	<b>14%</b>
<b>Weighted Average</b>		<b>\$1,315</b>				

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

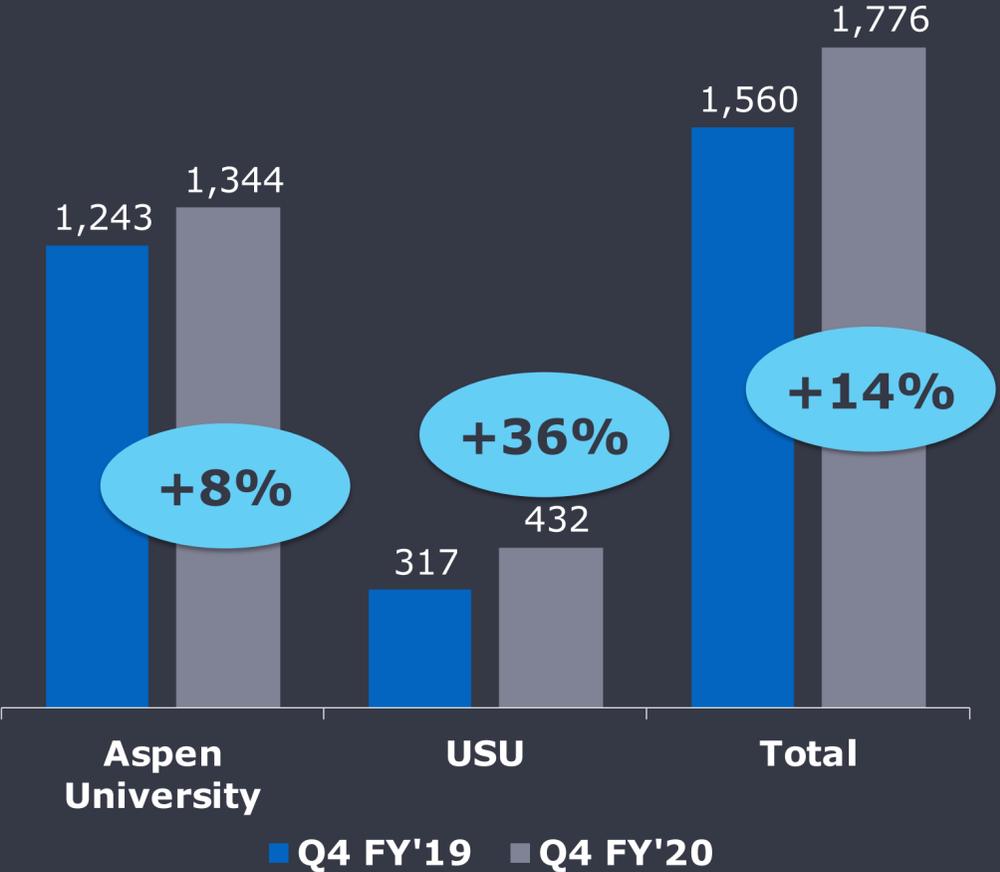
2 Weighted average Lifetime Value (LTV) of all new student enrollments

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

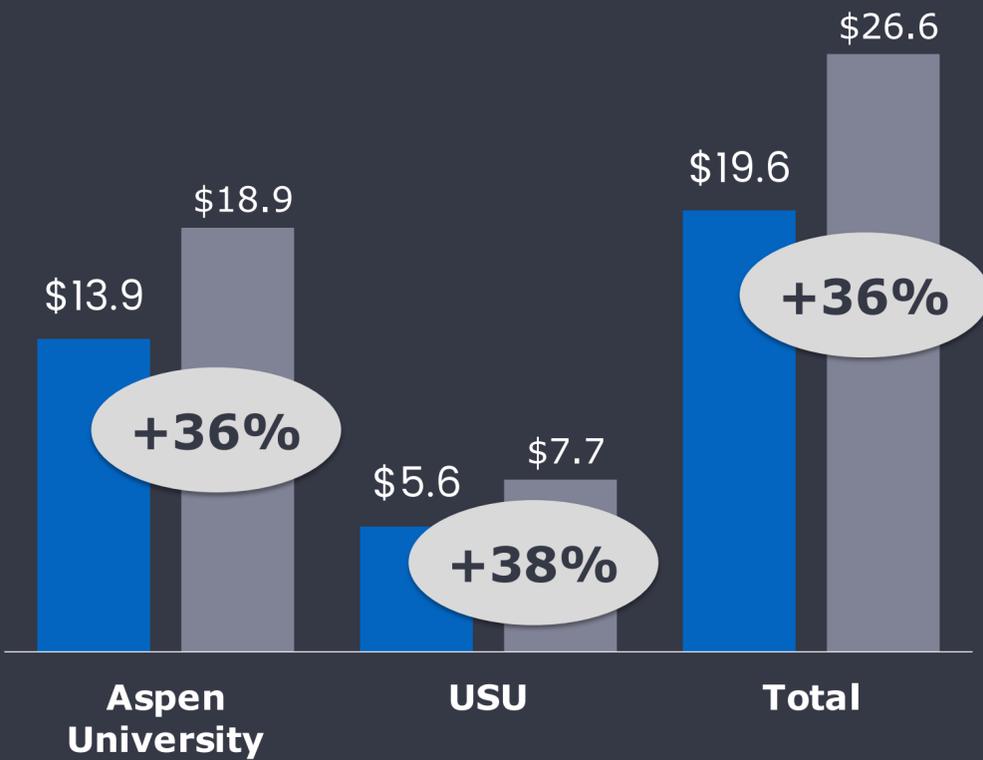
4 LTV for USU's MSN-FNP Program

# Q4 FY'20 High LTV ENROLLMENT DROVE 36% BOOKINGS GROWTH LIFTING ARPU BY 19%

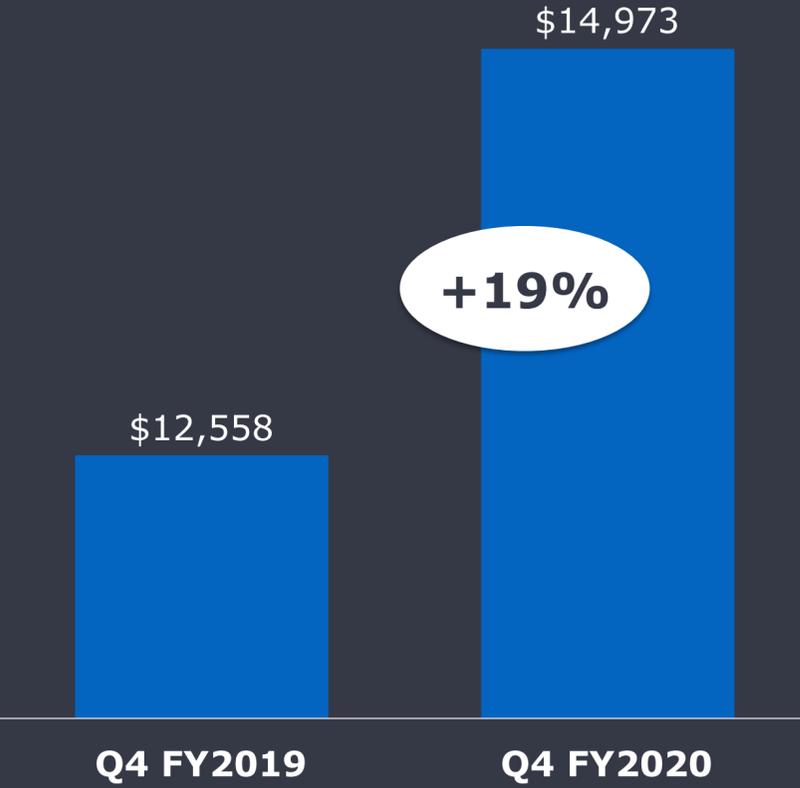
Q4 FY'20 ENROLLMENT



Q4 FY'20 Bookings\*  
(in millions)



Q4 FY'20 ARPU



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

A smiling female healthcare professional in teal scrubs holding a folder in a hospital hallway. The background is a blurred hospital corridor with other staff members.

# Aspen Group Inc. Full Year Fiscal Year 2020 Operating Metrics

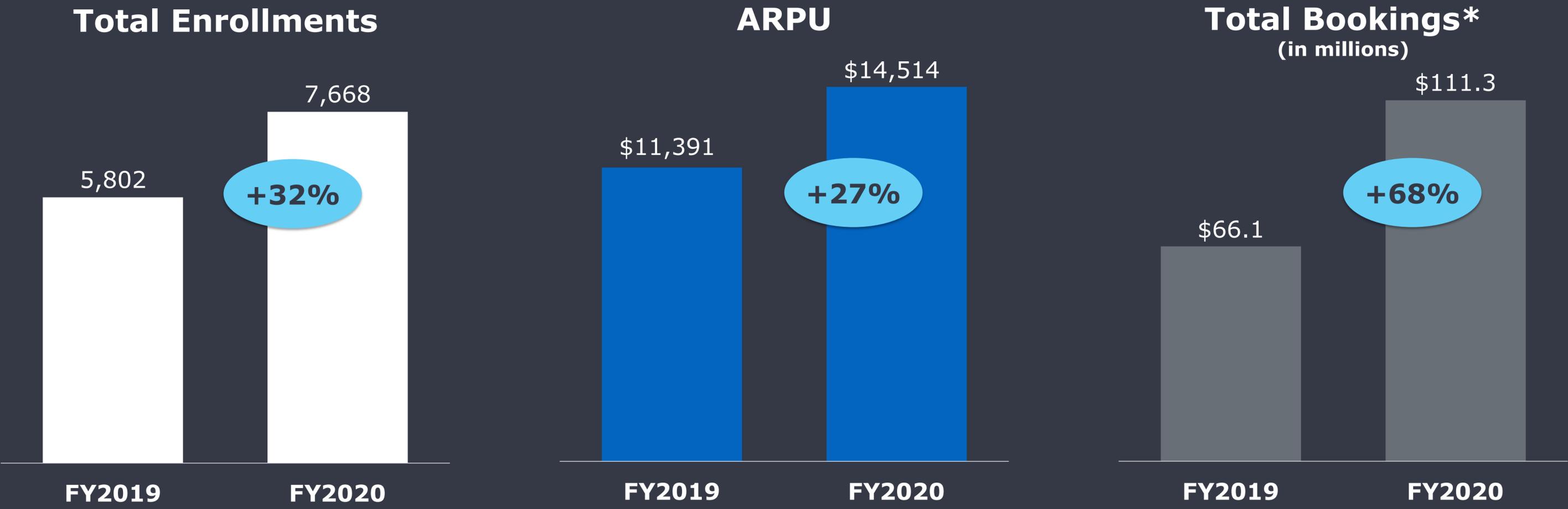
# Fiscal Year 2020 (FY'20) Highlights

## Record FY'20 Adjusted EBITDA of \$2.7 million or 6% margin

*Results for full year FY2020 versus full year FY2019*

- FY'20 revenue increased by \$15.0 million or 44% to \$49.1 million
- Annual bookings rose over 68% to \$111.3 million, lifting ARPU by 19% to \$14,973
- GAAP gross profit rose 67% to \$28.9 million and gross margin increased by 800 basis points
- Operating loss improved 56% by \$5.1 million to (\$4.0) million from (\$9.1) million
- FY 2020 net loss narrowed by \$3.6 million to (\$5.7 million) or (\$0.03) cents per share
- EBITDA improved by \$5.1 million to (\$1.6 million) from (\$6.7 million)
- Adjusted EBITDA improved to \$2.7 million from \$0.1 million or 6% margin versus 1%

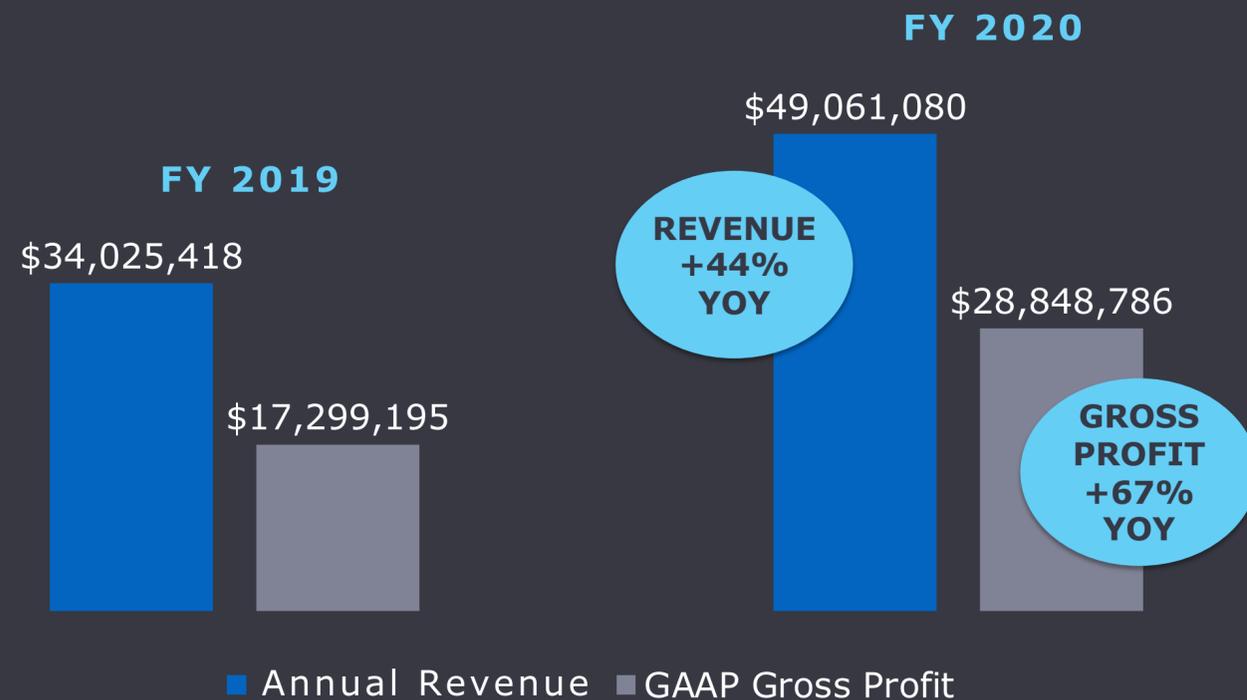
# FY'20 BOOKINGS GROWTH AND INCREASED ARPU FUELED BY GROWTH IN HIGH LTV PROGRAM ENROLLMENTS



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

# Acceleration of Gross Profit Contribution

Gross Profit Rising Faster than Revenue



- YoY Revenue increased by \$15 million or 44%
- YoY GAAP Gross Profit increased by \$11.5 million or 67%
- **Therefore 77% of revenue increase dropped to gross profit line**

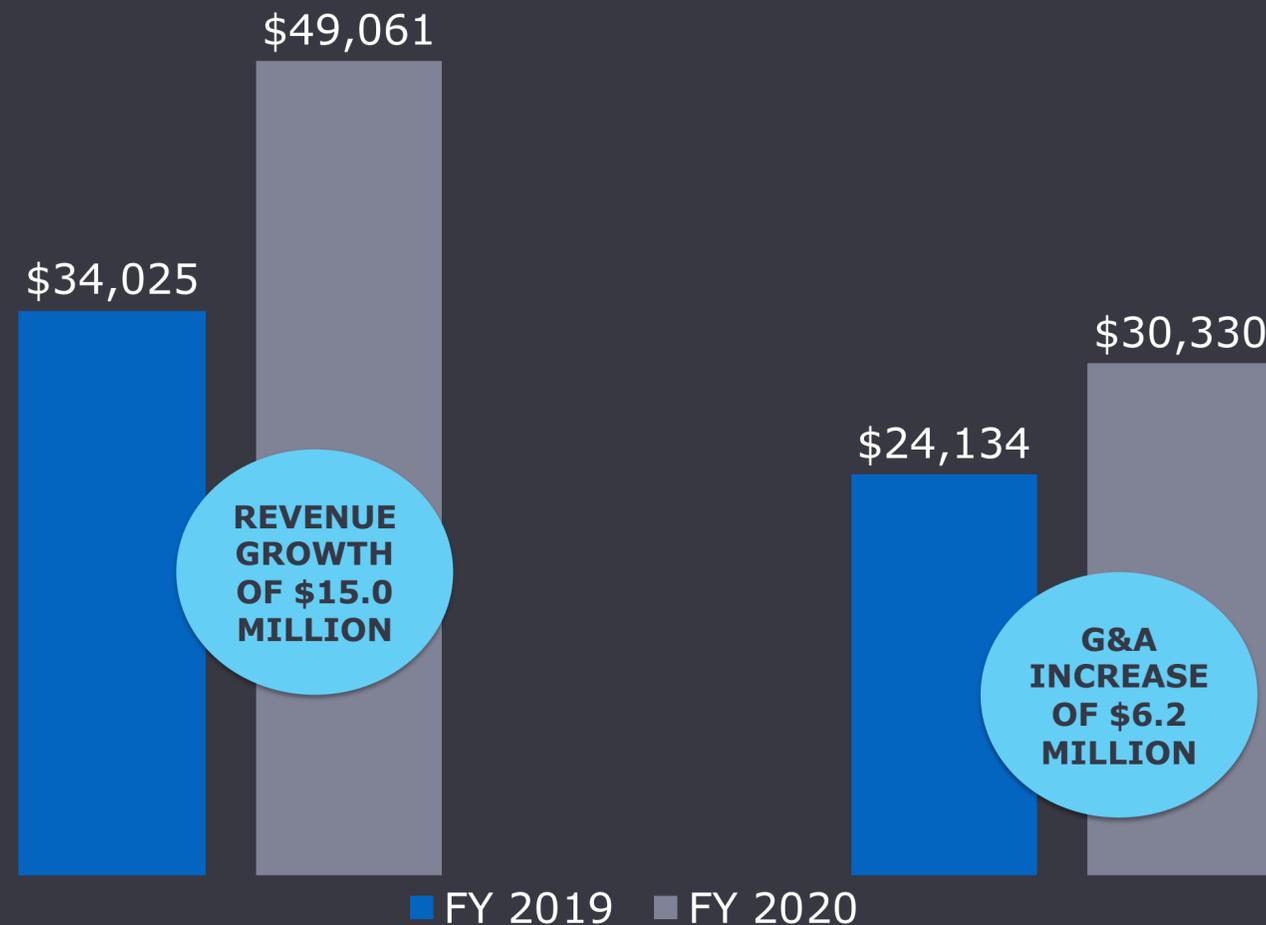
Gross margin expansion of 800 basis points driven by lower marketing and instructional costs (as a percent of FY'20 revenue)

- **Marketing spend fell from 27% to 19%**
- Instructional costs remained unchanged at 20%

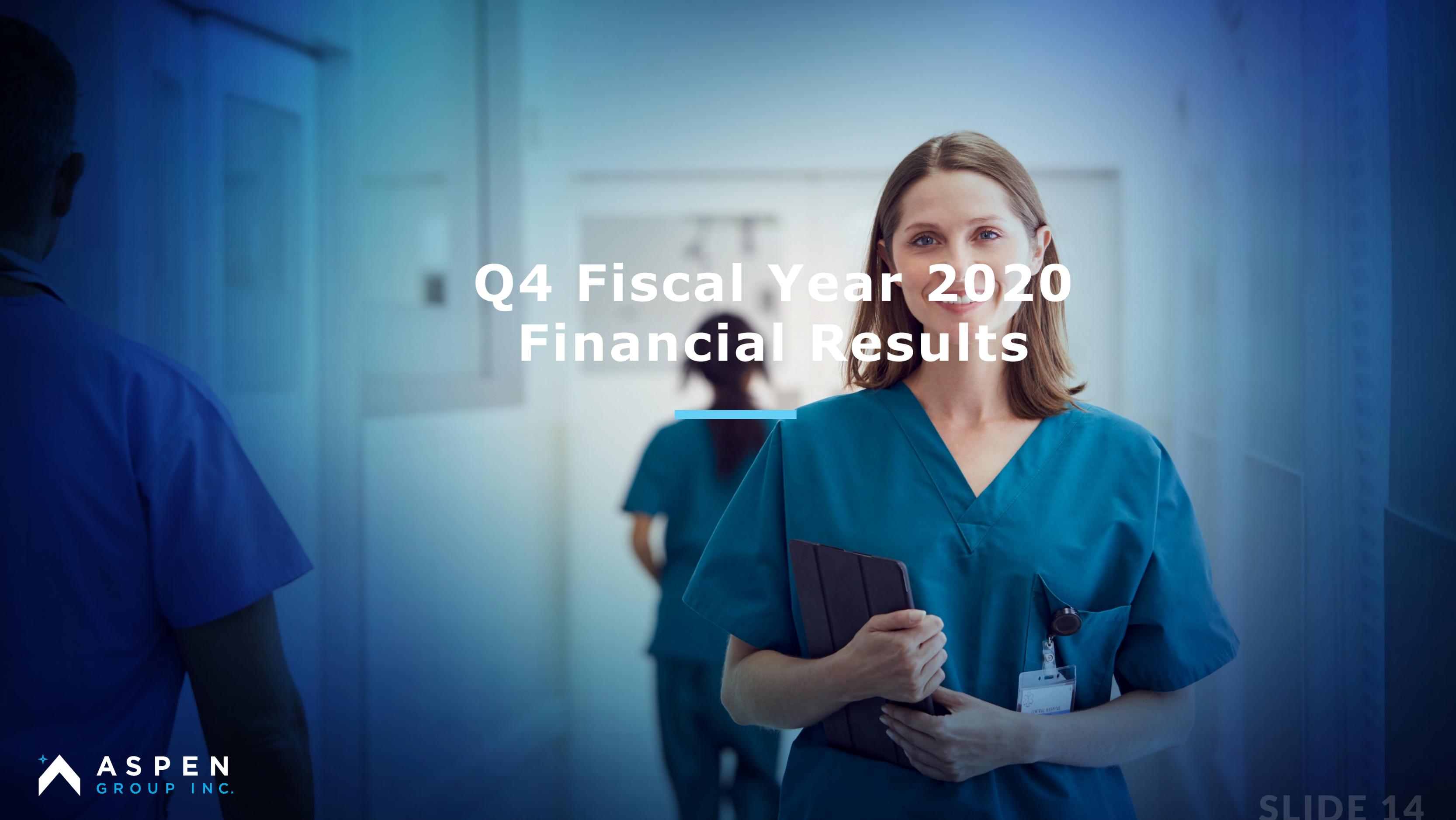
	Twelve Months ended		Twelve Months ended	
	4/30/2020	% Revenue	4/30/2019	% Revenue
Revenue	\$49,061,080	<b>100%</b>	\$34,025,418	<b>100%</b>
Marketing Spend	\$ 9,495,981	<b>19%</b>	\$ 9,096,551	<b>27%</b>
Instructional Cost	\$ 9,639,323	<b>20%</b>	\$ 6,880,668	<b>20%</b>
GAAP Gross Profit	\$28,848,786	<b>59%</b>	\$17,299,195	<b>51%</b>

# G&A YOY Increase at 41% the Rate of Revenue Growth

G&A Growth versus Revenue Growth  
(in 000's)



- YoY Revenue increased by \$15.0 million or 44%
- YoY G&A increased by \$6.2 million or 26%
- G&A as a percent of revenue improved from 71% to 62%
- FY 2020 G&A year-over-year growth as a percent of revenue growth was 41%, below the Company's stated goal of 50%

A woman with long brown hair, wearing teal scrubs, stands in a hospital hallway. She is smiling and holding a dark tablet. In the background, another person in teal scrubs is walking away. The scene is lit with a cool blue light. The text "Q4 Fiscal Year 2020 Financial Results" is overlaid in white, bold font, with a blue horizontal line underlining the word "Financial".

# Q4 Fiscal Year 2020 Financial Results

# Q4 FY'20 Income Statement

	Three Months Ended April 30, 2020	Change from Prior Year (FY'19)	
		Dollar (\$)	Percent (%)
Revenues	\$14,079,193	\$3,865,051	38%
Operating expenses			
Cost of revenues	\$5,431,182	\$1,118,851	26%
General and administrative	\$7,716,277	\$1,420,452	23%
Bad debt expense	\$780,005	\$406,063	109%
Depreciation and amortization	\$493,268	\$ (99,366)	-17%
Total operating expenses	\$14,420,732	\$2,846,000	25%
Operating loss from operations	\$ (341,539)	\$1,019,049	-75%
Other income (expense):			
Other Income	\$59,760	\$23,645	65%
Interest expense	\$ (393,471)	\$ (108,023)	38%
Total other expense, net	\$ (333,711)	\$ (84,378)	34%
Loss from operations before income taxes	\$ (675,251)	\$934,671	-58%
Income tax benefit	\$10,688	\$10,688	--
Net Loss	\$ (664,563)	\$945,360	-59%

# Q4 FY'20 Net (Loss)/Income, Adjusted EBITDA and EPS for Consolidated and Subsidiaries

	Consolidated	AGI	AU	USU
Net Profit/(Loss)	\$(664,563)	\$(3,208,902)	\$1,949,227	\$595,112
Adjusted EBITDA	\$1,369,233	\$(2,420,727)	\$3,101,183	\$688,777
Net Profit/(Loss) Per Share, basic & diluted	\$(0.03)	\$(0.15)	\$0.09	\$0.03
Weighted Average Shares	21,739,300			

# Subsidiary KPIs—Q4 FY'20 Ratios

	<b>Consolidated</b>	<b>AU</b>	<b>USU</b>
Revenues	\$14,079,193	\$9,988,306	\$4,090,886
	Ratios as a Percentage of Total AGI Revenue	Ratios as a Percentage of AU Revenue	Ratios as a Percentage of USU Revenue
Instructional costs	19%	18%	21%
Marketing costs	19%	18%	16%
Depreciation and Amortization	4%	4%	1%
GAAP Gross Profit	59%	60%	63%
General and Administrative expenses	55%	33%	46%

# Q4 FY'20 Adjusted EBITDA and EBITDA Positive

## Q4 FY'20 Net Loss to Adjusted EBITDA Reconciliation

	Three Months Ended	Change from Prior Year	
	April 30, 2020	Dollar	Percent
Net Loss	\$(664,563)	\$945,360	-59%
Interest expense	\$393,471	\$108,034	38%
Taxes	\$(10,688)	\$(10,688)	NM
Depreciation and Amortization	\$493,268	\$(99,366)	-17%
EBITDA	\$211,488	\$943,340	>100%
Bad Debt Expense	\$780,005	\$406,063	109%
Stock-Based Compensation	\$300,740	\$(23,516)	-7%
Non-recurring Charges	\$77,000	\$(29,589)	-28%
Adjusted EBITDA	\$1,369,233	\$1,296,298	>100%

# Full Year Fiscal Year 2020 Financial Results

# Full Year FY'20 Income Statement

	Twelve Months Ended		Change from Prior Year (FY'19)	
	April 30, 2020	April 30, 2019	Dollar (\$)	Percent (%)
Revenues	\$49,061,080	\$34,025,418	\$15,035,662	44%
Operating expenses				
Cost of revenues	19,135,302	15,977,218	3,158,084	20%
General and administrative	30,329,520	24,133,820	6,195,700	26%
Bad debt expense	1,431,210	854,008	577,202	68%
Depreciation and amortization	2,203,461	2,170,098	33,363	2%
Total operating expenses	53,099,493	43,135,144	9,964,349	23%
Operating loss from operations	(4,038,413)	(9,109,726)	5,071,313	-56%
Other income (expense):				
Other income	249,246	276,189	(26,943)	-10%
Interest expense	(1,818,078)	(444,680)	(1,373,398)	309%
Total other expense, net	(1,568,832)	(168,491)	(1,400,341)	831%
Loss from operations before income taxes	(5,607,245)	(9,278,217)	3,670,972	-40%
Income tax expense	51,820	--	51,820	100%
Net Loss	\$(5,659,065)	\$(9,278,217)	\$3,619,152	-39%

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

	Consolidated	AGI	AU	USU
Net Profit/(Loss)	\$ (5,659,065)	\$ (11,984,182)	\$5,957,645	\$367,472
Adjusted EBITDA	\$2,707,560	\$ (7,802,739)	\$9,067,803	\$1,442,496
Net Profit/(Loss) Per Share, basic & diluted	\$ (0.29)	\$ (0.61)	\$0.30	\$0.02
Weighted Average Shares	19,708,708			

# Subsidiary KPIs — Full Year FY'20 Ratios

	Consolidated	AU	USU
Revenues	\$49,061,080	\$35,648,490	\$13,412,589
	Ratios as a Percentage of Total AGI Revenue	Ratios as a Percentage of AU Revenue	Ratios as a Percentage of USU Revenue
Instructional costs	20%	18%	24%
Marketing costs	19%	18%	14%
Depreciation and Amortization	4%	4%	6%
GAAP Gross Profit	59%	61%	62%
General and Administrative expenses	62%	39%	53%

# Full Year FY'20 Net Loss to Adjusted EBITDA Reconciliation

	Twelve Months Ended	Change from Prior Year	
	April 30, 2020	Dollar	Percent
Net Loss	\$ (5,659,065)	\$3,619,152	-39%
Interest expense	\$1,818,078	\$1,376,117	311%
Taxes	\$51,820	\$42,544	459%
Depreciation and Amortization	\$2,203,461	\$33,363	2%
EBITDA	\$ (1,585,706)	\$5,071,176	-76%
Bad Debt Expense	\$1,431,210	\$577,202	68%
Stock-Based Compensation	\$1,641,984	\$451,599	38%
Non-recurring Charges- Stock Based Compensation	474,324	474,324	100%
Non-recurring Charges - other	\$745,748	\$248,448	50%
Adjusted EBITDA	\$2,707,560	\$6,822,749	>100%