December 13, 2017

Aspen Group Reports Record Revenue of $4.85 million in Q2 Fiscal 2018

Nursing Student Body Grows to 4,068, Represents 74% of Revenues

NEW YORK, Dec. 13, 2017 (GLOBE NEWSWIRE) -- Aspen Group, Inc. (Nasdaq:ASPU), a post-secondary education company, today announced financial results for its 2018 second quarter ended October 31, 2017, highlighted by revenue of $4.85 million, Nursing student body growth to 4,068, and 1,255 new student enrollments for the quarter, respectively.

Michael Mathews, Chairman & CEO of Aspen Group, commented, "Following the headcount investments made in Q1 in preparation for the acquisition of United States University, bottom line results improved this quarter as projected based on G&A spending remaining flat on a sequential basis. We're well prepared as an organization to accelerate growth in the coming quarters given we now have two universities to market our breakthrough monthly payment plan business model."

Fiscal Q2 2018 Highlights:

- Revenue totaled $4,851,639, an increase of 40% as compared to the prior fiscal year;
- GAAP Gross Profit totaled $2,860,772, a 36% increase as compared to the prior fiscal year;
- Net Loss applicable to shareholders of ($481,551), as compared to Net Income of $116,541 in the prior fiscal year; Diluted Net Loss per share was $(0.04), as compared to $(0.00) in the prior fiscal year;
- EBITDA, a non-GAAP financial measure, of $(179,411) or (4%) margin;
- Adjusted EBITDA, a non-GAAP financial measure, totaled $224,495 or 5% margin;
- Aspen's total active student body grew year-over-year from 3,726 to 5,641, an increase of 51%; with Aspen's School of Nursing adding 1,530 students to account for 80% of the growth;
- Aspen's School of Nursing grew year-over-year from 2,538 to 4,068 active students, an increase of 60%. Aspen's RN to BSN program accounted for the majority of the growth, from 1,493 to 2,639 active students, an increase of 1,146 active students, or 77% year-over-year.

Fiscal 2018 Second Quarter Financial and Other Results:

Aspen set a quarterly enrollment record in the second quarter with 1,255 new student enrollments, as compared to 811 new student enrollments in the prior year, an increase of 55% year-over-year. Aspen's rolling six-month average cost-per-enrollment (CPE) increased by 10% year-over-year, from $718 to $787. Aspen's marketing efficiency ratio (revenue-per-enrollment/cost-per-enrollment) is now projecting to earn an 8.9X return on its marketing investments.

Students utilizing a monthly payment method increased to over 3,700 (includes students in the Monthly Installment Plan and Monthly Payment Plan), which represented 66% of all course payments received in the quarter. At October 31, 2017, 3,480 students were currently in the Monthly Payment Plan, equaling total contractual value over $30 million.

As previously reported last quarter, in preparation to support the acquisition of United States University and limit integration issues, during the months of March through July, Aspen Group increased its full-time staff, not including faculty, from 81 to 125 employees. The Company hired an additional 15 employees from August through October to increase its full-time staff to 140 employees, in preparation for the now completed acquisition of United States University.

For the second quarter, revenues increased 40% to $4,851,639 as compared to $3,465,026 for the same period the prior year.

GAAP Gross Profit increased to $2,860,772 or 59% Gross Margin. Net loss applicable to shareholders was ($481,551) or (10%) margin. Diluted Net Loss per share was $(0.04). EBITDA, a non-GAAP financial measure, was $(179,411) or (4%) margin. Adjusted EBITDA, a non-GAAP financial measure, was $224,495 or 5% margin.

The following table presents gross profit calculated in accordance with GAAP:

	For the Quarters Ended October 31,	
	2017	2016
Revenues	$ 4,851,639	$ 3,465,026
Costs of revenues (exclusive of amortization shown separately)	1,864,659	1,234,856
Amortization expenses excluded from cost of revenues	126,208	127,987
GAAP gross profit	$ 2,860,772	$ 2,102,183

The following table presents a reconciliation of EBITDA and Adjusted EBITDA to Net loss, a GAAP financial measure:

	For the Quarters Ended October 31,	
	2017	2016
Net loss	$ (481,551)	$ 116,541
Interest Expense, net of interest income	156,785	54,971
Depreciation & amortization	145,355	139,005
EBITDA (Loss)	(179,411)	310,517
Bad debt expense	22,500	—
Acquisition expenses	99,065	—
Non-recurring charges	137,717	97,384
Stock-based compensation	144,624	61,728
Adjusted EBITDA	$ 224,495	$ 469,629

*** 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, operating income, and cash flow from operating activities, liquidity or any other financial measures. They may not be indicative of the historical operating results of Aspen Group 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 Adjusted EBITDA and EBITDA, each of which are non-GAAP financial measures. We believe that both management and shareholders benefit from referring to the following non-GAAP financial measures in planning, forecasting and analyzing future periods. Our management uses these non-GAAP financial measures in evaluating its financial and operational decision making and as a means to evaluate period-to-period comparison. Our management recognizes that the non-GAAP financial measures have inherent limitations because of the excluded items described above.

Aspen Group defines Adjusted EBITDA as earnings (or loss) from continuing operations before the items in the table above. Aspen Group excludes these expenses because they are non-cash or non-recurring in nature.

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 Aspen Group 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 company under applicable SEC rules.

Conference Call:

Aspen Group, Inc. will host a conference call to discuss its fiscal year 2018 first quarter (ending October 31, 2017) financial results and business outlook on Wednesday, December 13, 2017, at 4:30 p.m. (ET). The conference call can be accessed by dialing toll-free (844) 452-6823 (U.S.) or (731) 256-5216 (international), passcode 5099116. Subsequent to the call, a transcript of the audiocast will be available from the Company's website at ir.aspen.edu. There will also be a 7 day dial-in replay which can be accessed by dialing toll-free (855)859-2056 or (404)537-3406 (international), passcode 5099116.

About Aspen Group, Inc.:

Aspen Group, Inc. is a publicly held, for-profit post-secondary education company headquartered in New York, NY. It owns two accredited universities, Aspen University and United States University. Aspen Group's vision is to make college affordable again in America.

Aspen University's mission is to offer any motivated college-worthy student the opportunity to receive a high quality, responsibly priced distance-learning education for the purpose of achieving sustainable economic and social benefits for themselves and their families. Aspen University is dedicated to providing the highest quality education experiences taught by top-tier faculty - 54% of Aspen University's faculty hold doctoral degrees. To learn more about Aspen University, visit www.aspen.edu.

United States University began its institutional history in 1997 as InterAmerican College in National City, CA. Its initial focus was the provision of affordable educational opportunities to working adults, Latinos, and educated immigrants to increase bilingual capacity in education and healthcare in Southern California. In 2010, the school was renamed to United States University and recently moved its campus into the heart of San Diego. United States University is regionally accredited by the Accrediting Commission for Senior Colleges and Universities of the Western Association of Schools and Colleges, offering bachelor and master level degree programs in nursing, education, health science, and business & management. To learn more about United States University, visit www.usuniversity.edu.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 including the expectations of high growth for the coming quarters, the projected return on marketing investment and errors in our estimates of the contractual value of accounts receivable. 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 unexpected difficulties integrating United States University, a change in the effectiveness of our marketing and changes in the economy. Further information on our risk factors is contained in our filings with the SEC, including our Form 10-K for the year ended April 30, 2017. 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.

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ASPEN GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	October 31, 2017 (Unaudited)	April 30, 2017
Assets		
Current assets:		
Cash and cash equivalents	$ 5,379,694	$ 2,756,217
Accounts receivable, net of allowance of $414,364 and $328,864, respectively	6,390,633	4,434,862
Prepaid expenses	172,923	133,531
Promissory note	900,000	900,000
Other receivables	470,049	81,464
Accrued interest receivable	44,800	8,000
Total current assets	13,358,099	8,314,074
Property and equipment:		
Call center equipment	82,606	53,748
Computer and office equipment	105,717	103,649
Furniture and fixtures	282,932	255,984
Software	2,459,932	2,131,344
	2,931,187	2,544,725
Less accumulated depreciation and amortization	(1,192,350)	(1,090,010)
Total property and equipment, net	1,738,837	1,454,715
Courseware, net	143,254	145,477
Accounts receivable, secured - related party, net of allowance of $625,963, and $625,963, respectively	45,329	45,329
Long term contractual receivable	753,326	657,542
Other assets	89,609	56,417
Total assets	$ 16,128,454	$ 10,673,554

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

	October 31, 2017 (Unaudited)	April 30, 2017
Liabilities and Stockholders' Equity (Deficiency)		
Current liabilities:		
Accounts payable	$ 934,367	$ 756,701
Accrued expenses	246,415	262,911
Deferred revenue	2,314,163	1,354,989
Refunds due Students	734,938	310,576
Deferred rent, current portion	7,550	11,200
Convertible notes payable, current portion	50,000	50,000
Total current liabilities	4,287,433	2,746,377
Senior secured loan payable, net of discount	4,302,144	—
Warrant liability	52,500	52,500
Deferred rent	30,478	34,437
Total liabilities	8,672,555	2,833,314
Commitments and contingencies - See Note 8	—	—
Stockholders' equity (deficiency):		
Common stock, $0.001 par value; 250,000,000 shares authorized, 13,626,589 issued and 13,609,922 outstanding at October 31, 2017, 13,504,012 issued and 13,487,345 outstanding at April 30, 2017	13,613	13,504
Additional paid-in capital	34,471,602	33,607,423
Treasury stock (16,667 shares)	(70,000)	(70,000)
Accumulated deficit	(26,959,316)	(25,710,687)
Total stockholders' equity	7,455,899	7,840,240
Total liabilities and stockholders' equity	$ 16,128,454	$ 10,673,554

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

	For the Three Months Ended October 31,		For the Six Months Ended October 31,	
	2017	**2016**	**2017**	**2016**
Revenues	$ 4,851,639	$ 3,465,026	$ 9,094,525	$ 6,221,841
Operating expenses				
Cost of revenues (exclusive of depreciation and amortization shown separately below)	1,864,659	1,234,856	3,617,150	2,130,915
General and administrative	3,166,391	1,913,403	6,297,725	4,095,481
Depreciation and amortization	145,355	139,005	284,074	290,054
Total operating expenses	5,176,405	3,287,264	10,198,949	6,516,450
Operating (loss) income from operations	(324,766)	177,762	(1,104,424)	(294,609)
Other expense:				
Other income	23,111	1,307	41,888	1,364
Interest expense	(179,896)	(62,528)	(186,093)	(95,661)
Total other expense, net	(156,785)	(61,221)	(144,205)	(94,297)
(Loss) income from operations before income taxes	(481,551)	116,541	(1,248,629)	(388,906)
Income tax expense (benefit)	—	—	—	—
Net (loss) income	$ (481,551)	$ 116,541	$ (1,248,629)	$ (388,906)
Net loss per share allocable to common stockholders - basic	$ (0.04)	$ 0.00	$ (0.09)	$ (0.00)
Net loss per share allocable to common stockholders - diluted	$ (0.04)	$ 0.00	$ (0.09)	$ (0.00)
Weighted average number of common shares outstanding: basic	13,292,384	11,479,845	13,548,672	11,402,751
Weighted average number of common shares outstanding: diluted	13,292,384	12,140,264	13,548,672	11,402,751

ASPEN GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED OCTOBER 31, 2017
(Unaudited)

	Common Stock		Additional Paid-In	Treasury	Accumulated	Total Stockholders'
	Shares	Amount	Capital	Stock	Deficit	Equity
Balance at April 30, 2016	13,504,012	$ 13,504	$ 33,607,423	$ (70,000)	$ (25,710,687)	$ 7,840,240
Fees associated with equity raise	—	—	(4,707)	—	—	(4,707)
Stock-based compensation	—	—	303,924	—	—	303,924
Common stock issued for cashless warrant exercise	78,528	79	(79)	—	—	—
Common stock issued for warrants exercised for cash	14,858	14	33,584	—	—	33,598
Common stock issued for stock options exercised	16,598	16	53,029	—	—	53,045
Warrants issued with senior secured term loan	—	—	478,428	—	—	478,428
Net loss, for the six months ended October 31, 2017	—	—	—	—	(1,248,629)	(1,248,629)
Balance at October 31, 2017	**13,613,996**	**$ 13,613**	**$ 34,471,602**	**$ (70,000)**	**$ (26,959,316)**	**$ 7,455,899**

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

	For the Six Months Ended October 31, 2017	For the Six Months Ended October 31, 2016
Cash flows from operating activities:		
Net loss	$ (1,248,630)	$ (388,907)
Adjustments to reconcile net loss to net cash used in operating activities:		
Bad debt expense	85,500	—
Depreciation and amortization	284,074	290,055
Stock-based compensation	303,924	157,335
Amortization of debt discounts	—	6,250
Amortization of prepaid shares for services	—	35,000
Warrant buyback expense	—	206,000
Changes in operating assets and liabilities:		
Accounts receivable	(2,137,055)	(1,304,754)
Other receivables	(388,585)	—
Prepaid expenses	(39,392)	20,118
Accrued interest receivable	(36,800)	—
Other assets	(33,192)	(23,240)
Accounts payable	177,666	609,562
Accrued expenses	(16,496)	55,974
Deferred rent	(7,609)	20,513
Refunds due students	424,362	167,344
Deferred revenue	959,174	175,073
Net cash (used in) provided by operating activities	(1,673,058)	26,323
Cash flows from investing activities:		
Purchases of property and equipment	(540,873)	(382,490)
Purchases of courseware	(25,100)	(6,550)
Net cash used in investing activities	(565,973)	(389,040)
Cash flows from financing activities:		
Warrant Buyback	—	(400,000)
Borrowing from bank line of credit	—	247,000
Repayment of bank line of credit	—	(248,783)
Third party line of credit	—	750,000
Third party line of credit financing costs	—	(60,000)
Senior secured loan	4,780,572	—
Proceeds of warrant exercise	33,598	—
Proceeds of stock options exercised	53,045	—
Disbursements for equity offering costs	(4,707)	(1,917)
Net cash provided by financing activities	4,862,508	286,300
Net increase (decrease) in cash and cash equivalents	2,623,477	(76,417)
Cash and cash equivalents at beginning of period	2,756,217	783,796
Cash and cash equivalents at end of period	$ 5,379,694	$ 707,379

(Continued)

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

	For the Six Months Ended October 31,	
	2017	**2016**
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 3,346	$ 67,656
Cash paid for income taxes	$ —	$ —
Supplemental disclosure of non-cash investing and financing activities:		
Common stock issued for services	$ —	$ 75,002
Warrants issued as part of senior secured loan	$ 478,428	$ 52,500

Source: Aspen Group Inc.