



# **Third Quarter Fiscal Year 2022 Earnings Slides**

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**March 15, 2022**  
**Nasdaq: ASPU**

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

# SAFE HARBOR STATEMENT

Certain statements in this presentation and responses to various questions including the nursing shortage, our 2022 guidance, our liquidity and estimate as to when we will turn cash flow positive, the impact of COVID-19 on our business including our RN to BSN program, our operational scale as reflected in slide 7, our ability to control G&A expenses and our estimates as to Lifetime Value, bookings and ARPU are forward- looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. 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, the continued demand of nursing students for the new programs, student attrition, national and local economic factors including whether COVID-19 will continue to have an adverse effect on the economy, uncertainties arising from the Russian invasion of Ukraine including its effect on the U.S. economy, supply chain issues and the labor market, 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, and the impact of possible actions arising from the Arizona Board of Nursing investigation.

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 January 31 , 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.

Also, the discussions during this conference call and slide 10, 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 March 15 , 2022 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.



# THIRD QUARTER FISCAL YEAR 2022 HIGHLIGHTS

(All comparisons are Q3 FY'22 versus Q3 FY'21)

## REVENUE

**\$18.9M**  
REVENUES

UP  
14%

- Two highest LTV business units represented 56% of total revenue
- High LTV Pre-Licensure growth in three new metros and USU's MSN-FNP boosted revenue
- COVID headwinds impacted RN students, lowering post-licensure Aspen Online class starts

## GROSS PROFIT

**\$9.2M**  
GROSS PROFIT

UP  
6%

- Disciplined cost controls delivered G&A at 62% of revenue, flat with prior year Q3
- Margin declined 300 bps due to investment in new campuses, primarily higher headcount

## NET LOSS

**\$(3.7)M**  
NET LOSS

\$0.9M

- Increase in net loss primarily due to \$1.3 million for new campus expansion expense
- AU Adjusted EBITDA margin of 17% and USU Adjusted EBITDA margin of 10%



# New Financing Satisfies Long-Term Capital Needs

Closed \$30 million private debt financing, comprised of a \$10 million convertible note and a \$20 million revolving credit facility on March 14, 2022.

## **\$10M Convertible Note (funded at closing on March 14<sup>th</sup>):**

Interest Rate: 12% per annum

Maturity Date: Convertible note: 5 years

Optional Conversion: \$1 at any time after issuance date

Mandatory Conversion: Should the Common Stock close above \$2 for 30 consecutive trading days

## **\$20M Revolving Credit Facility (undrawn):**

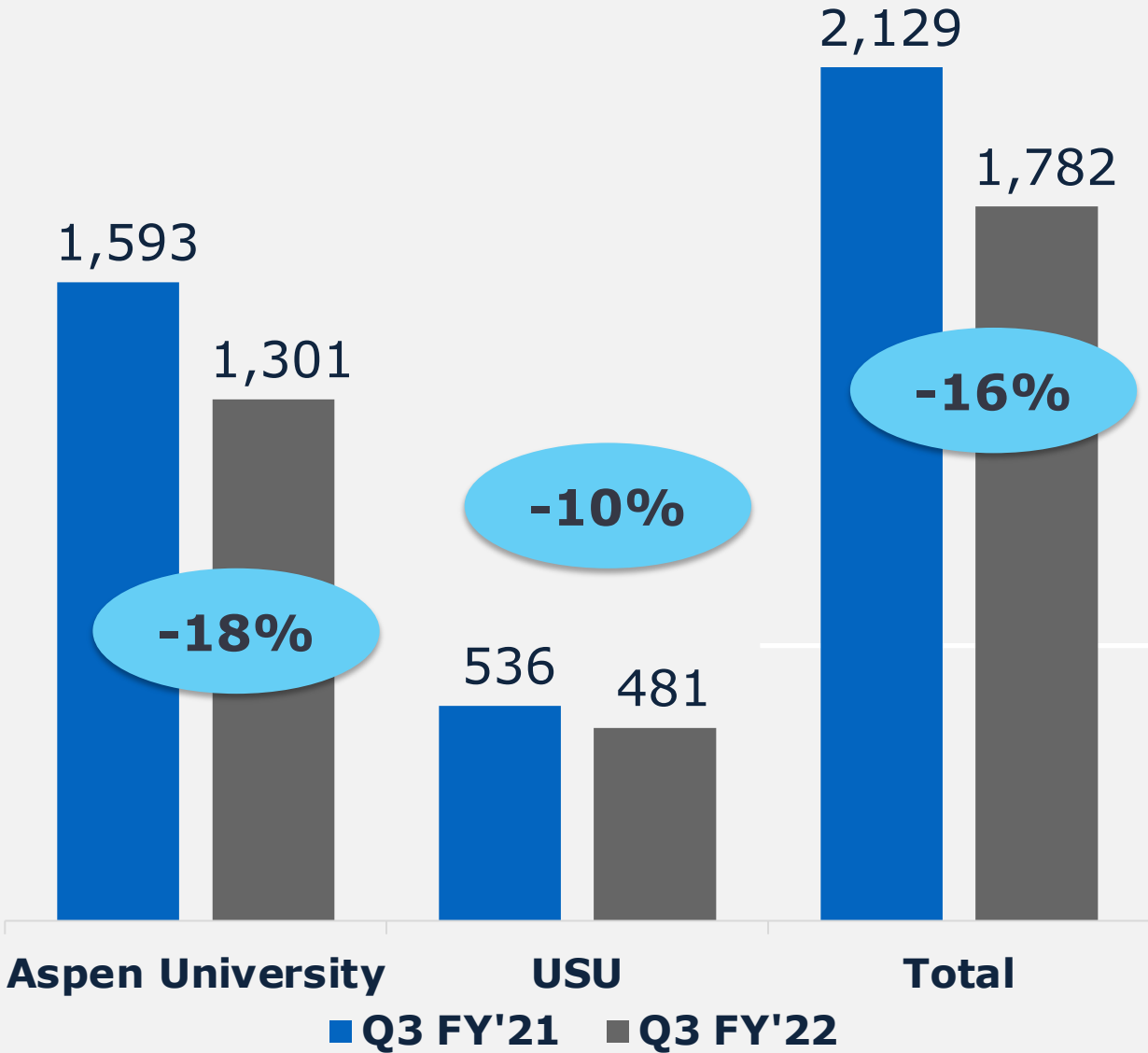
Interest Rate: 12% per annum

Maturity Date: Revolver Note: 1 year

Commitment Fee: 1% of the revolver commitment, and an additional 1% if the Revolver has not been replaced within 6 months of closing.

# Q3 FY'22 Enrollment and Bookings Impacted by Omicron Variant on Working RN Students and FNP Prospects

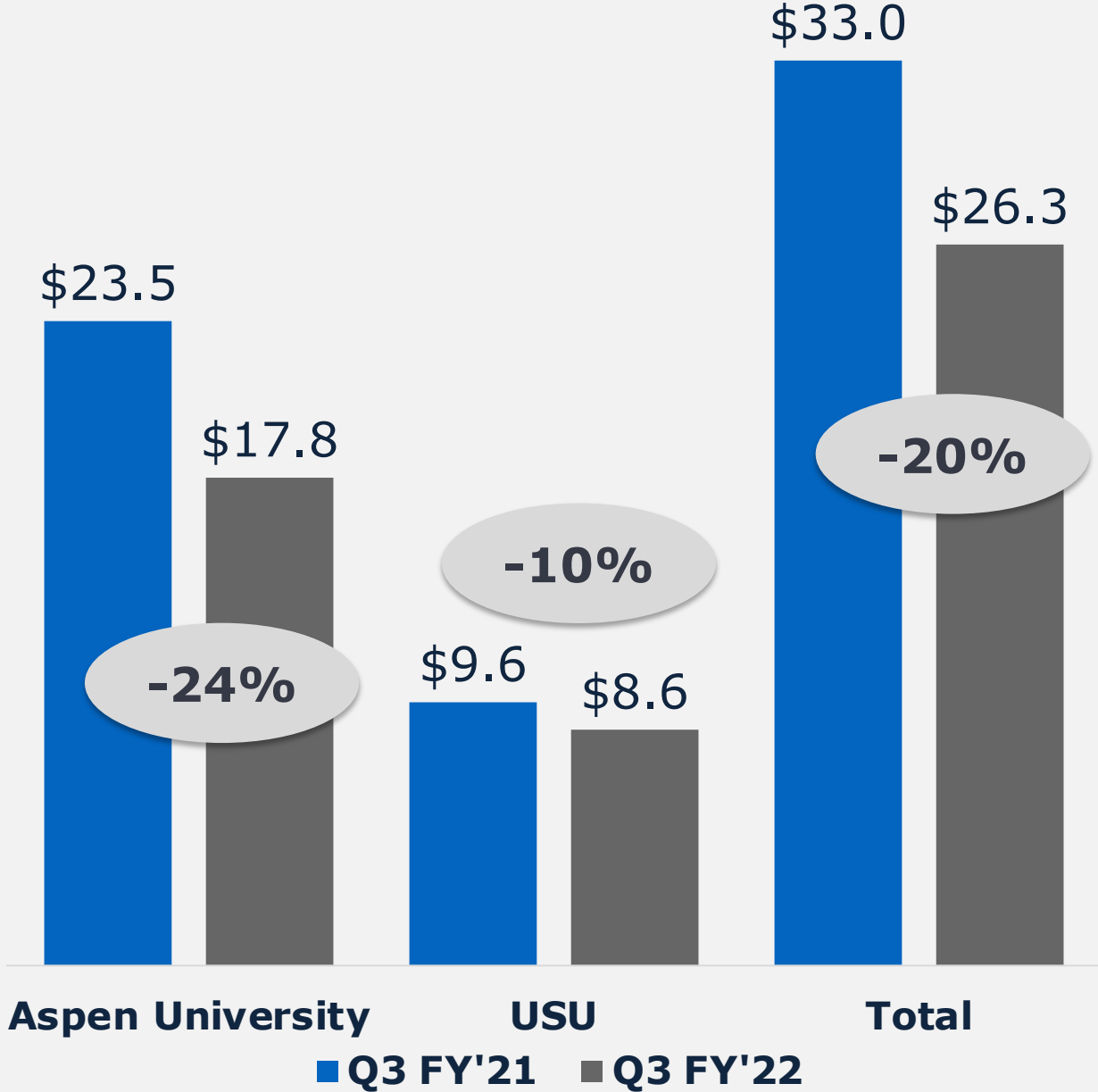
Q3 FY'22 Y-O-Y Enrollment



Factors impacting Q3 FY'22 Enrollment & Bookings

- **Strategic decrease in marketing spend** in phoenix pre-licensure metro and AU online (ex-doctoral) lowered AU enrollment and bookings
- **Omicron impact on RNs workloads** lowered USU and AU post-licensure degree enrollment and bookings

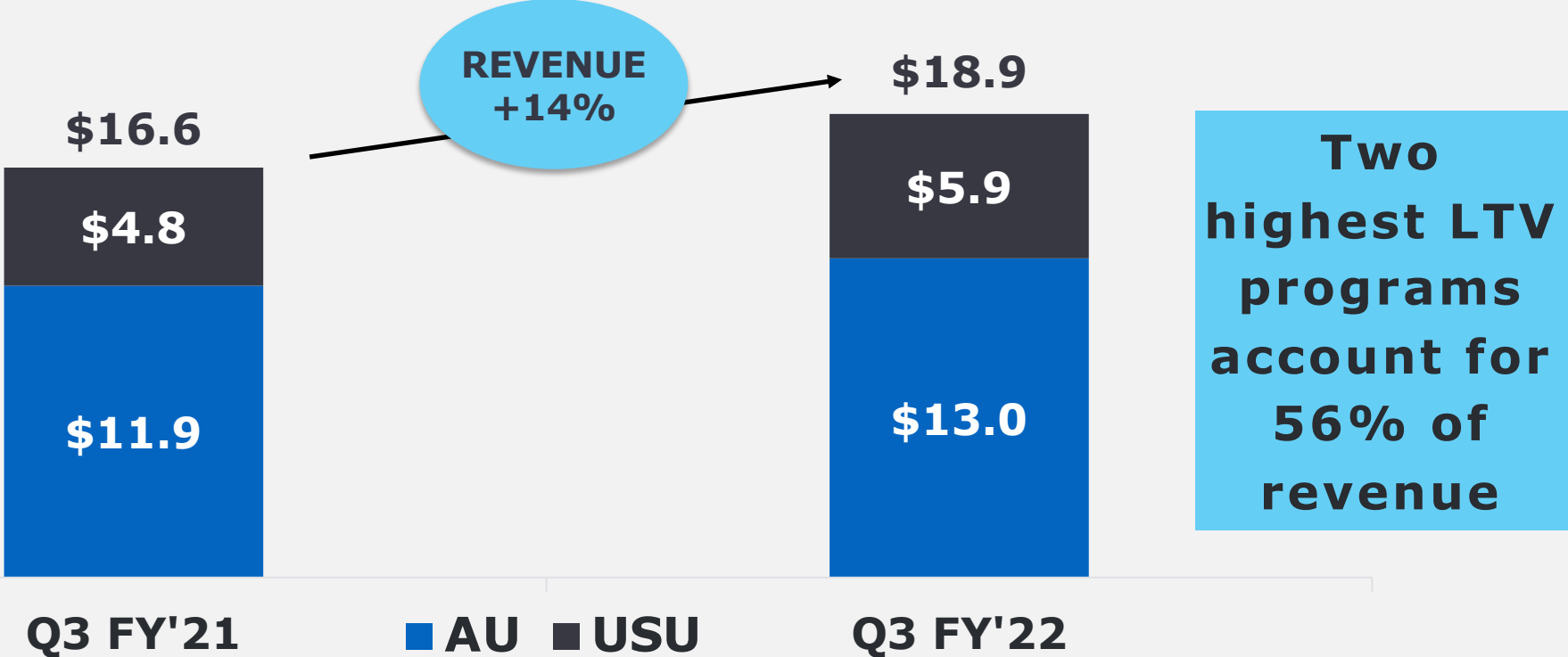
Q3 FY'22 Y-O-Y Bookings\* (in millions)



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

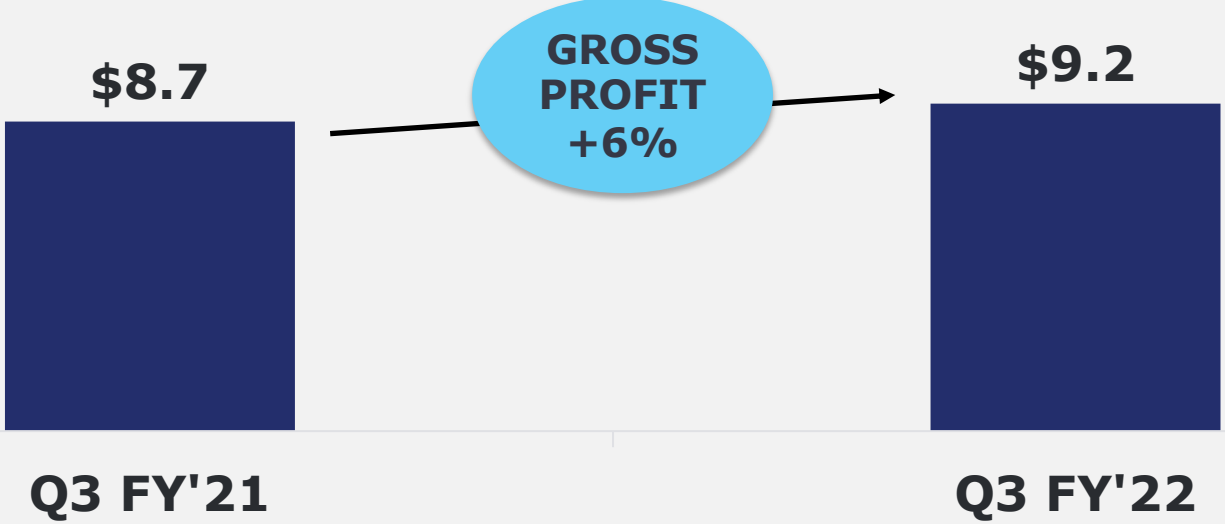
# Q3 FY'22 Revenue and Gross Profit

Revenue Y-O-Y Compare  
(in millions)



Investment in higher LTV programs lifts revenue in high-LTV programs offsetting Omicron impact on post-licensure in Q3

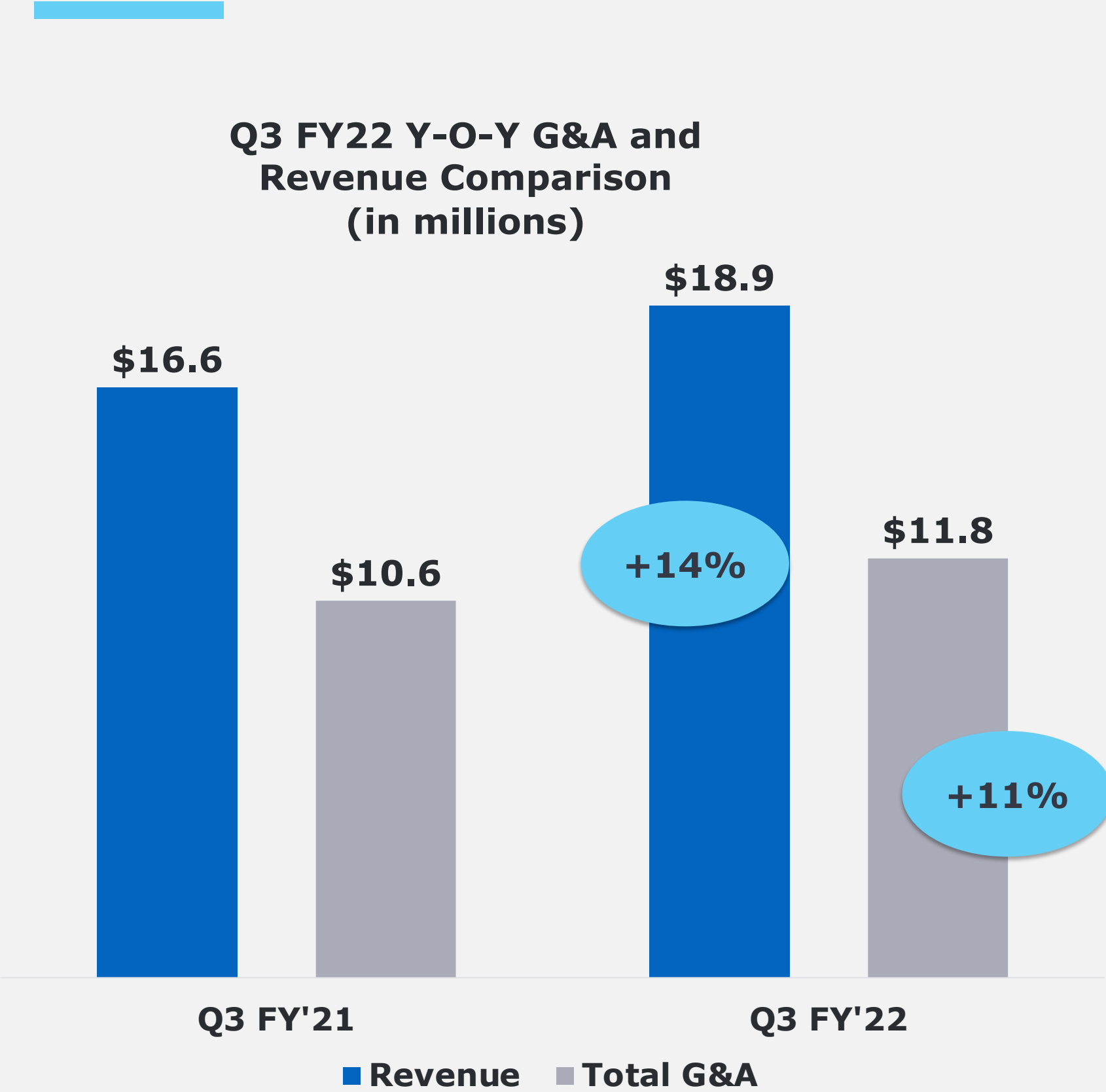
Gross Profit Y-O-Y Compare  
(in millions)



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



# G&A Decreased as % of Revenue in Q3 FY'22; Achieved With Pre-Licensure Campus Expansion to total of Five States

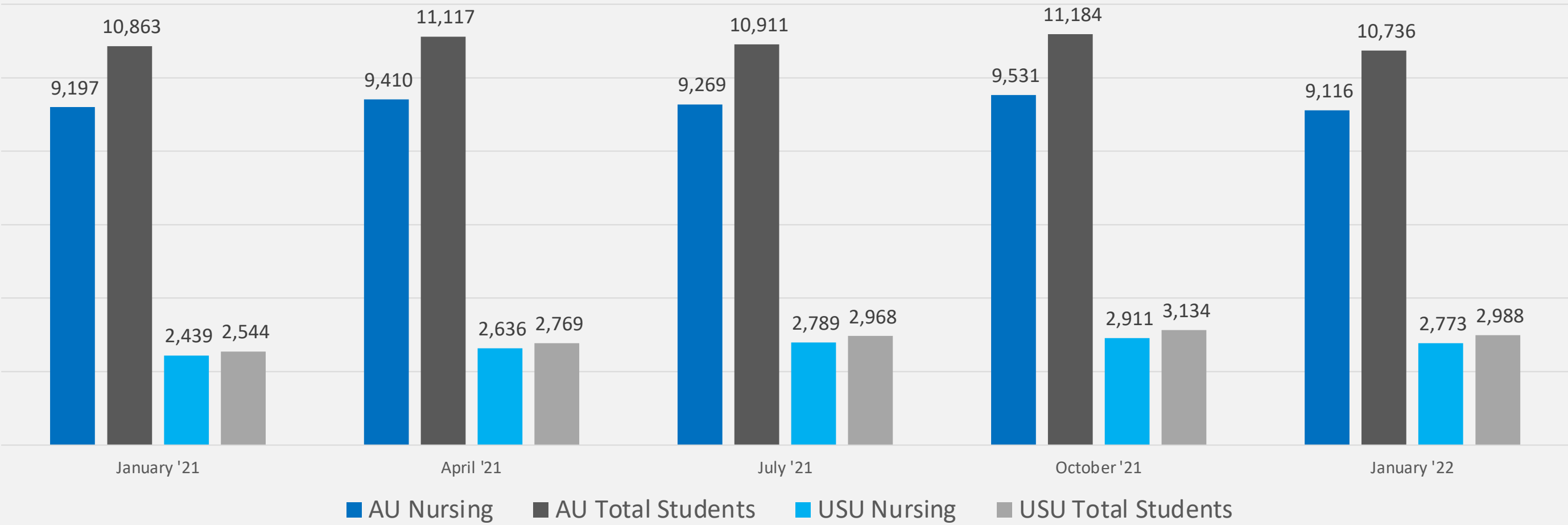


- G&A was 62% of revenue due to cost controls associated with the Aspen 2.0 business plan
- **Anticipate achieving operational scale going forward, due to:**
  - ✓ Revenue growth from pre-licensure campuses launched in FY 2022 and FY 2023
  - ✓ Continued ability to limit G&A spend increases as we achieve scale with our existing infrastructure



# AGI Active Student Body Grew 2% to 13,724; Nursing Students Represent 87% of Total Student Body

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



\*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.

# Income Statement

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2022	2021	2022	2021
Revenue	\$ 18,944,798	\$ 16,624,837	\$ 57,316,004	\$ 48,761,444
Operating expenses:				
Cost of revenue (exclusive of depreciation and amortization shown separately below)	9,275,419	7,559,951	26,658,188	20,732,254
General and administrative	11,771,487	10,644,438	34,359,276	30,723,349
Bad debt expense	350,000	670,000	1,050,000	1,702,000
Depreciation and amortization	883,536	535,273	2,480,179	1,552,254
Total operating expenses	22,280,442	19,409,662	64,547,643	54,709,857
Operating loss	(3,335,644)	(2,784,825)	(7,231,639)	(5,948,413)
Other income (expense):				
Interest expense	(180,697)	(33,539)	(353,738)	(2,018,664)
Other income (expense), net	13,954	13,558	516,754	(116,820)
Total other (expense) income, net	(166,743)	(19,981)	163,016	(2,135,484)
Loss before income taxes	(3,502,387)	(2,804,806)	(7,068,623)	(8,083,897)
Income tax expense	231,610	10,460	388,520	45,090
Net loss	<u>\$ (3,733,997)</u>	<u>\$ (2,815,266)</u>	<u>\$ (7,457,143)</u>	<u>\$ (8,128,987)</u>
Net loss per share - basic and diluted	<u>\$ (0.15)</u>	<u>\$ (0.11)</u>	<u>\$ (0.30)</u>	<u>\$ (0.35)</u>
Weighted average number of common stock outstanding - basic and diluted	25,041,733	24,544,334	24,971,056	23,354,036

# Reconciliation of Net Income (Loss) to EBITDA and Adjusted EBITDA By Subsidiary

	Three Months Ended January 31, 2022			
	Consolidated	AGI Corporate	AU	USU
Net income (loss)	\$ (3,733,997)	\$ (5,020,149)	\$ 941,437	\$ 344,715
Interest expense, net	180,642	180,682	—	(40)
Taxes	231,610	951	230,660	(1)
Depreciation and amortization	883,536	47,536	738,172	97,828
EBITDA	(2,438,209)	(4,790,980)	1,910,269	442,502
Bad debt expense	350,000	—	225,000	125,000
Stock-based compensation	700,697	616,166	56,880	27,651
Non-recurring charges - Severance	—	—	—	—
Non-recurring income - Other	49,310	49,310	—	—
Adjusted EBITDA	\$ (1,338,202)	\$ (4,125,504)	\$ 2,192,149	\$ 595,153
Net income (loss) Margin	(20)%	NM	7%	6%
Adjusted EBITDA Margin	(7)%	NM	17%	10%

	Three Months Ended January 31, 2021			
	Consolidated	AGI Corporate	AU	USU
Net income (loss)	\$ (2,815,266)	\$ (4,537,882)	\$ 1,375,359	\$ 347,257
Interest expense, net	33,436	33,516	—	(80)
Taxes	10,460	3,600	6,800	60
Depreciation and amortization	535,273	15,540	492,303	27,430
EBITDA	(2,236,097)	(4,485,226)	1,874,462	374,667
Bad debt expense	670,000	—	610,000	60,000
Stock-based compensation	701,170	692,244	(12,468)	21,394
Non-recurring charges - Severance	—	—	—	—
Non-recurring charges - Other	—	—	—	—
Adjusted EBITDA	\$ (864,927)	\$ (3,792,982)	\$ 2,471,994	\$ 456,061
Net income (loss) Margin	(17)%	NM	12%	7%
Adjusted EBITDA Margin	(5)%	NM	21%	10%

NM – Not meaningful

# Balance Sheet (Assets)

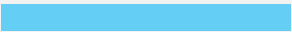
	January 31, 2022 (Unaudited)	April 30, 2021
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 5,969,286	\$ 12,472,082
Restricted cash	1,433,397	1,193,997
Accounts receivable, net of allowance of \$3,381,204 and \$3,289,816, respectively	19,635,715	16,724,744
Prepaid expenses	1,375,628	1,077,831
Other current assets	31,032	68,529
Total current assets	28,445,058	31,537,183
Property and equipment:		
Computer equipment and hardware	1,486,201	956,463
Furniture and fixtures	2,153,124	1,705,101
Leasehold improvements	7,179,896	5,729,324
Instructional equipment	656,409	421,039
Software	9,829,329	8,488,635
Construction in progress	900	247,767
	21,305,859	17,548,329
Less: accumulated depreciation and amortization	(7,533,571)	(4,892,987)
Total property and equipment, net	13,772,288	12,655,342
Goodwill	5,011,432	5,011,432
Intangible assets, net	7,907,075	7,908,360
Courseware, net	289,680	187,296
Accounts receivable, net of allowance of \$— and \$625,963, respectively	—	45,329
Long-term contractual accounts receivable	12,701,452	10,249,833
Deferred financing costs	88,393	18,056
Operating lease right of use assets, net	13,090,470	12,714,863
Deposits and other assets	523,898	479,212
<b>Total assets</b>	<b>\$ 81,829,746</b>	<b>\$ 80,806,906</b>

# Balance Sheet (Liabilities and Stockholders' Equity)

	January 31, 2022	April 30, 2021
	(Unaudited)	
<b>Liabilities and Stockholders' Equity</b>		
<b>Liabilities:</b>		
Current liabilities:		
Accounts payable	\$ 1,806,656	\$ 1,466,488
Accrued expenses	2,079,249	2,040,896
Deferred revenue	6,182,781	6,825,014
Due to students	3,229,516	2,747,484
Operating lease obligations, current portion	2,106,981	2,029,821
Credit Facility	5,000,000	—
Other current liabilities	136,027	307,921
Total current liabilities	20,541,210	15,417,624
Operating lease obligations, less current portion	17,317,396	16,298,808
Total liabilities	37,858,606	31,716,432
Commitments and contingencies		
<b>Stockholders' equity:</b>		
Preferred stock, \$0.001 par value; 1,000,000 shares authorized, 0 issued and 0 outstanding at January 31, 2022 and April 30, 2021	—	—
Common stock, \$0.001 par value; 40,000,000 shares authorized, 25,228,580 issued and 25,073,094 outstanding at January 31, 2022 25,066,297 issued and 24,910,811 outstanding at April 30, 2021	25,229	25,067
Additional paid-in capital	111,378,471	109,040,824
Treasury stock (155,486 at both January 31, 2022 and April 30, 2021)	(1,817,414)	(1,817,414)
Accumulated deficit	(65,615,146)	(58,158,003)
Total stockholders' equity	43,971,140	49,090,474
<b>Total liabilities and stockholders' equity</b>	<b>\$ 81,829,746</b>	<b>\$ 80,806,906</b>



# Subsidiary KPIs (Percentage of Revenue)



Three Months Ended January 31, 2022

	<u>Consolidated</u>	<u>AU</u>	<u>USU</u>
Revenue	\$18,944,798	\$13,027,338	\$5,917,460

Percentage of Revenue	<u>Consolidated</u>	<u>AU</u>	<u>USU</u>
Instructional costs	26%	25%	28%
Marketing costs	23%	22%	20%
General and Administrative expenses	62%	36%	43%
Depreciation and Amortization	5%	6%	2%
GAAP Gross Profit	51%	50%	52%



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