



**First Quarter  
Fiscal Year 2023  
Earnings Slides**

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**Matt LaVay**, Chief Financial Officer  
**September 13, 2022**  
**Nasdaq: ASPU**

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

# SAFE HARBOR STATEMENT

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Certain statements in this presentation and responses to various questions including our ability to improve operating results with controlled spending, future revenue trends including from our new Atlanta campus, the timing for new campuses to achieve profitability, USU growth, nursing attrition trends, reducing general and administrative costs, marketing reductions, being positioned to generate positive operating cash flow in the second half of Fiscal 2023, 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 uncertainties arising from the Russian invasion of Ukraine and the labor market shortages, future first-time NCLEX scores of our students, the failure to obtain approval from the National Council for State Authorization Reciprocity Agreements, 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 future developments arising from regulatory issues in Arizona.

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, 2022, as amended and supplemented by the Form 10-Q for the three months ended July 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 slides 4 and 13, 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 September 13, 2022. 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.

# FIRST QUARTER FISCAL YEAR 2023 HIGHLIGHTS

(All comparisons are Q1 FY'23 versus Q1 FY'22)

## REVENUE

**\$18.9M**  
REVENUE

3 %

- Enrollment stoppage at the BSN Pre-Licensure program in Arizona drives decrease
- Highest LTV programs continue to represent majority of revenue at 59%
- USU revenue up 12%

## GROSS PROFIT

**\$8.2M**  
GROSS PROFIT

21%

- Lower revenue
- Inflationary pressure on instructional costs
- Instructors added to support core BSN-PL program

## NET LOSS

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

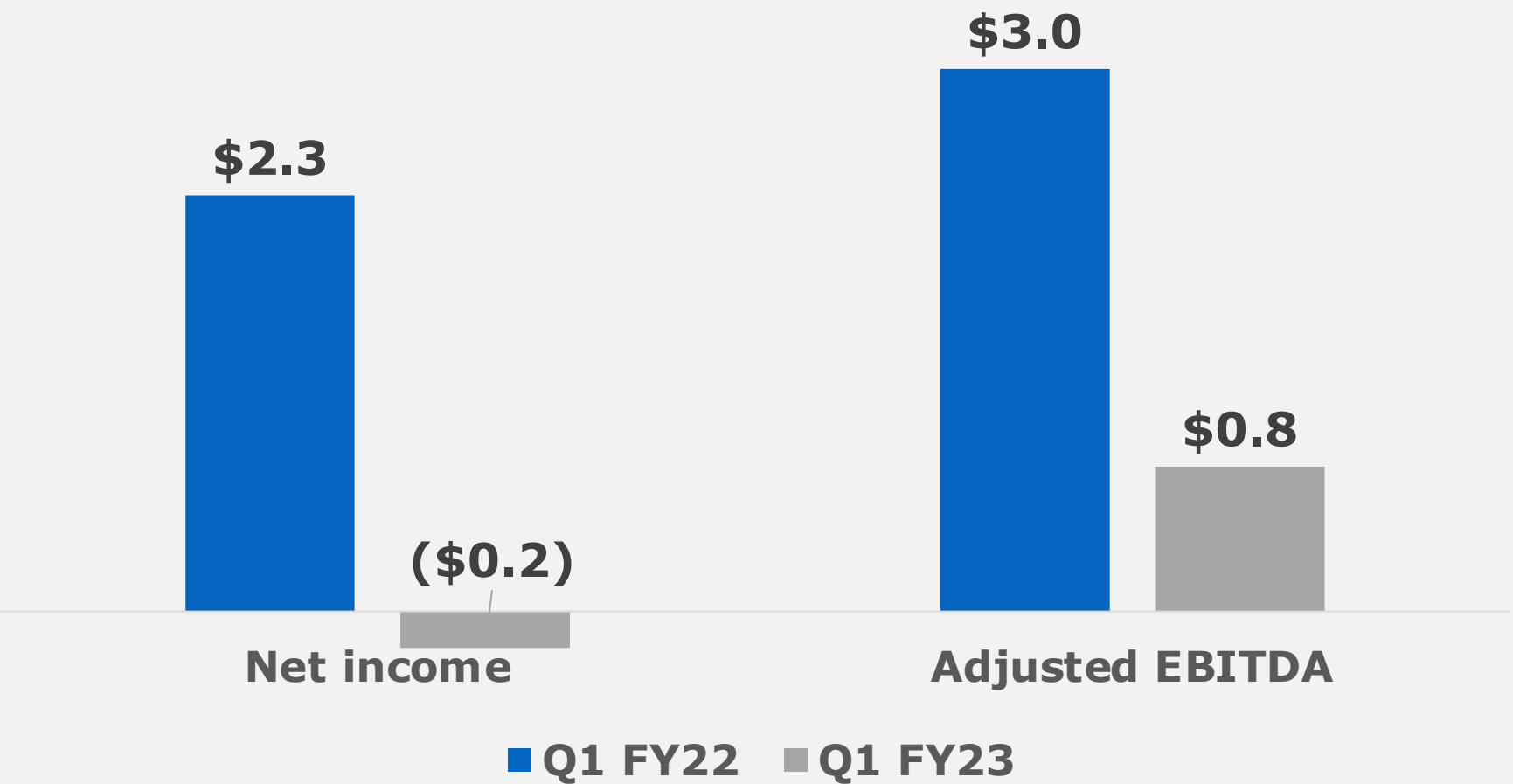
\$(2.8)M

- Lower revenue
- Inflationary pressure on instructional costs
- Instructors added to support the core BSN-PL program
- Offsetting decrease in G&A

# Q1 FY'23 Profitability by Operating Segment

(\$ in millions)

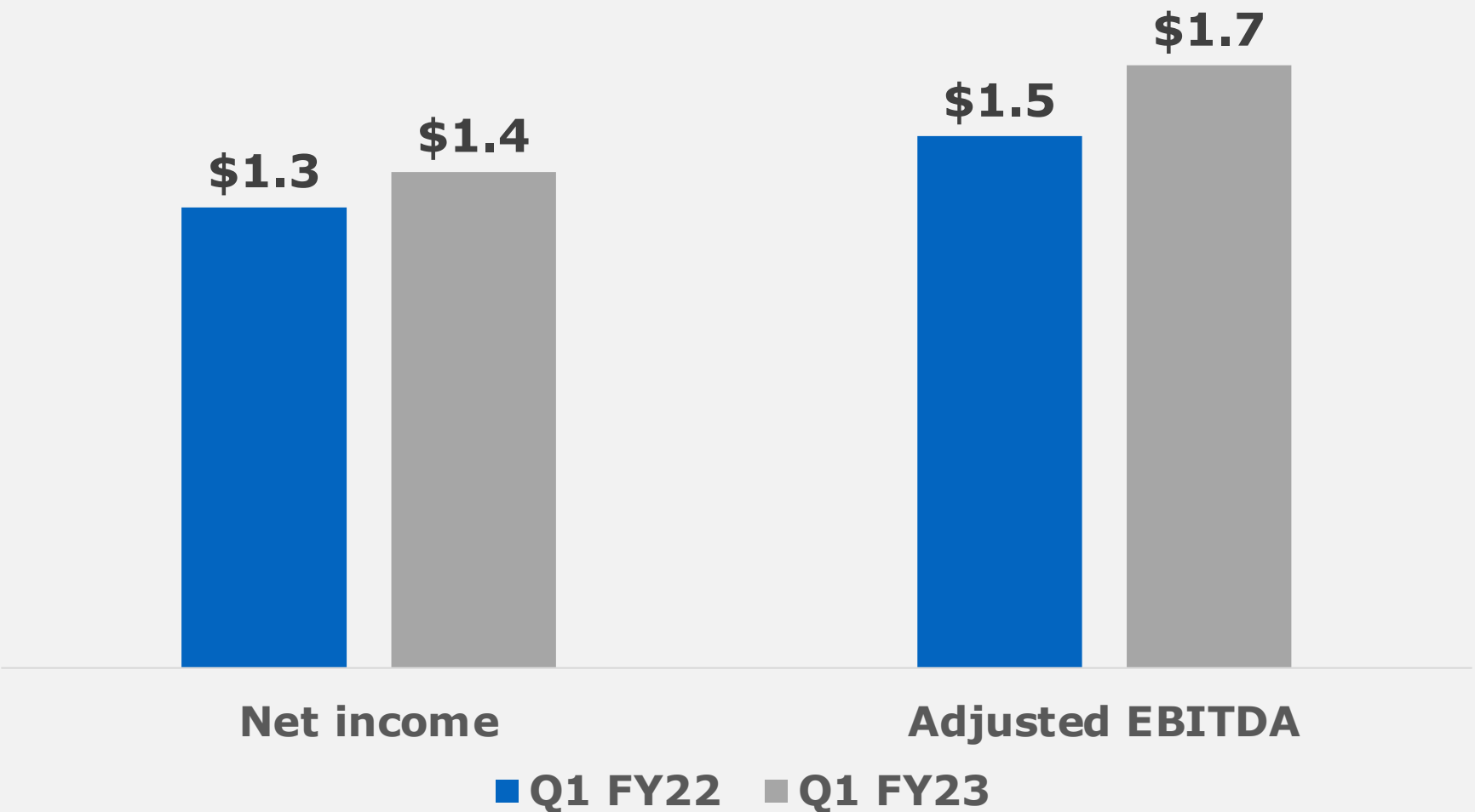
## Aspen University



AU Adj EBITDA YOY decline attributed to:

- Decreased AZ pre-licensure revenue
- Decrease in AU on-line revenue related to decreased fiscal Q4 2022 marketing spend
- Higher Core PL program instructional costs

## USU



USU Adjusted EBTIDA YOY increase attributed to MSN-FNP program growth

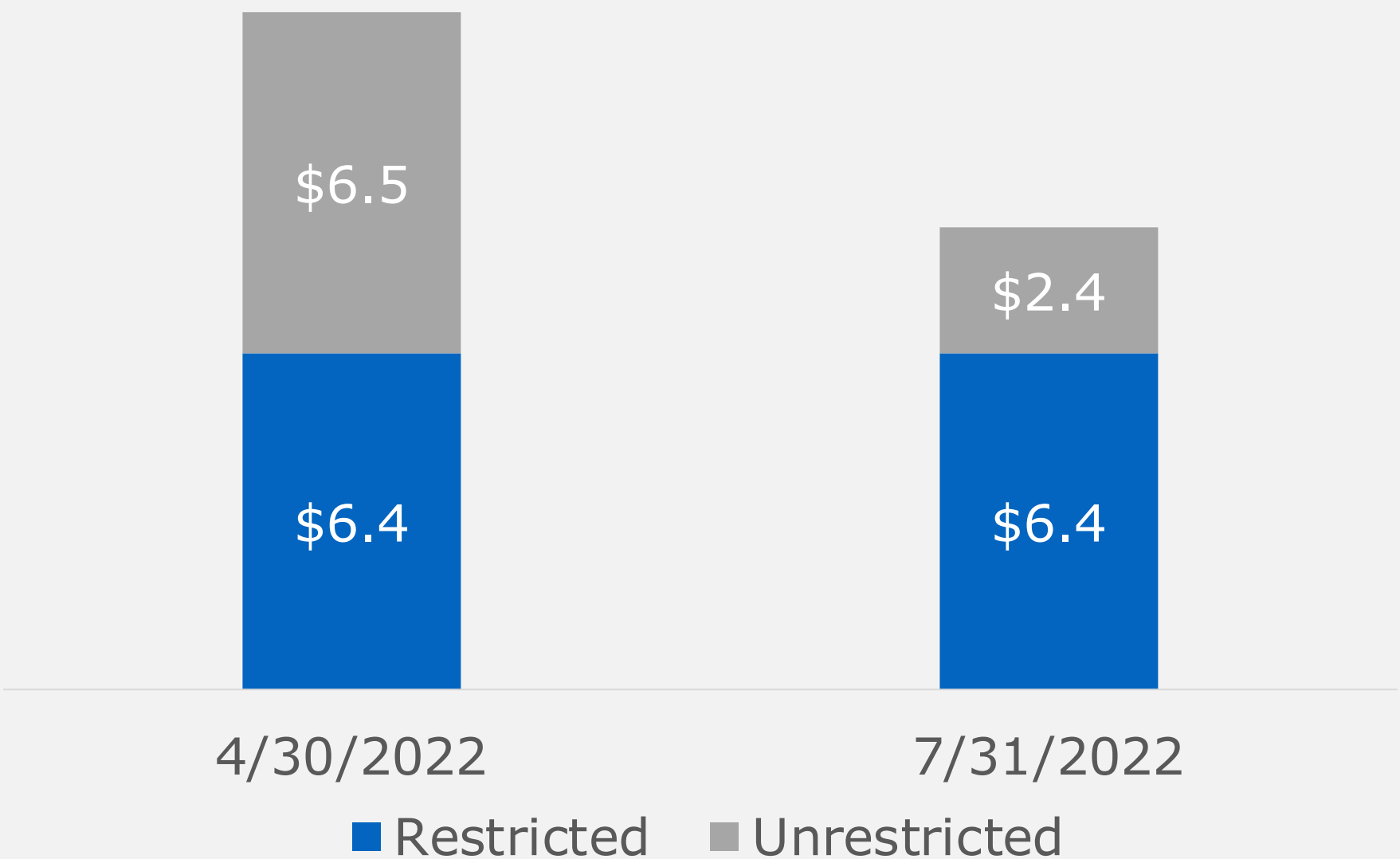


# Balance Sheet

(\$ in millions)

## Liquidity

Cash Balance



- Cash flow used in operations was \$3.6 million
  - Approximately \$2.2 million is attributed to EBITDA loss
  - \$1.2 million is attributed to changes in working capital primarily related to increase in short-term and long-term monthly payment plan (MPP) AR
- Approximately \$500,000 in capital expenditures during the quarter

**Management believes the Company is positioned to generate positive operating cash flow in the second half of fiscal 2023 as a result of the restructuring plan undertaken late in the first quarter of fiscal year 2023**

# Q2 FY'23 Restructuring Impact on Expenses

Improving ability to generate positive operating cash flow in 2H FY2023

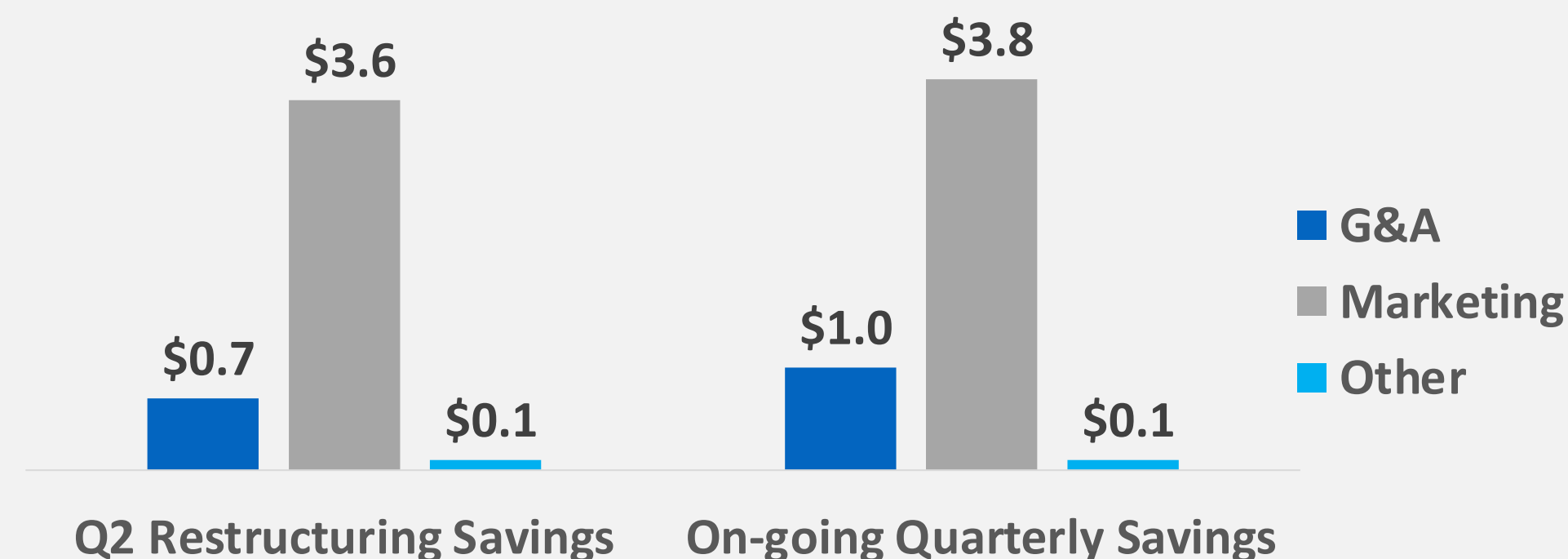
## Marketing

- Marketing ad spend reduced to maintenance spend levels of \$150,000 per quarter
- Expected to deliver savings of \$3.6 million in Q2 and \$3.8 million in each of Q3 and Q4
- Savings estimates are based on normalized marketing spend run rate of \$4.2 million per quarter
- The company intends to control marketing ad spend until an AR financing facility is closed

## Staff Reductions

- Restructuring plan resulted in the elimination of approximately 70 positions mostly within our AU G&A functions
- Restructuring staff savings of \$750,000 in Q2 and \$1.1 million in each of Q3 & Q4 are expected

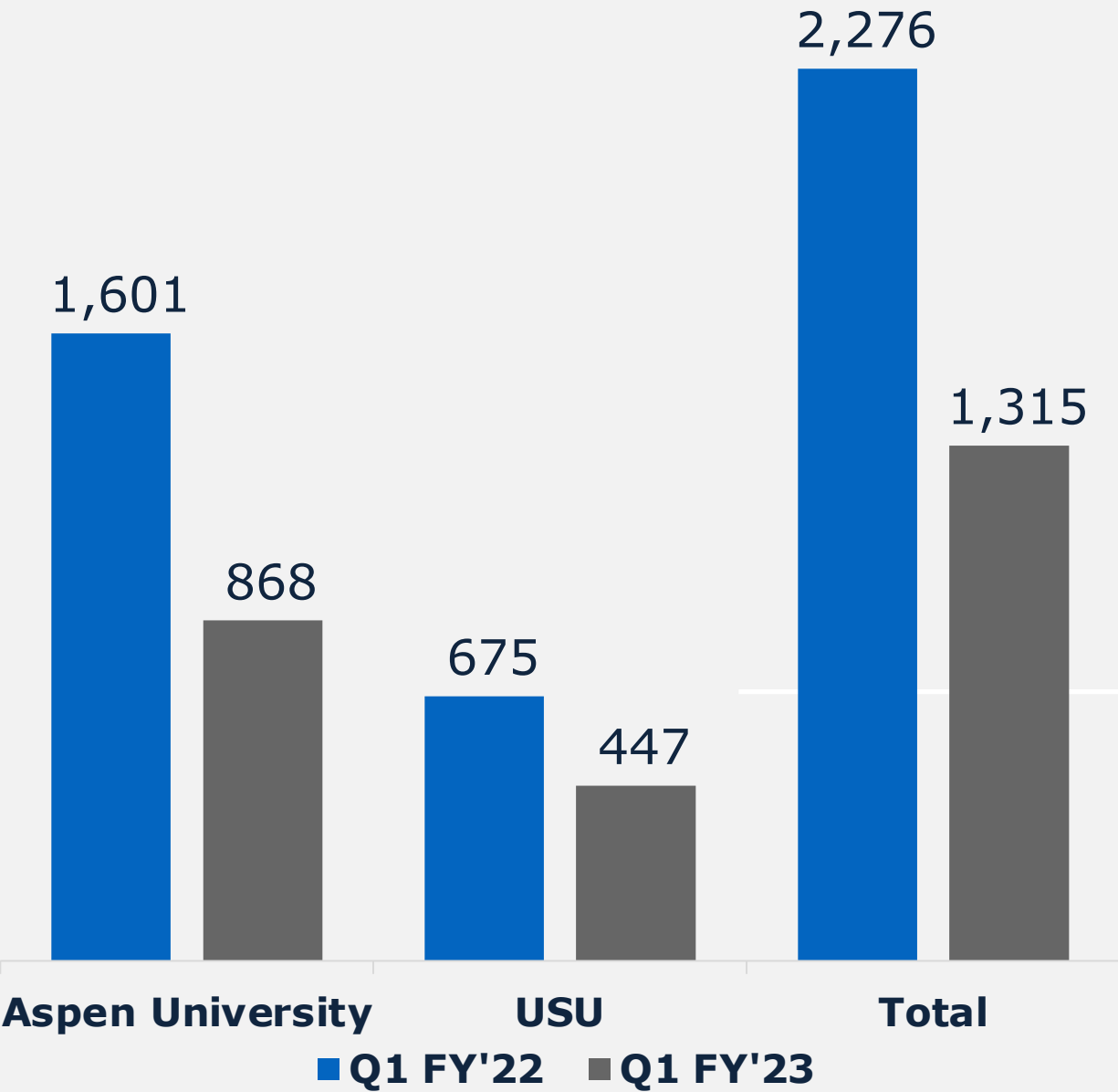
Restructuring Savings  
(in millions)



- **Restructuring and lower marketing spend expected to reduce total spending by \$4.4 million in Q2 and \$4.9 million per quarter in Q3 and Q4 of fiscal year 2023**
- **For reference, fiscal 2022 operating cash burn was \$11.3 million for an average quarterly cash burn of approximately \$2.8 million**

# Q1 FY'23 Enrollment and Bookings Overview

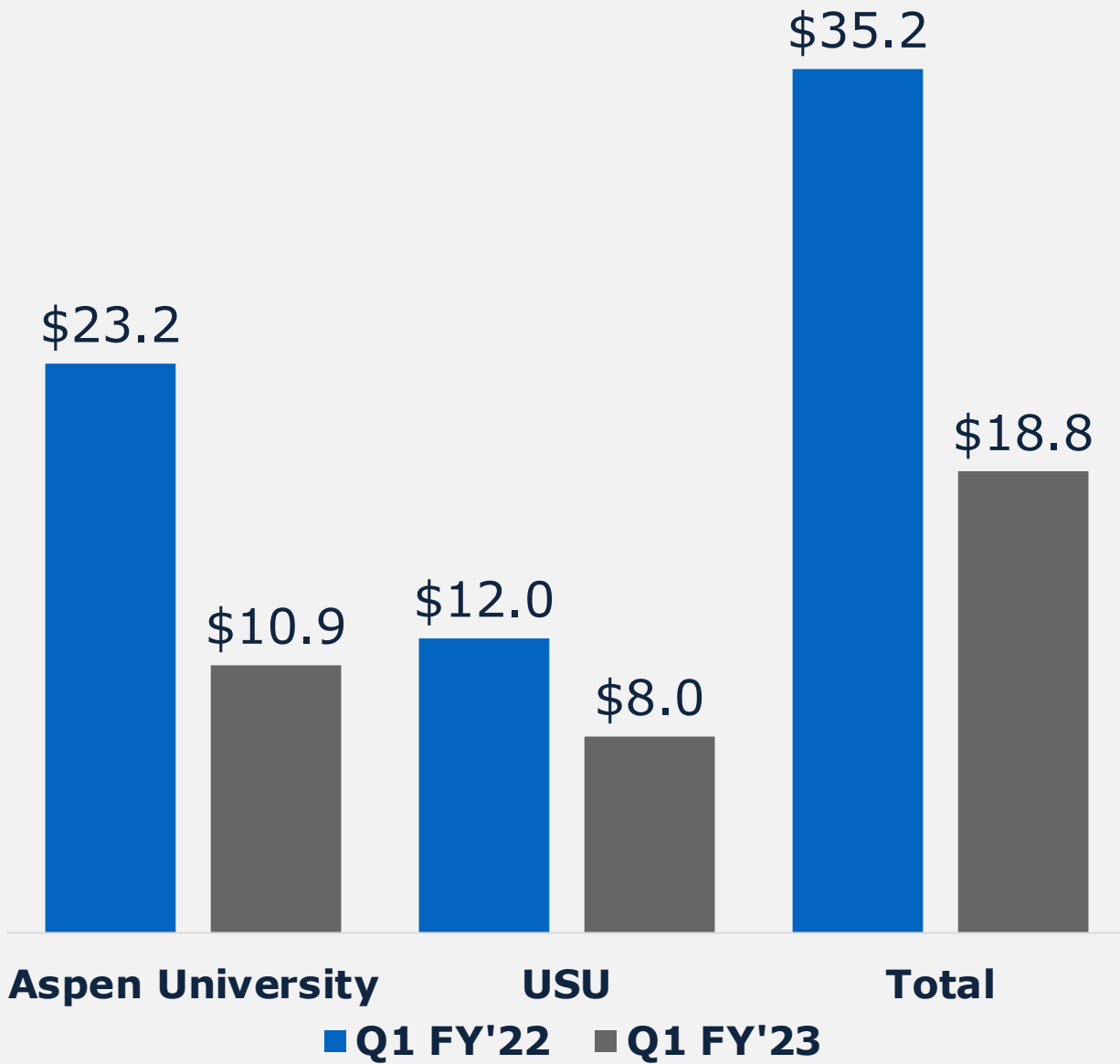
Q1 FY'23 Y-O-Y Enrollment



Factors impacting Q1 FY'23 Enrollment & Bookings

- Stoppage of Phoenix campuses enrollments
- Strategic decrease in marketing spend in Q4
- Aspen 2.0 reduced marketing impact on Aspen Online + Other

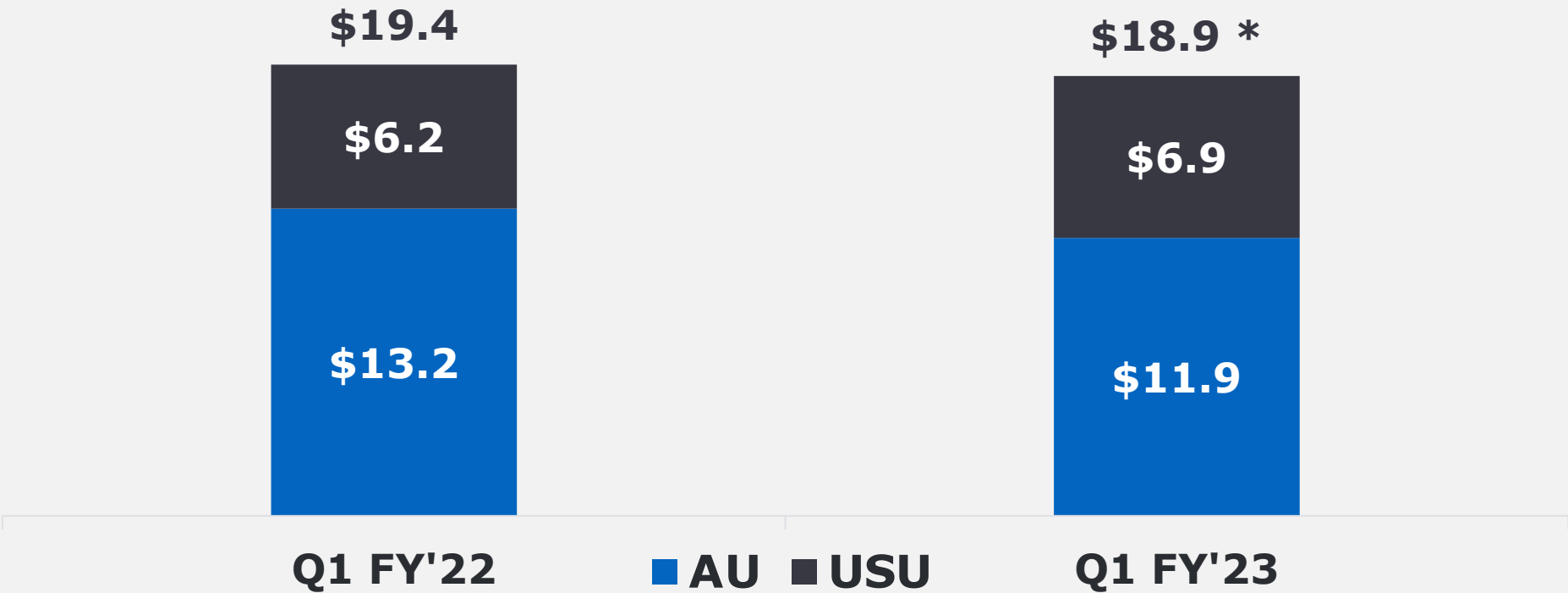
Q1 FY'23 Y-O-Y Bookings\* (in millions)



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

# Q1 FY'23 Revenue and Gross Profit

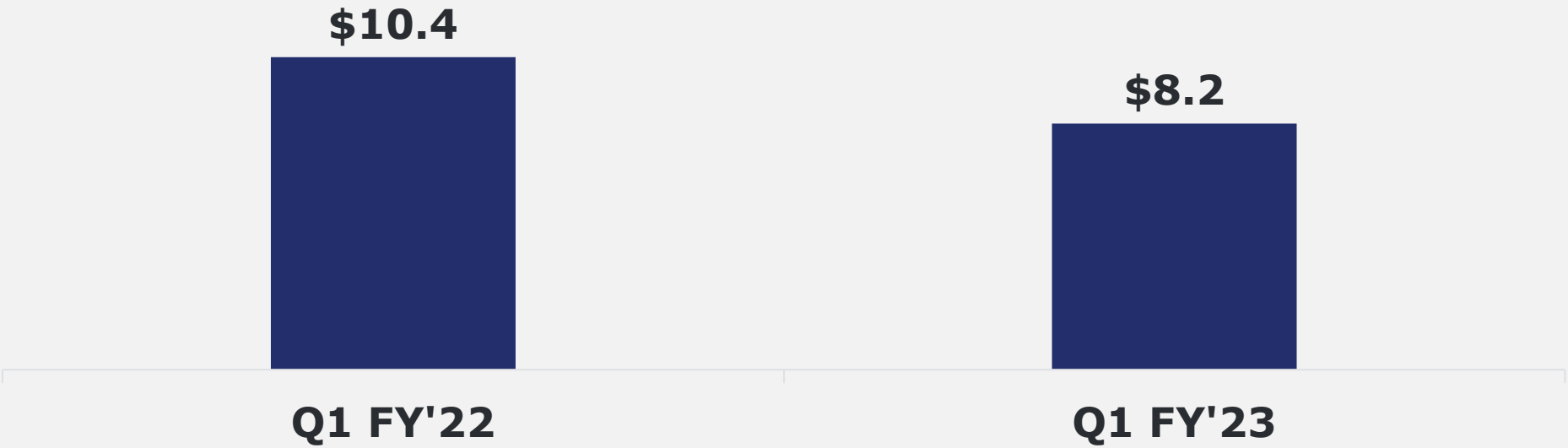
Subsidiary Revenue Y-O-Y Compare  
(in millions)



Decline in AU revenue was partially offset by USU MSN-FNP up 12%

\*Differences due to rounding.

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

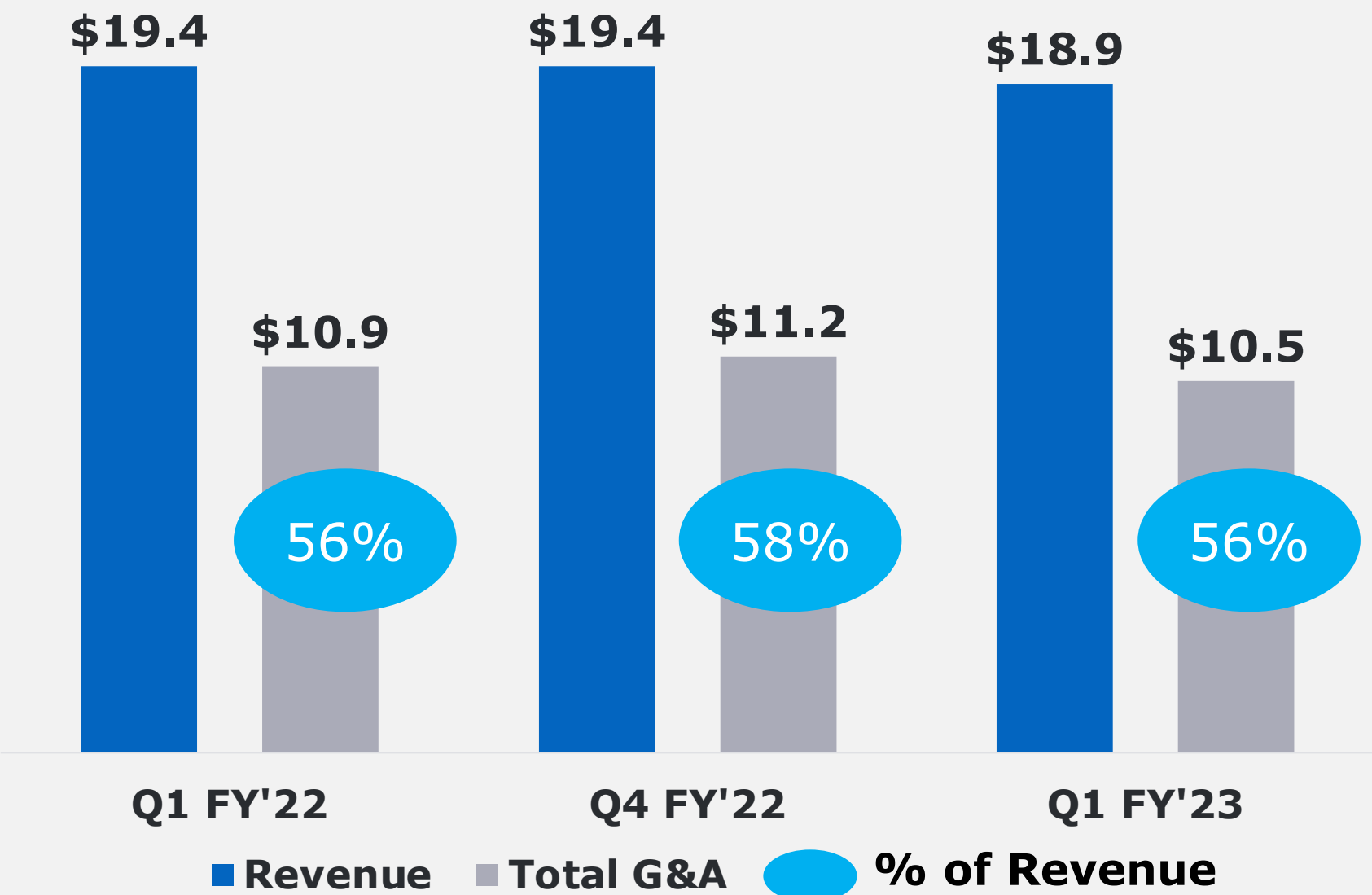


Gross profit decline related to decreased AU revenue and increased AU instructional costs



# G&A Controls in Q1 FY'23; Achieved With Pre-Licensure Campus Expansion to a Total of Five States

Q1 FY'23 Y-O-Y G&A and Revenue Comparison  
(in millions)

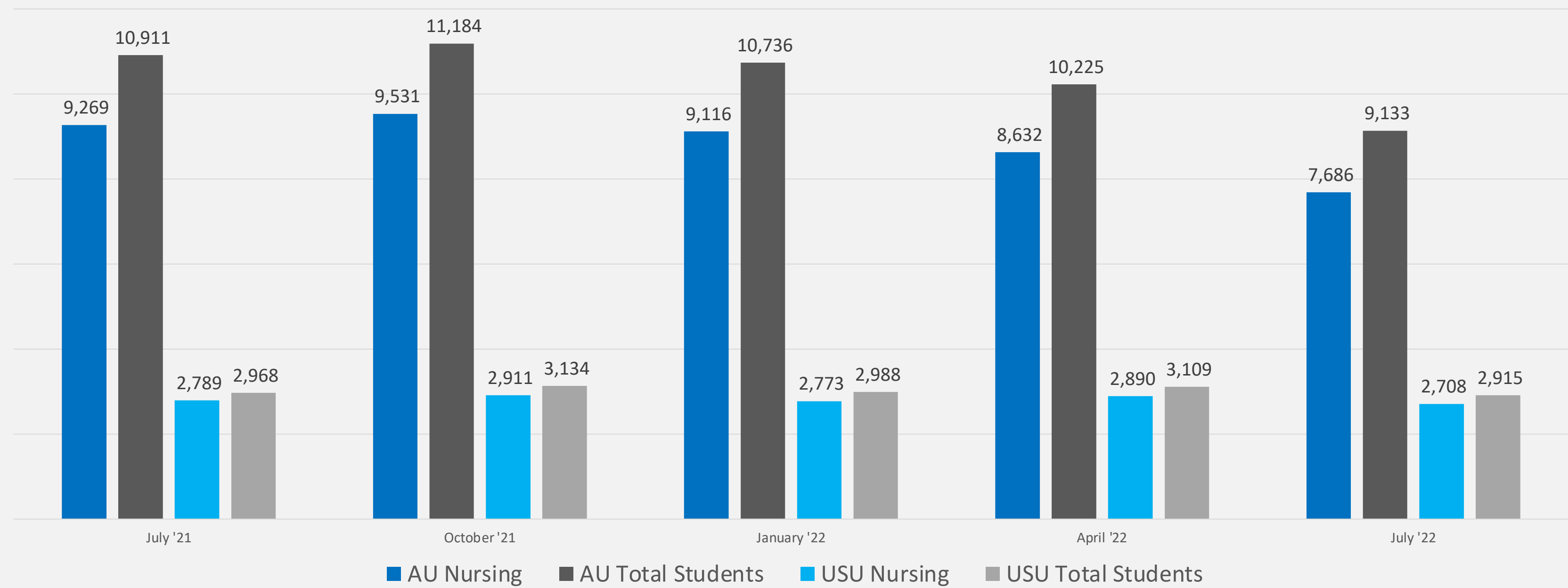


**Y-O-Y G&A flat as a percent of revenue at 56% primarily due to:**

- Increased G&A spend in AU BSN Pre-Licensure and USU MSN-FNP programs related to
  - additional headcount, which increased compensation and benefits expense, and increased facilities costs
  - offset by G&A reductions in corporate
- **Sequential G&A decline from 58% to 56% of revenue** related to the reduction of G&A expenses achieved through cost controls
- Additional G&A reductions will be achieved during the remainder of fiscal 2023 due to the restructuring implemented at the end of Q1 FY23

# AGI Active Student Body Declined 13% to 12,048; Nursing Students Represent 86% 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.

# APPENDIX

# Income Statement

	Three Months Ended July 31,	
	2022	2021
Revenue	\$ 18,893,913	\$ 19,430,995
Operating expenses:		
Cost of revenue (exclusive of depreciation and amortization shown separately below)	10,205,551	8,593,568
General and administrative	10,532,020	10,946,477
Bad debt expense	350,000	350,000
Depreciation and amortization	921,108	779,409
Total operating expenses	22,008,679	20,669,454
Operating loss	(3,114,766)	(1,238,459)
Other income (expense):		
Interest expense	(581,293)	(33,539)
Other income, net	11,409	552,120
Total other (expense) income, net	(569,884)	518,581
Loss before income taxes	(3,684,650)	(719,878)
Income tax expense	30,321	151,010
Net loss	\$ (3,714,971)	\$ (870,888)
Net loss per share - basic and diluted	\$ (0.15)	\$ (0.03)
Weighted average number of common stock outstanding - basic and diluted	25,202,278	25,070,072

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

	Three Months Ended July 31, 2022			
	Consolidated	AGI Corporate	AU	USU
Net income (loss)	\$ (3,714,971)	\$ (4,898,587)	\$ (209,429)	\$ 1,393,045
Interest expense, net	580,580	581,279	(578)	(121)
Taxes	30,321	5,600	14,721	10,000
Depreciation and amortization	921,108	69,442	744,744	106,922
EBITDA	(2,182,962)	(4,242,266)	549,458	1,509,846
Bad debt expense	350,000	—	225,000	125,000
Stock-based compensation	46,330	(25,330)	51,924	19,736
Non-recurring charges - Severance	125,000	125,000	—	—
Non-recurring (income) charges - Other	484,932	484,932	—	—
Adjusted EBITDA	<u>\$ (1,176,700)</u>	<u>\$ (3,657,664)</u>	<u>\$ 826,382</u>	<u>\$ 1,654,582</u>
Net income (loss) Margin	(20)%	NM	(2)%	20 %
Adjusted EBITDA Margin	(6)%	NM	7 %	24 %
NM - Not meaningful				
	Three Months Ended July 31, 2021			
	Consolidated	AGI Corporate	AU	USU
Net income (loss)	\$ (870,888)	\$ (4,458,536)	\$ 2,334,457	\$ 1,253,191
Interest expense, net	32,132	33,272	(1,000)	(140)
Taxes	151,010	1,163	149,807	40
Depreciation and amortization	779,409	31,043	663,693	84,673
EBITDA	91,663	(4,393,058)	3,146,957	1,337,764
Bad debt expense	350,000	—	250,000	100,000
Stock-based compensation	542,712	443,279	69,595	29,838
Non-recurring charges - Severance	19,665	—	—	19,665
Non-recurring charges - Other	(498,120)	—	(498,120)	—
Adjusted EBITDA	<u>\$ 505,920</u>	<u>\$ (3,949,779)</u>	<u>\$ 2,968,432</u>	<u>\$ 1,487,267</u>
Net income (loss) Margin	(4)%	NM	18 %	20 %
Adjusted EBITDA Margin	3 %	NM	22 %	24 %



# Balance Sheet (Assets)

	July 31, 2022 (Unaudited)	April 30, 2022
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 2,374,224	\$ 6,482,750
Restricted cash	6,433,397	6,433,397
Accounts receivable, net of allowance of \$3,653,072 and \$3,460,288, respectively	24,699,267	24,359,241
Prepaid expenses	1,745,565	1,358,635
Other current assets	988,641	748,568
Total current assets	36,241,094	39,382,591
<b>Property and equipment:</b>		
Computer equipment and hardware	1,570,850	1,516,475
Furniture and fixtures	2,197,920	2,193,261
Leasehold improvements	7,179,896	7,179,896
Instructional equipment	756,568	715,652
Software	10,661,079	10,285,096
Construction in progress	3,000	2,100
	22,369,313	21,892,480
Less: accumulated depreciation and amortization	(9,294,089)	(8,395,001)
Total property and equipment, net	13,075,224	13,497,479
Goodwill	5,011,432	5,011,432
Intangible assets, net	7,900,000	7,900,000
Courseware, net	267,526	274,047
Long-term contractual accounts receivable	12,429,962	11,406,525
Deferred financing costs	302,834	369,902
Operating lease right-of-use assets, net	12,361,707	12,645,950
Deposits and other assets	566,244	578,125
<b>Total assets</b>	<b>\$ 88,156,023</b>	<b>\$ 91,066,051</b>

# Balance Sheet (Liabilities and Stockholders' Equity)

	July 31, 2022 (Unaudited)	April 30, 2022
<b>Liabilities and Stockholders' Equity</b>		
<b>Liabilities:</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 1,851,533	\$ 1,893,287
Accrued expenses	3,146,956	2,821,432
Deferred revenue	6,245,530	5,889,911
Due to students	3,963,709	4,063,811
Operating lease obligations, current portion	2,123,914	2,036,570
Other current liabilities	751,349	130,262
Total current liabilities	18,082,991	16,835,273
Long-term debt, net	14,909,625	14,875,735
Operating lease obligations, less current portion	16,279,324	16,809,319
Total liabilities	49,271,940	48,520,327
Commitments and contingencies		
<b>Stockholders' equity:</b>		
Preferred stock, \$0.001 par value; 1,000,000 shares authorized, 0 issued and 0 outstanding at July 31, 2022 and April 30, 2022	—	—
Common stock, \$0.001 par value; 60,000,000 shares authorized, 25,357,764 issued and 25,202,278 outstanding at July 31, 2022 25,357,764 issued and 25,202,278 outstanding at April 30, 2022	25,358	25,358
Additional paid-in capital	112,134,894	112,081,564
Treasury stock (155,486 at both July 31, 2022 and April 30, 2022)	(1,817,414)	(1,817,414)
Accumulated deficit	(71,458,755)	(67,743,784)
Total stockholders' equity	38,884,083	42,545,724
<b>Total liabilities and stockholders' equity</b>	<b>\$ 88,156,023</b>	<b>\$ 91,066,051</b>

# Subsidiary KPIs (Percentage of Revenue)

	Three Months Ended July 31, 2022		
	Consolidated	AU	USU
Revenue	\$ 18,893,913	\$ 11,948,094	\$ 6,945,819
<b>Percentage of Revenue:</b>			
Instructional Costs	30%	32%	27%
Marketing Costs	24%	25%	16%
Depreciation and Amortization	5%	6%	2%
GAAP Gross Profit	43%	39%	56%
General and Administrative Services	56%	36%	34%



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