ASPEN
GROUP INC.

Second Quarter Fiscal Year 2023 Earnings Slides

CREATING VALUE BY TRANSFORMING THE COLLEGE EDUCATION EXPERIENCE

Michael Mathews, Chairman & Chief Executive Officer
Matt LaVay, Chief Financial Officer
December 13, 2022
Nasdaq: ASPU

SAFE HARBOR STATEMENT

Certain statements in this presentation and responses to various questions, including our restructuring initiatives including efforts to reduce expenditures and the anticipated results and benefits of these efforts, our ability to generate positive operating cash flow in the second half of fiscal 2023, continued strong demand for the MSN-FNP program, and our plans and efforts to locate and close an accounts receivable facility, and liquidity. 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 management's ability to navigate the challenges we face due to adverse regulatory developments and our ability to prepare and execute a viable business strategy following those events, the continued demand of nursing students for our programs, student attrition, national and local economic factors, 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 myriad of risks which may affect our ability to close an accounts receivable financing ranging from locating a willing lender to contractual difficulties including covenants which prevent us from closing a facility.

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.

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 December 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 the reconciliation of these non-GAAP financial measures to their respective GAAP measures at the end of this slide presentation.

SECOND QUARTER FISCAL YEAR 2023 HIGHLIGHTS

(All comparisons are Q2 FY'23 versus Q2 FY'22)

REVENUE

$17.1M
REVENUE

(10%)

- AU revenue impacted by enrollment stoppage in BSN-PL program and lower post-licensure enrollments due reduced marketing spend related to restructuring
- Strong demand for the MSN-FNP program lifted USU revenue by 9%

GROSS PROFIT

$10.2M
GROSS PROFIT

6%

- Gross margin rose 900 basis points to 60%
- Lower cost of revenue reflects the restructuring related decrease in marketing spend to $0.8 million from $4.0 million

NET LOSS

$(2.3)M
NET LOSS

$559K

- Higher gross profit
- Decreased G&A spend due to restructuring and cost controls designed to reduce G&A spend across all functions, primarily corporate AGI

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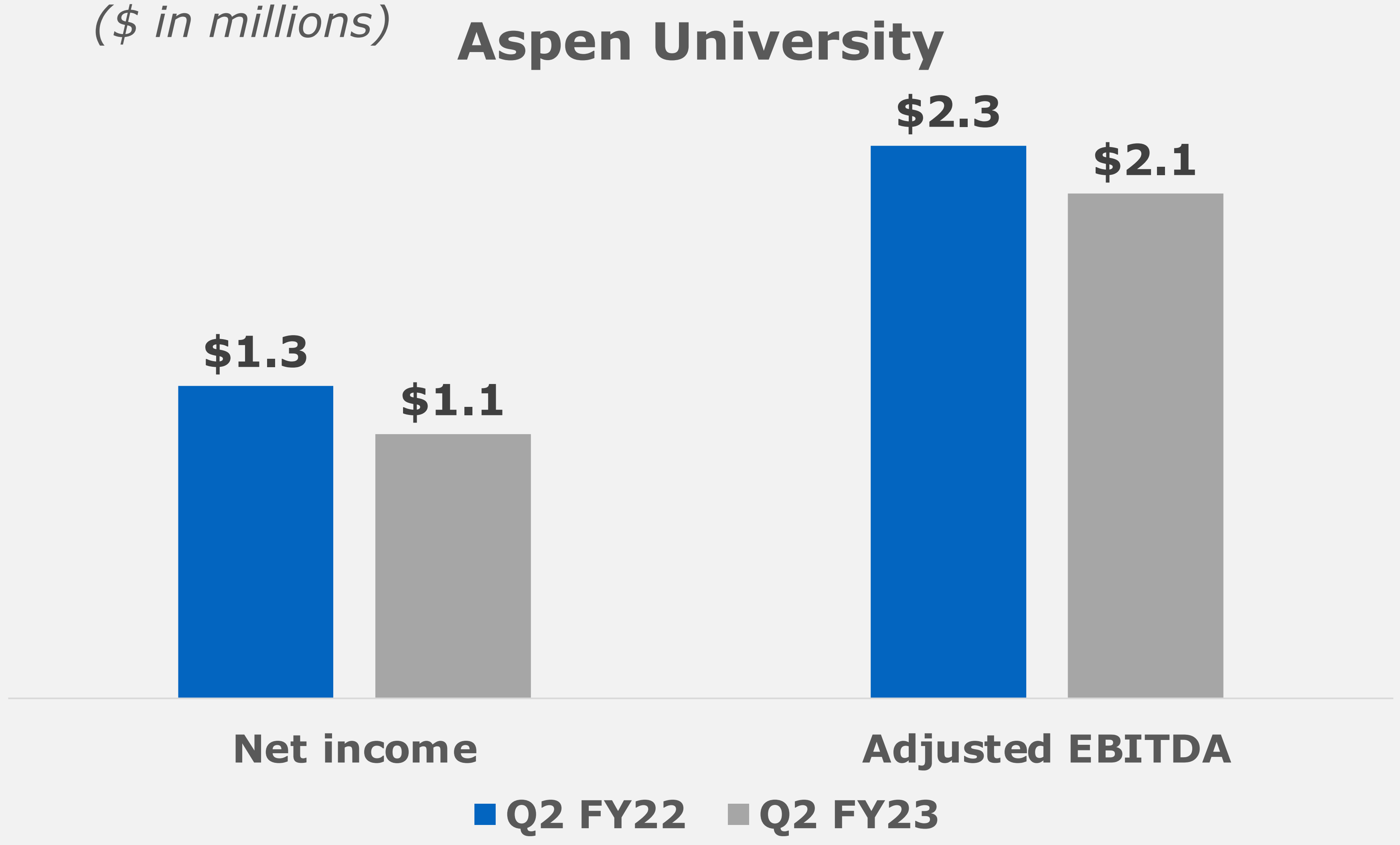
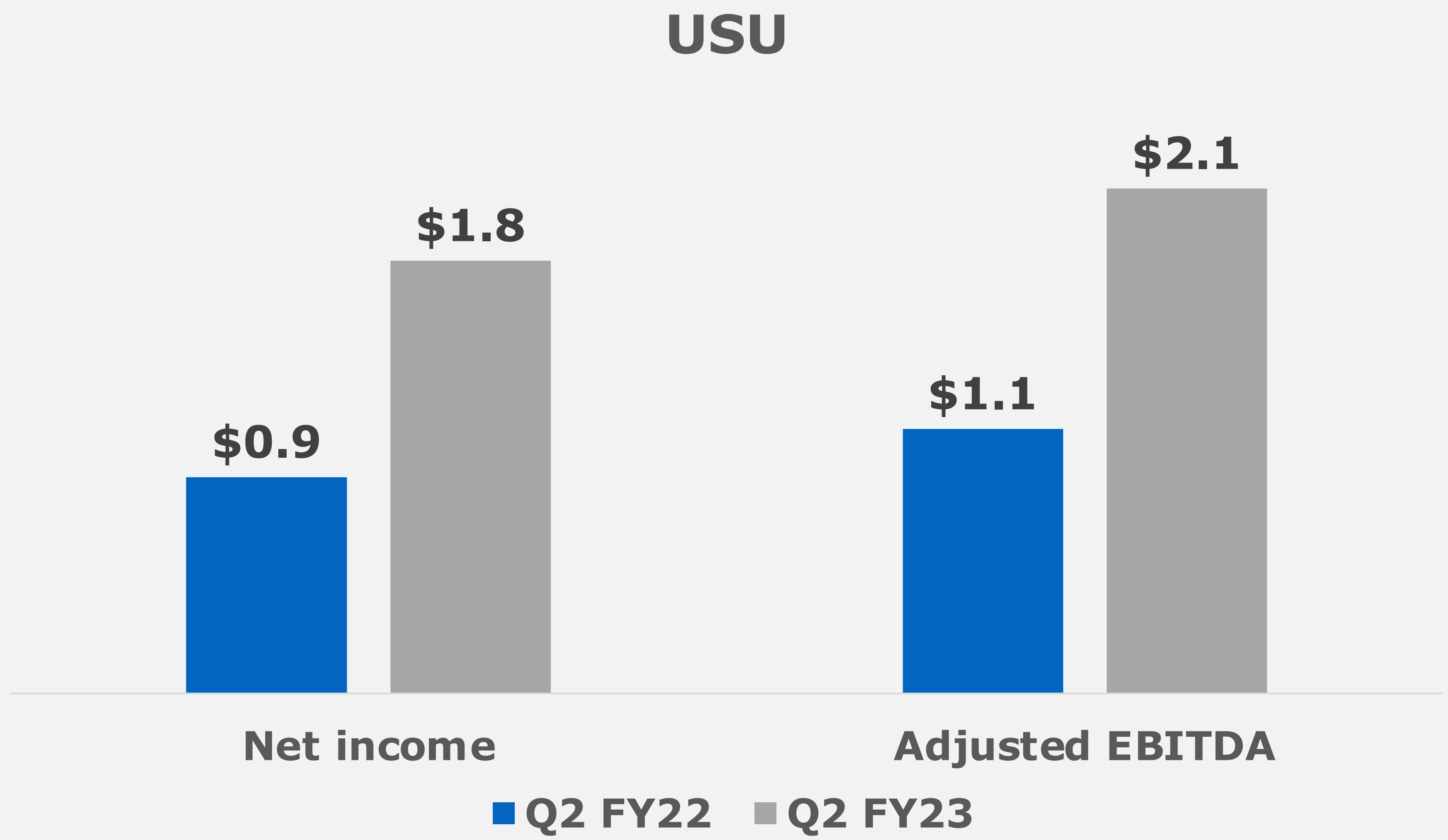
Q2 FY'23 Profitability by Operating Segment

($ in millions)





AU Adjusted EBITDA YOY decline attributed to:

- Decrease in pre-licensure revenue
- Decrease in AU online revenue related to decreased fiscal Q4 2022 marketing spend
- Higher Core P-L program instructional costs

USU Adjusted EBITDA YOY increased:

- In part due to higher revenue from the unit's FNP post-licensure degree program carrying the highest LTV

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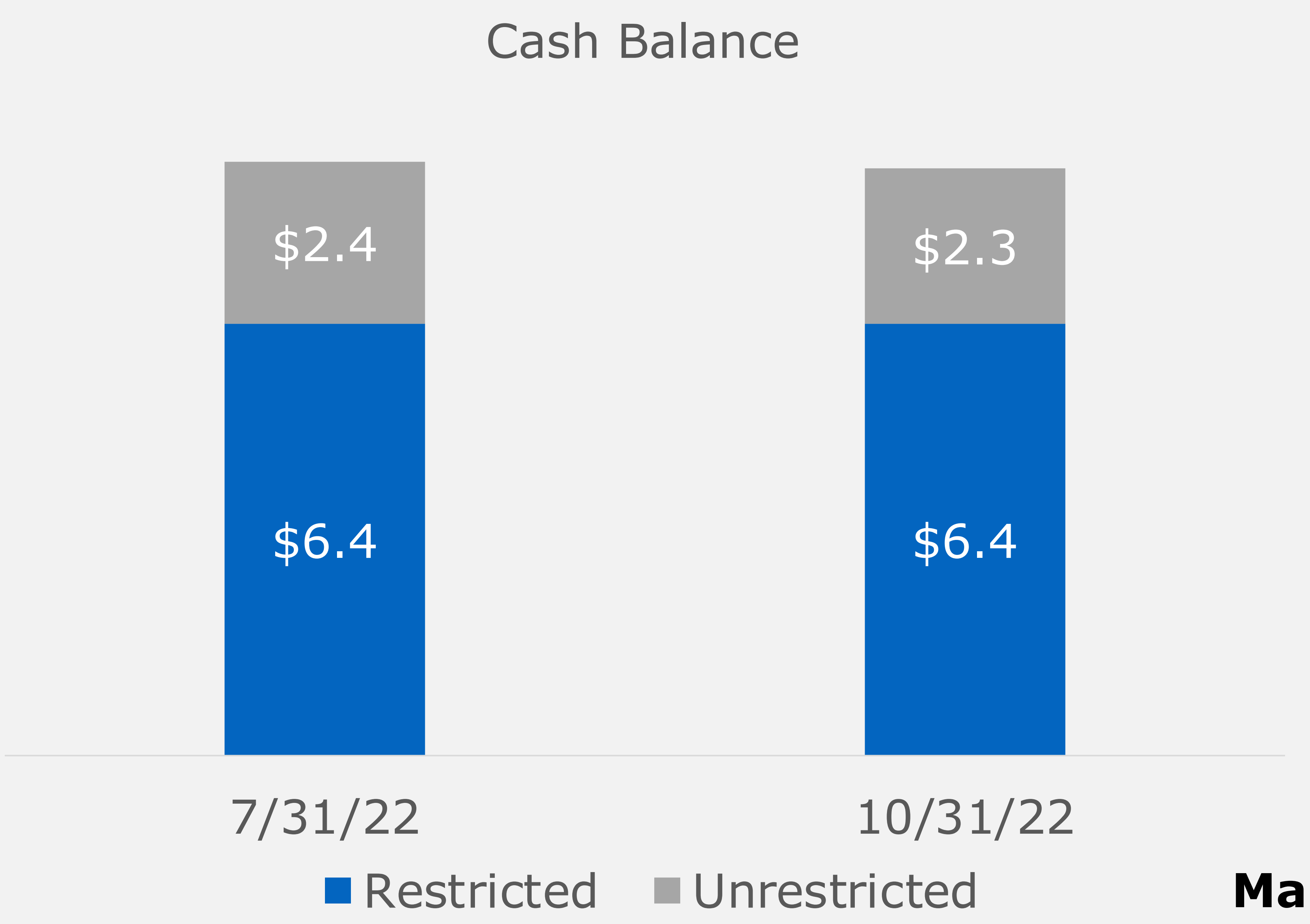
Cash Balance as of October 31, 2022

($ in millions)

The business generated POSITIVE cash from operations of $1M in Q2 FY23



The shift from operations using cash of $3.6 million in Q1 FY23 to being a **source of cash in Q2 FY23** was the result of:

1. Lower discretionary spending on marketing and the benefits of the restructuring plan, which narrowed net loss, as well as;
2. Positive changes in working capital, which was expected as we decreased marketing spend and the related enrollments

Management believes the Company can continue to generate positive operating cash flow in the second half of fiscal 2023 as a result of the Q1 FY'23 restructuring plan

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Restructuring Impact on FY 2023 Expenses

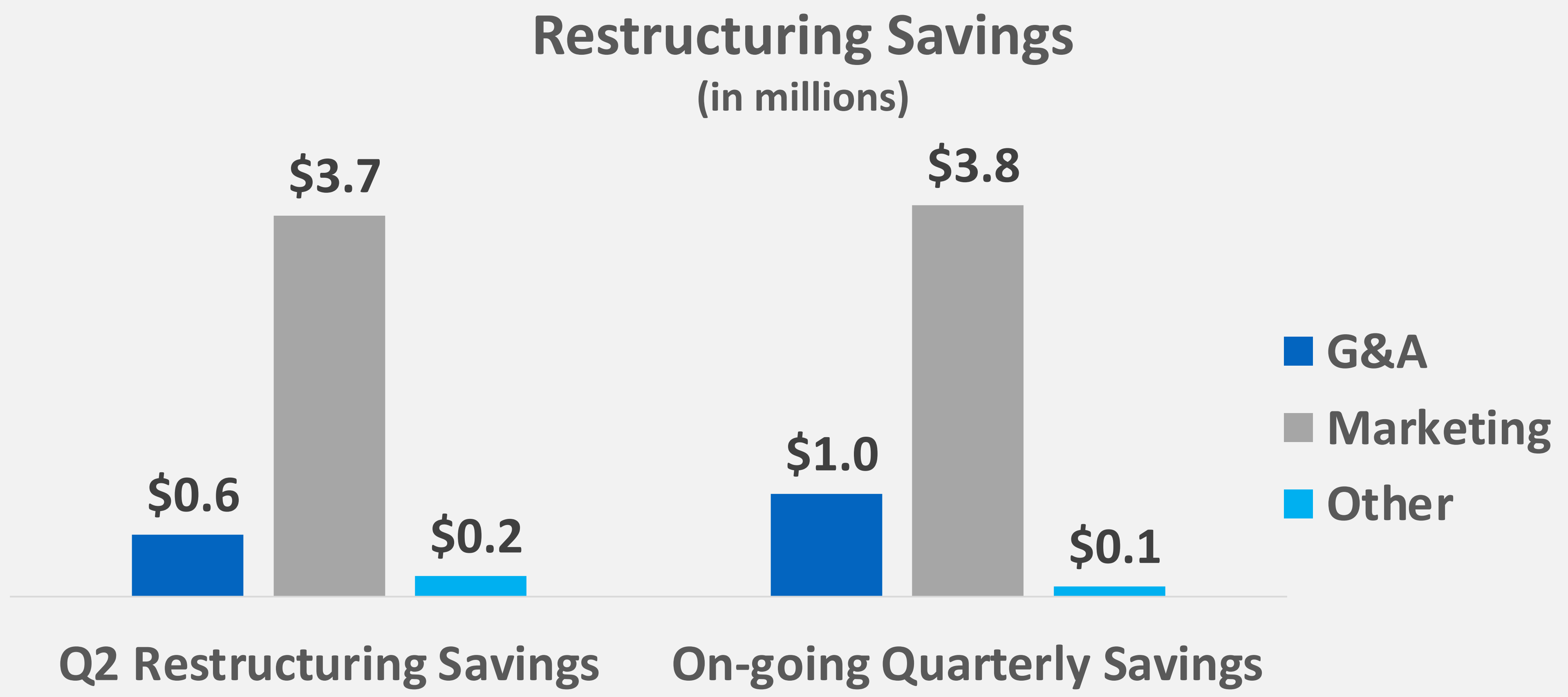
Focus on maintaining positive operating cash flow for the remainder of FY2023

Marketing

- Marketing ad spend reduced to maintenance spend levels of $150,000 per quarter
- Realized savings of $3.7 million in Q2 and anticipate $3.8 million in Q3
- Savings estimates are based on normalized marketing spend run rate of $4 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 within AU and AGI G&A
- Restructuring staff savings of $600,000 in Q2 and an estimated $1.0 million in Q3



Achieving positive operating cash flow, helped by

- **Restructuring and lower marketing spend reduced total spending by $4.5 million in Q2**
- **Company anticipates further reduction of total spend by $4.9 million in Q3**

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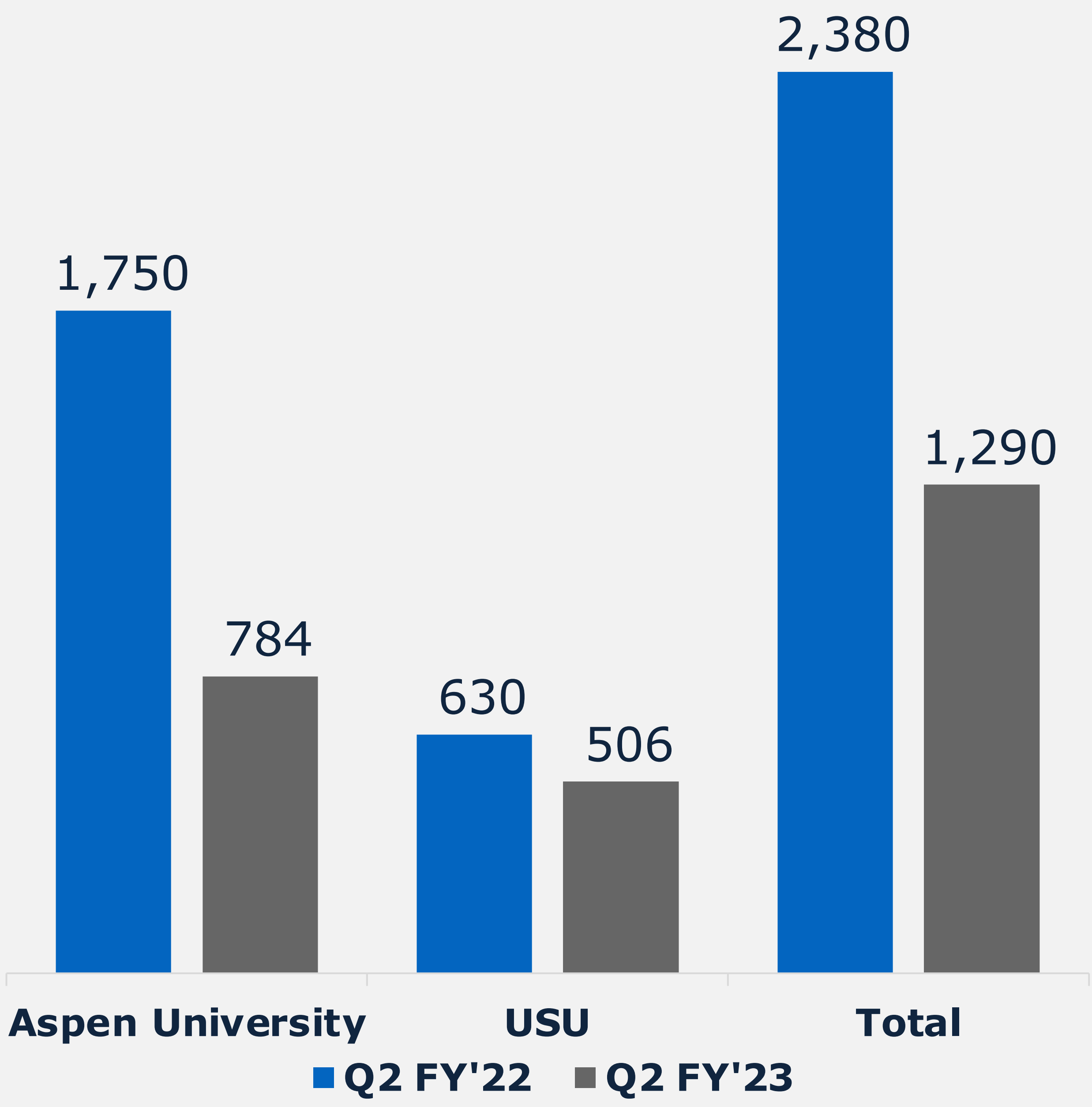
Q2 FY’23 Enrollment and Bookings Overview

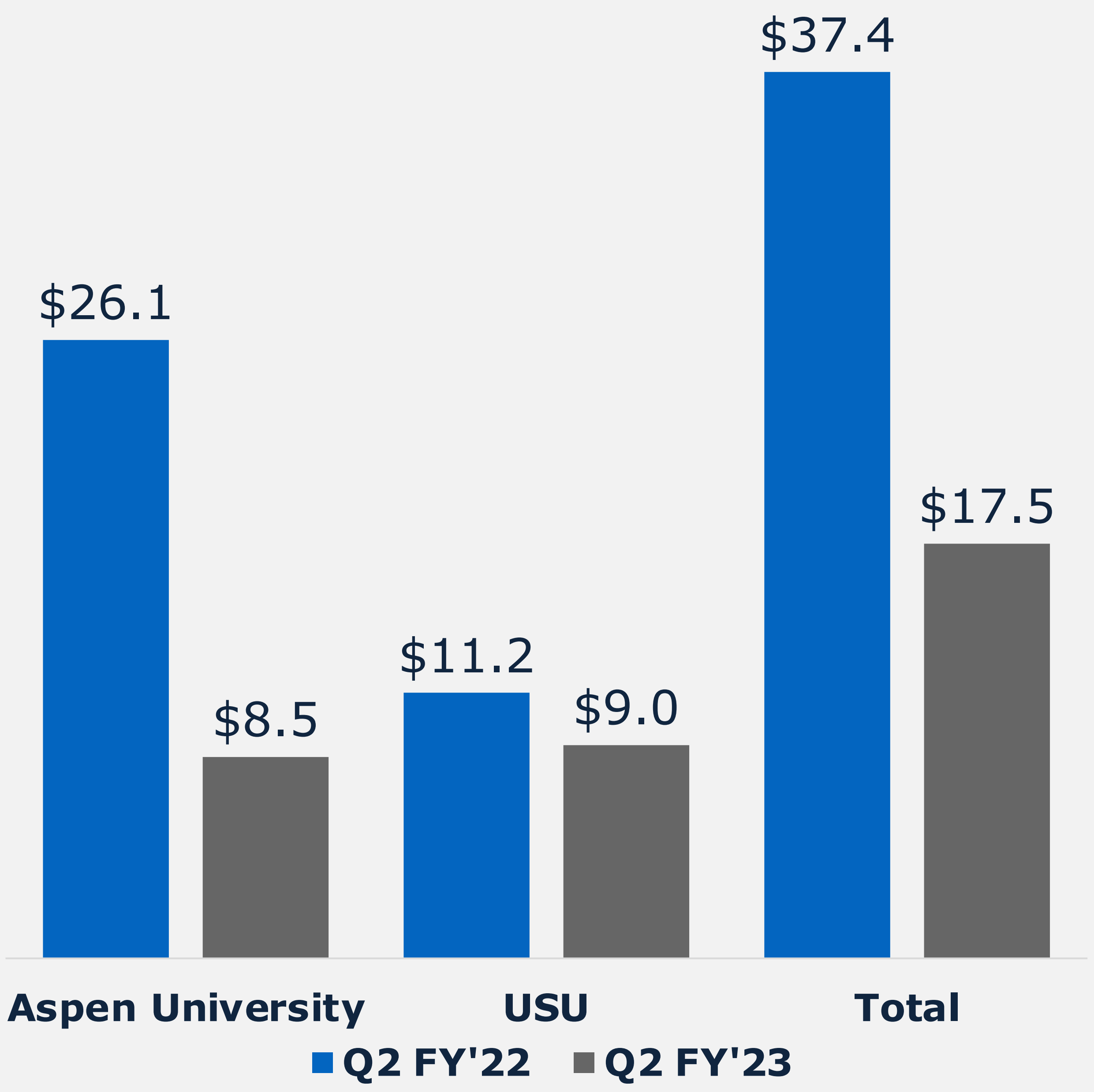
Q2 FY’23 Y-O-Y Enrollment



Student enrollments have been impacted by

1. **Enrollment stoppage at AU pre-licensure campuses**
2. **Reduction in marketing spend by $3.1 million over the prior-year quarter.**

Q2 FY’23 Y-O-Y Bookings*
(in millions)



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

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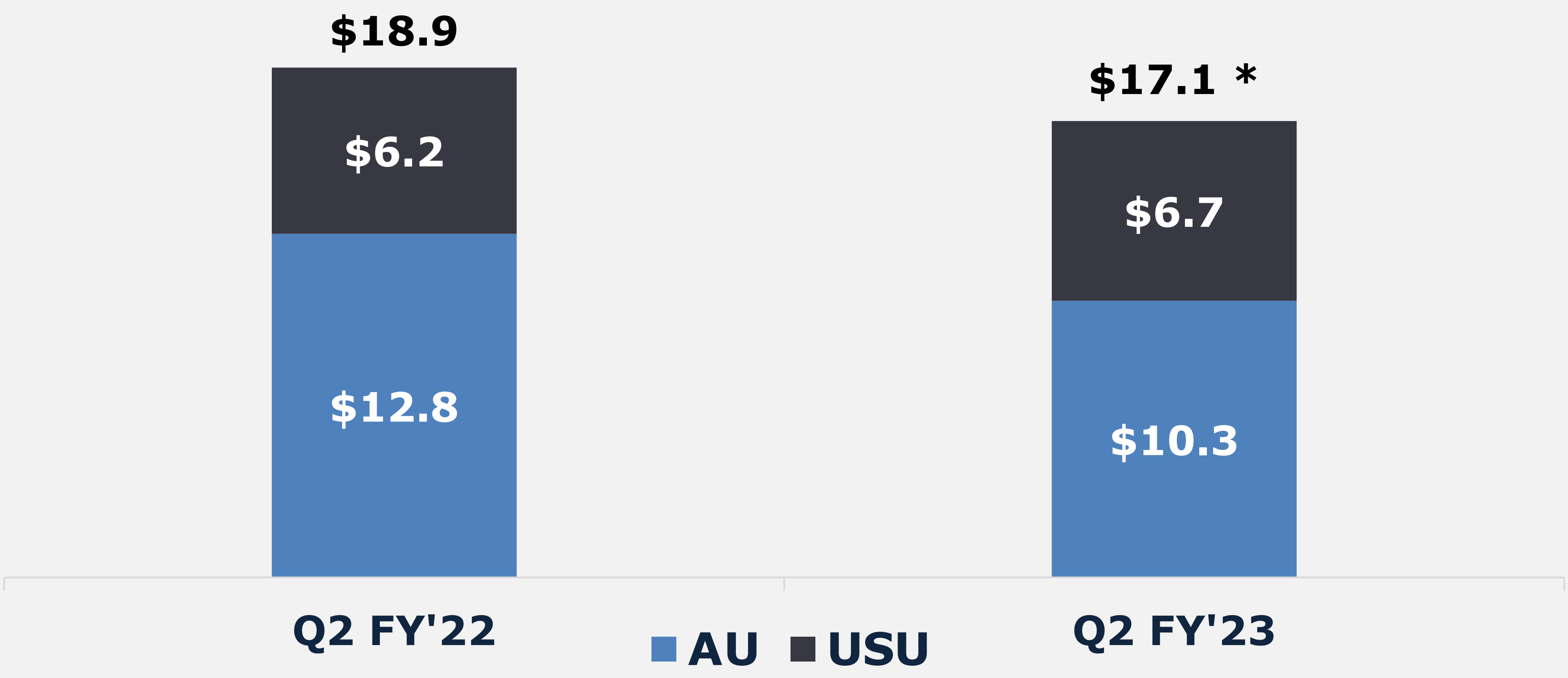
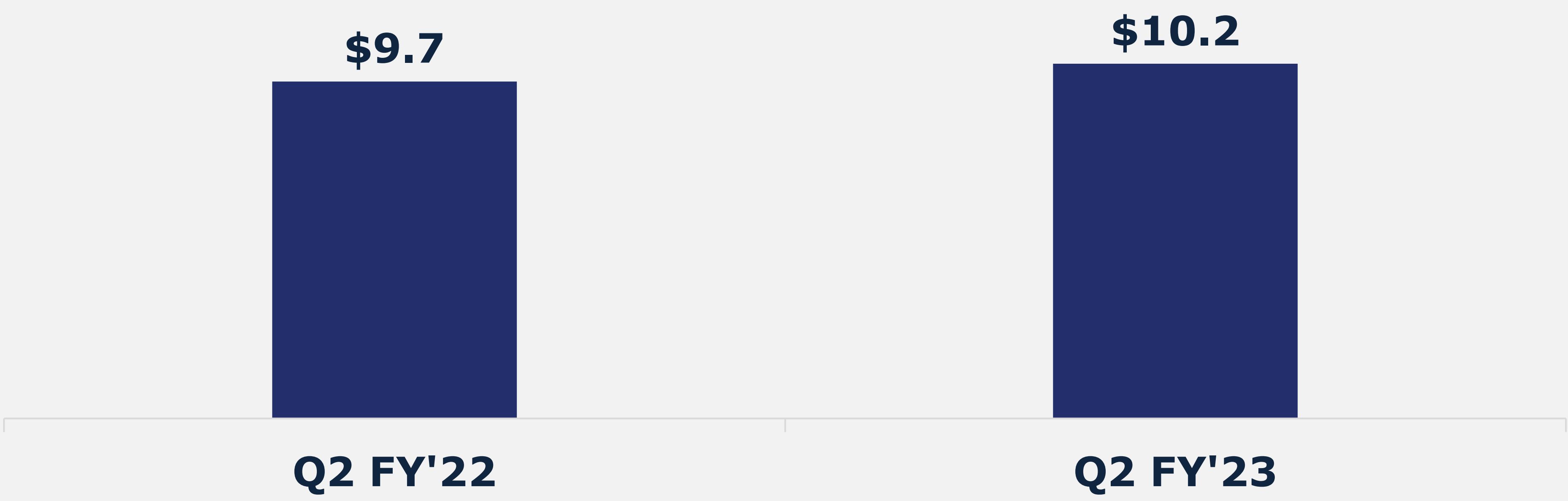
Q2 FY’23 Revenue and Gross Profit

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



The decline in AU revenue was partially offset by the increase in USU revenue from high MSN-FNP demand

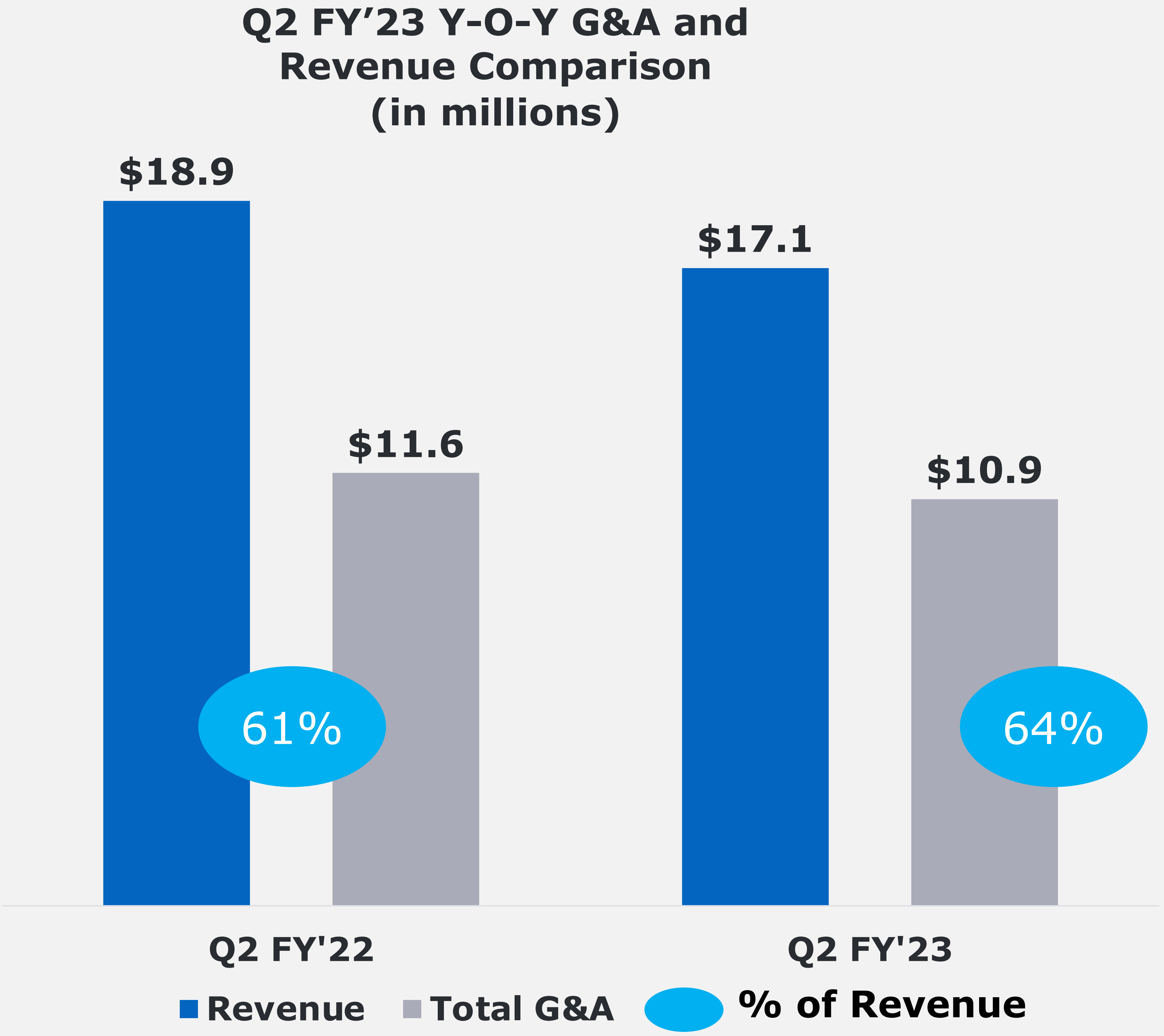
AGI GAAP Gross Profit Y-O-Y Compare (in millions)



Gross profit increase related to lower cost of revenue reflecting the marketing spend decrease

*Differences due to rounding.

G&A Controls Reduced Costs in Q2 FY’23; G&A Reductions from Restructuring to Continue in 2H FY’23



Y-O-Y G&A declined on a dollar basis but increased as a percent of revenue on lower revenue in Q2 FY’23

- Year-over-year G&A decreased by $0.7M due to the following:
  - the impact of the restructuring and
  - cost controls designed to reduce G&A spend across all functions, mainly corporate AGI
- Additional G&A reductions are expected to be achieved during the remainder of fiscal 2023 due to the restructuring implemented at the end of Q1 FY23

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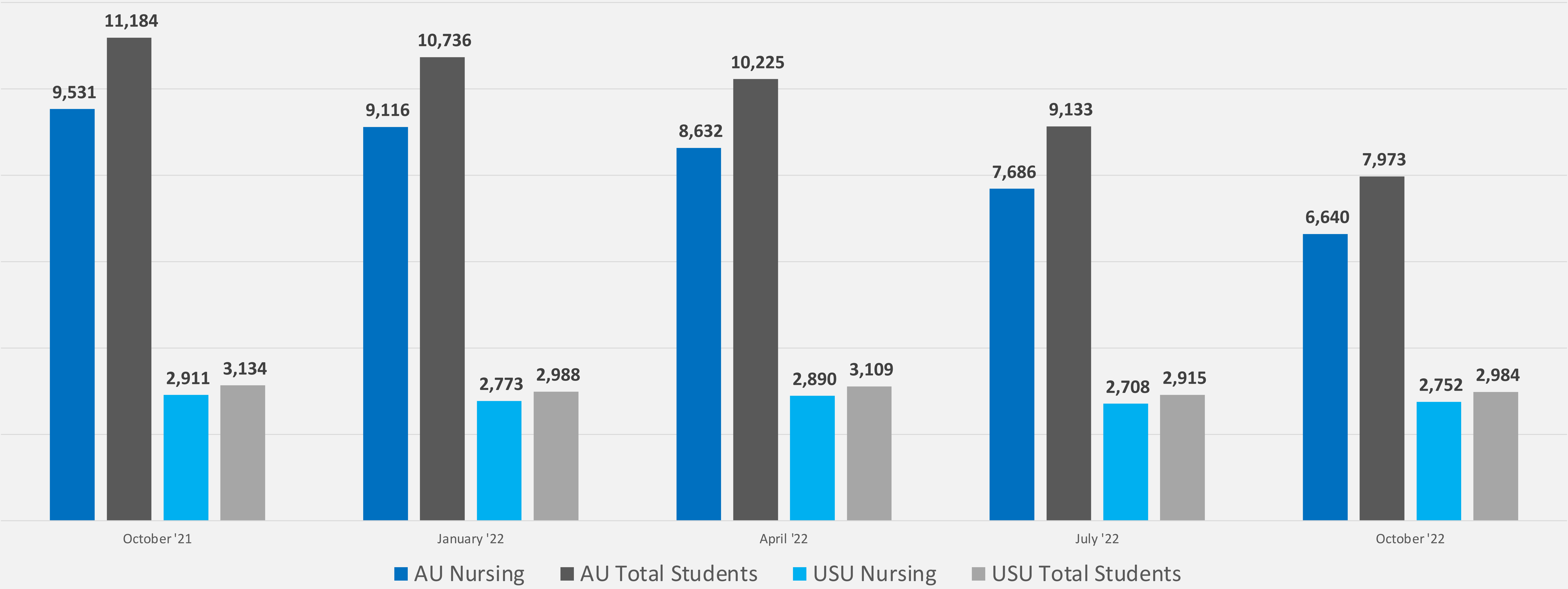
AGI Active Student Body Declined 23% to 10,957; Nursing Students Still Represent 86% of Total Student Body

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 October 31,		Six Months Ended October 31,	
	2022	2021	2022	2021
Revenue	$ 17,074,547	$ 18,940,211	$ 35,968,460	$ 38,371,206
Operating expenses:				
Cost of revenue (exclusive of depreciation and amortization shown separately below)	6,347,008	8,789,201	16,552,559	17,382,769
General and administrative	10,883,118	11,641,312	21,415,138	22,587,789
Bad debt expense	450,000	350,000	800,000	700,000
Depreciation and amortization	935,070	817,234	1,856,178	1,596,643
Total operating expenses	18,615,196	21,597,747	40,623,875	42,267,201
Operating loss	(1,540,649)	(2,657,536)	(4,655,415)	(3,895,995)
Other income (expense):				
Interest expense	(710,372)	(139,502)	(1,291,665)	(173,041)
Other income (expense), net	3,882	(49,320)	15,291	502,800
Total other (expense) income, net	(706,490)	(188,822)	(1,276,374)	329,759
Loss before income taxes	(2,247,139)	(2,846,358)	(5,931,789)	(3,566,236)
Income tax expense	46,501	5,900	76,822	156,910
Net loss	$ (2,293,640)	$ (2,852,258)	$ (6,008,611)	$ (3,723,146)
Net loss per share - basic and diluted	$ (0.09)	$ (0.11)	$ (0.24)	$ (0.15)
Weighted average number of common stock outstanding - basic and diluted	25,282,947	24,957,046	25,242,833	24,935,793

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

	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 %

NM - Not meaningful

	Three Months Ended October 31, 2021			
	Consolidated	AGI Corporate	AU	USU
Net income (loss)	$ (2,852,258)	$ (5,059,164)	$ 1,329,813	$ 877,093
Interest expense, net	138,064	139,239	(739)	(436)
Taxes	5,900	1,249	3,400	1,251
Depreciation and amortization	817,234	38,141	681,107	97,986
EBITDA	(1,891,060)	(4,880,535)	2,013,581	975,894
Bad debt expense	350,000	—	250,000	100,000
Stock-based compensation	722,158	672,967	23,298	25,893
Non-recurring charges - Other	103,754	58,325	45,429	—
Adjusted EBITDA	$ (715,148)	$ (4,149,243)	$ 2,332,308	$ 1,101,787
Net income (loss) Margin	(15)%	NM	10 %	14 %
Adjusted EBITDA Margin	(4)%	NM	18 %	18 %

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Balance Sheet (Assets)

	October 31, 2022 (Unaudited)	April 30, 2022
Assets		
Current assets:		
Cash and cash equivalents	$ 2,306,480	$ 6,482,750
Restricted cash	6,423,525	6,433,397
Accounts receivable, net of allowance of $3,587,840 and $3,460,288, respectively	22,391,574	24,359,241
Prepaid expenses	1,600,945	1,358,635
Other current assets	775,524	748,568
Total current assets	33,498,048	39,382,591
Property and equipment:		
Computer equipment and hardware	1,573,046	1,516,475
Furniture and fixtures	2,219,245	2,193,261
Leasehold improvements	7,613,240	7,179,896
Instructional equipment	756,568	715,652
Software	10,990,705	10,285,096
Construction in progress	—	2,100
	23,152,804	21,892,480
Less: accumulated depreciation and amortization	(10,206,811)	(8,395,001)
Total property and equipment, net	12,945,993	13,497,479
Goodwill	5,011,432	5,011,432
Intangible assets, net	7,900,000	7,900,000
Courseware, net	278,208	274,047
Long-term contractual accounts receivable	16,335,657	11,406,525
Deferred financing costs	331,423	369,902
Operating lease right-of-use assets, net	14,271,481	12,645,950
Deposits and other assets	536,517	578,125
Total assets	$ 91,108,759	$ 91,066,051

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Balance Sheet (Liabilities and Stockholders' Equity)

	October 31, 2022 (Unaudited)	April 30, 2022
Liabilities and Stockholders' Equity		
Liabilities:		
Current liabilities:		
Accounts payable	$ 2,814,399	$ 1,893,287
Accrued expenses	3,147,485	2,821,432
Deferred revenue	8,772,017	5,889,911
Due to students	3,165,651	4,063,811
Operating lease obligations, current portion	2,204,342	2,036,570
Other current liabilities	554,946	130,262
Total current liabilities	20,658,840	16,835,273
Long-term debt, net	14,904,556	14,875,735
Operating lease obligations, less current portion	18,455,549	16,809,319
Total liabilities	54,018,945	48,520,327
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $0.001 par value; 1,000,000 shares authorized,		
0 issued and 0 outstanding at October 31, 2022 and April 30, 2022	—	—
Common stock, $0.001 par value; 60,000,000 shares authorized,		
25,460,849 issued and 25,305,363 outstanding at October 31, 2022		
25,357,764 issued and 25,202,278 outstanding at April 30, 2022	25,461	25,358
Additional paid-in capital	112,634,162	112,081,564
Treasury stock (155,486 at both October 31, 2022 and April 30, 2022)	(1,817,414)	(1,817,414)
Accumulated deficit	(73,752,395)	(67,743,784)
Total stockholders' equity	37,089,814	42,545,724
Total liabilities and stockholders' equity	$ 91,108,759	$ 91,066,051

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Subsidiary KPIs (Percentage of Revenue)

	Three Months Ended October 31, 2022		
	Consolidated	AU	USU
Revenue	$ 17,074,547	$ 10,341,903	$ 6,732,644
Percentage of Revenue:			
Instructional Costs	32%	34%	29%
Marketing Costs	5%	2%	3%
Depreciation and Amortization	5%	7%	2%
GAAP Gross Profit	60%	60%	67%
General and Administrative Services	64%	43%	36%

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