

September 14, 2016



Aspen Group Reports 62% Increase in Revenue for First Quarter Fiscal 2017, Gross Margin Increases 1,500 Basis Points

Company Enrolls a Record 621 New Students in the First Quarter

NEW YORK, Sept. 14, 2016 (GLOBE NEWSWIRE) -- Aspen Group, Inc. (OTCQB:ASPU) ("Aspen"), a nationally accredited online post-secondary education company (Aspen University), today announced financial results for its 2017 fiscal first quarter ended July 31, 2016. The Company will host a conference call to discuss its financial results on Wednesday, September 14, 2016, at 5:00 p.m. (ET).

"Aspen just recorded its highest enrollment quarter in the company's history, all during our seasonally slowest summer period, which is a testament to the strength of our 'pay-as-you-go,' debtless education business model. Our conversion rate increased to a record 11.2% in the quarter while reducing our cost of enrollment (CPE) for the quarter to \$703," said Aspen Group Chairman and CEO Michael Mathews. "As a result of our continued operating success and strong execution, we began increasing the size of our enrollment center this quarter and plan to double in size over the next 120 days."

Fiscal 2017 First Quarter Highlights:

- Revenue totaled \$2,756,815, an increase of 62% as compared to the same period the prior year;
- GAAP Gross Profit totaled \$1,720,674, a 115% increase as compared to the same period the prior year;
- Gross Margin was 62%, as compared to 47% Gross Margin for the same period the prior year;
- Cash provided from operations was \$34,476, Aspen's first quarter of positive cash generation from operations;
- Net Loss applicable to shareholders of (\$505,447), as compared to a Net Loss of (\$718,706) for the same period the prior year, an improvement of 30%;
- EBITDA, a non-GAAP financial measure, totaled (\$321,322) or (12%) margin, a 41% improvement from the comparable prior year period;
- Adjusted EBITDA, a non-GAAP financial measure, totaled \$238,526 or 9% margin, a 180% improvement from the comparable prior year period;
- Aspen's total degree-seeking student body increased by 48% year-over-year, from 3,609 to 5,332 students; with Aspen's School of Nursing adding 1,384 students to

account for 80% of the growth;

- Aspen's School of Nursing grew to 56% of the total degree-seeking student body, from 1,604 to 2,988 students or 86% growth year-over-year.
- Aspen set a quarterly enrollment record in the first quarter with 621 new student enrollments, as compared to 410 new student enrollments in the prior year, an increase of 51% year-over-year, an impressive result given the Company only increased its marketing spend rate by 13% year-over-year.

Fiscal 2017 First Quarter Financial Results:

For the first quarter, revenues increased 62% to \$2,756,815 as compared to \$1,705,861 for the same period the prior year.

GAAP Gross Profit increased to \$1,720,674 or 62% Gross Margin. The 62% GAAP Gross Margin result represents a 1,500 basis point year-over-year improvement, a result of instructional costs and marketing costs rising year-over-year by only 19% and 13%, respectfully.

Cash provided from operations was \$34,476, a 112% improvement from the comparable prior year period. This was Aspen's first quarter of positive cash generation from operations, and the Company expects this result to improve in future quarters.

Net loss applicable to shareholders was (\$505,447), a 30% improvement from the comparable prior year period.

EBITDA, a non-GAAP financial measure, was (\$321,322) or (12%) margin, a 41% improvement from the comparable prior year period. Adjusted EBITDA, a non-GAAP financial measure, was \$238,526 or 9% margin, a 180% improvement from the comparable prior year period.

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

	For the Three Months Ended July 31,	
	2016	2015
Net Loss	\$ (505,447)	\$ (718,706)
Interest expense, net of income	33,076	33,115
Depreciation and amortization	151,049	143,459
EBITDA (Loss)	<u>(321,322)</u>	<u>(542,132)</u>
Bad debt expense	-	31,889
Stock-based compensation	95,607	72,941
Warrant surrender expense*	206,000	
Other Non-Recurring expenses*	258,241	137,677
Adjusted EBITDA (Loss)	<u>\$ 238,526</u>	<u>\$ (299,625)</u>

*Note: Of the \$464,241 of one-time, non-recurring expenses, \$206,000 (warrant surrender) and \$69,000 (former employee litigation settlement) were unrelated to the ongoing operations of the Company.

The following table presents a reconciliation to gross profit calculated in accordance with

GAAP:

	For the Three Months Ended July 31,	
	2016	2015
Revenues	\$ 2,756,815	\$ 1,705,861
Costs of revenues (exclusive of amortization shown separately)	896,059	774,109
Amortization expenses excluded from cost of revenues	<u>140,082</u>	<u>132,520</u>
GAAP gross profit	<u>\$ 1,720,674</u>	<u>\$ 799,232</u>

Conference Call:

Aspen Group, Inc. will host a conference call to discuss its July 31, 2016 fiscal year 2017 first quarter financial results and business outlook on Wednesday, September 14, 2016, at 5:00 p.m. (ET). The conference call can be accessed by dialing toll-free (844) 452-6823 (U.S.) or (731) 256-5216 (international). Subsequent to the call, a transcript of the audiocast will be available from the Company's website at ir.aspen.edu.

About Aspen Group, Inc.:

Aspen Group, Inc. is an online postsecondary education company. 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 is dedicated to providing the highest quality education experiences taught by top-tier faculty - 61% of our adjunct faculty hold doctoral degrees. To learn more about Aspen, visit www.aspen.edu.

*** 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 below.

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.

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