



# Q1 Fiscal Year 2020 Earnings Slides

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Nasdaq: ASPU

# Safe Harbor Statement

Certain statements in this presentation and responses to various questions include forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding the anticipated size of the market opportunity for our pre-licensure BSN program, the future growth of our new business units, our enrollment growth projections, statements regarding bookings, revenue growth forecast, our expectations regarding achieving and maintaining positive Adjusted EBITDA, our short-term and long-term plans regarding the opening of new campuses, our student body growth and campus revenue forecast, our expected future revenues, cash flow from operations, capital expenditures, expected G&A trends, anticipated operating leverage and gross margins, our plans regarding our hybrid pre-licensure BSN program, the expected effect of changes to the USU monthly payment plan, the expected effect of our resource management initiatives on our operating results and Adjusted EBITDA and our 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 are included in our Risk Factors contained in our Form 10-K for the fiscal year ended April 30, 2019 and other filings with the Securities and Exchange Commission.

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.

**Regulation G - Non-GAAP Financial Measures.** This presentation includes a discussion of Adjusted EBITDA, a non-GAAP financial measure. Certain information regarding this non-GAAP financial measure (including reconciliations to GAAP) is provided in our press release dated September 9, 2019 and on our website at [www.aspu.com](http://www.aspu.com) – Financial Information.

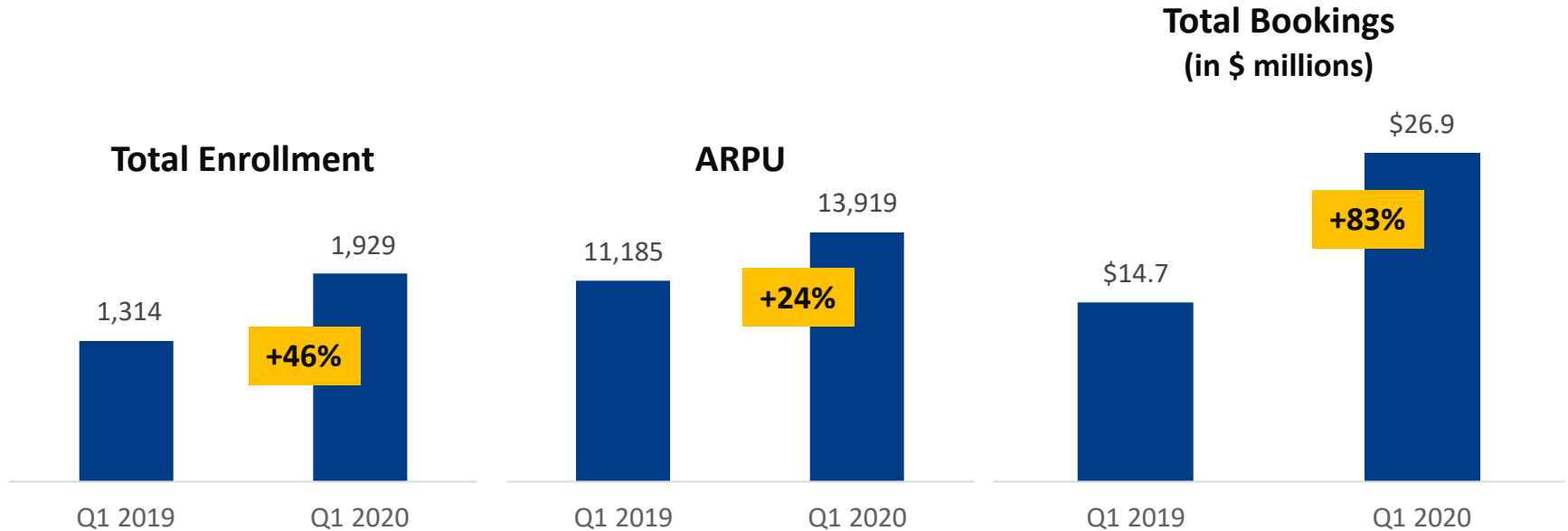


# Operating Metrics

# Solid Improvement in All Metrics for Fiscal Q1 2020




- Fiscal Q1 2020 revenue increased 43% to \$10.4 million driven by strong enrollment gains in our higher LTV programs
- Bookings rose 83% to \$26.9 million driven by enrollment growth in higher ARPU programs
- Increased efficiency of marketing spend drove an 1000 basis points improvement in gross margin to 56%
- Significant reduction in Operating Loss and Net Loss
- Adjusted EBITDA loss lowered to \$(86,099) from \$(1.8) million

# Strong Bookings Growth and Increased ARPU Fueled by High LTV Program Enrollments



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

# High Marketing Efficiency Ratio (MER)\* with Lower CAC and Trend Toward Higher LTV Enrollment

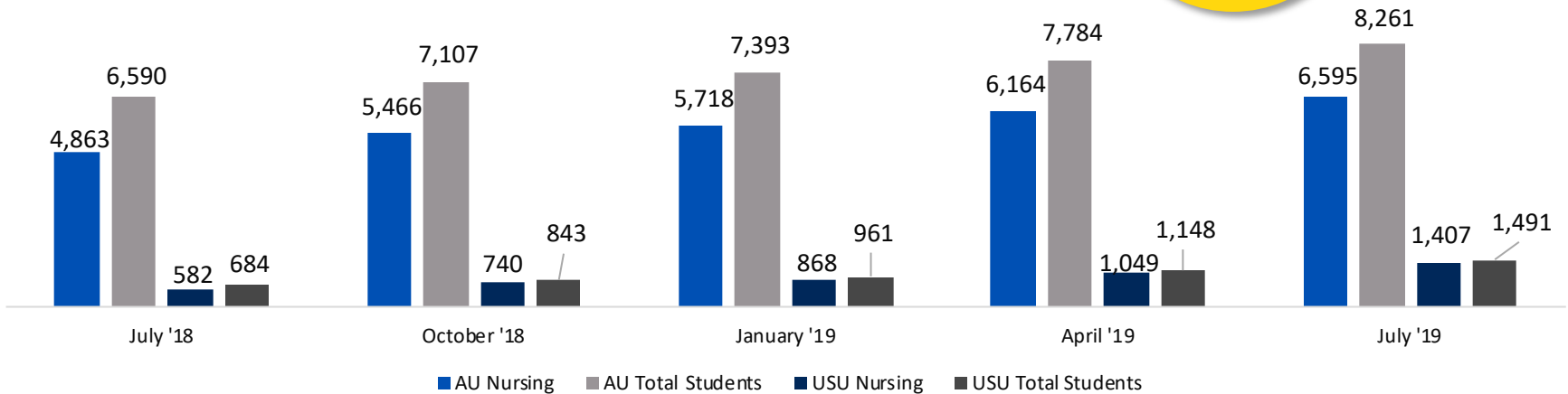
	Cost/ Enrollment (CAC)	LTV/ Enrollment	MER	Q1 FY 2019 % of Enrollments	Q1 2020 % of Enrollments
Aspen (Nursing + Other)	\$1,231	\$7,350	6.0X	67%	49%
Aspen (Doctoral)	\$1,987	<b>\$12,600</b>	6.3X	9%	 10%
USU (FNP + Other)	\$1,078	<b>\$17,820</b>	16.5X	17%	 27%
Aspen (Pre-Licensure BSN, AZ)	\$478	<b>\$30,000</b>	62.8X	7%	 14%

\*MER = revenue-per-enrollment or LTV/cost-per-enrollment or CAC

# Growing Student Body with High LTV Nursing Student Body Growing Fastest

**USU FNP and Aspen BSN P-L Students grew 215%\***


AU and USU Active Student Body\*\*



\*USU MSN-FNP and Aspen Pre-Licensure BSN active students grew year-over-year from 623 to 1,964 students or 215%

\*\*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.

# Average Revenue Per User (ARPU) Increased 24% due to Increased Percentages of of High LTV Enrollment

	LTV/ Enrollment	Q1 FY'2019 Enrollments	% of total	Q1 FY'2019 Bookings*	Q1 FY'2020 Enrollments	% of total	Q1 FY'2020 Bookings*
AU Online (Nursing + Other) Unit	\$7,350	882	67%	\$6,482,700	941	49%	\$6,916,350
AU (Doctoral) Unit	\$12,600	118	9%	\$1,486,800	198	10%	\$2,494,800
AU (Pre-Licensure BSN) Unit	\$30,000	93	7%	\$2,790,000	276	14%	\$8,280,000
USU (FNP + Other) Unit	<u>\$17,820</u>	<u>221</u>	<u>17%</u>	<u>\$3,938,220</u>	<u>514</u>	<u>27%</u>	<u>\$9,159,480</u>
Total		1,314		\$14,697,720	1,929		\$26,850,630
<b>Average Revenue Per User (ARPU)*</b>				<b>\$11,185</b>			<b>\$13,919</b>

\*"Bookings" are defined by multiplying LTV by new student enrollments for each operating unit. "Average Revenue Per User or (ARPU)" is defined by dividing total bookings by total enrollments.



# Consistent Enrollment Growth with Solid Enrollment Advisor Results in Focus Programs

	Q1'19	Q2'19	Q3'19	Q4'19	Q1'20	EAs	Enrolls/ Month/EA
Aspen (Nursing + Other)	882	1,104	895	944	941	46	6.8
Aspen (Doctoral)	118	133	120	113	198	10	6.6
USU (FNP + Other)	221	271	251	317	514	15	11.4
Aspen (Pre-Licensure BSN, AZ Campus)	<u>93</u>	<u>57</u>	<u>97</u>	<u>186*</u>	<u>276*</u>	<u>5</u>	18.4
<b>Total</b>	<b>1,314</b>	<b>1,565</b>	<b>1,363</b>	<b>1,560</b>	<b>1,929</b>	<b>76</b>	

\*Includes prerequisite students for HonorHealth campus and students registered for upcoming start dates awaiting financial clearance



# Q1 Fiscal Year 2020 Financial Results

# Q1 Fiscal Year 2020 Results

## For the Quarter Ended July 31, 2019

<b>Revenues</b>		\$	10,357,982
<b>Operating expenses</b>			
	Cost of revenues		4,353,058
	General and administrative		7,037,150
	Depreciation and amortization		606,574
			11,996,782
<b>Operating loss from operations</b>			(1,638,800)
<b>Other income (expense):</b>			
	Other income		22,802
	Interest expense		(423,689)
<b>Loss from operations before income taxes</b>			(2,039,687)
<b>Income tax expense (benefit)</b>			(35,595)
<b>Net loss</b>		\$	(2,075,282)
<b>Adjusted EBITDA</b>		\$	(86,099)

# Net (Loss)/Income, Adjusted EBITDA and EPS

	<b>Consolidated</b>	<b>AGI</b>	<b>AU</b>	<b>USU</b>
Net (Loss)/Income	\$ (2,075,282)	\$ (2.59M)	\$ 0.93M	\$(0.42M)
Adjusted EBITDA	\$ (86,100)	\$ (1.63M)	\$ 1.55M	\$(0.01M)
Net Loss Per Share	(\$0.11)			

# Subsidiary KPIs—Q1 FY'20 Ratios

		Consolidated	AU	USU
Revenues	\$10,357,982	+43% YOY		
		<b>Ratios as a Percentage of Total AGI Revenue</b>	<b>Ratios as a Percentage of AU Revenue</b>	<b>Ratios as a Percentage of USU Revenue</b>
Instructional costs	\$2,143,820	20.7%	18.3%	27.6%
Marketing costs	\$2,209,239	21.3%	19.8%	17.3%
Operational Amortization	\$239,595	2.3%	2.3%	--
GAAP Gross Profit	\$5,765,328	55.7%	58.8%	55.1%
General & Administrative expenses	\$7,037,150	67.9%	45.4%	59.7%

# Net Loss to Adjusted EBITDA Reconciliation (Q1 FY'20)

<b>Net Loss</b>	(\$2,075,282)
<b>Interest Expense</b>	420,067
<b>Taxes</b>	90,277
<b>Depreciation &amp; Amortization</b>	606,574
<b>EBITDA</b>	(958,364)
<b>Bad Debt Expense</b>	240,899
<b>Stock-Based Compensation</b>	498,417
<b>Non-recurring Charges</b>	132,949
<b>Adjusted EBITDA (Loss)</b>	(\$86,099)