

# Earnings Release

## 4<sup>th</sup> Quarter

## Fiscal Year 2018

July 12, 2018

# KPI Results—Enrollments

## HISTORICAL ENROLLMENTS (Unconditional + Conditional Accepts)

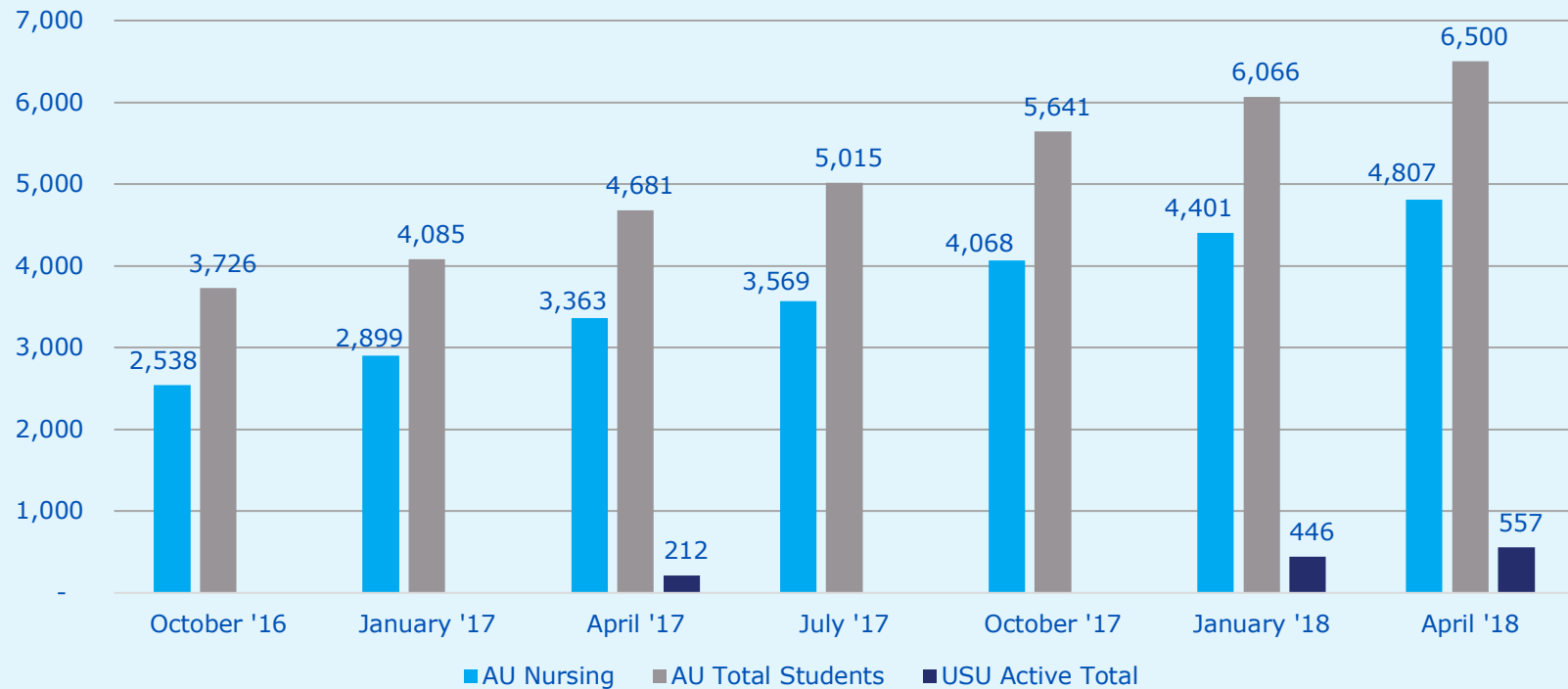
## NEW ENROLLMENT METHODOLOGY (Unconditional Accepts only)

	Q4'17	Q1'18	Q2'18	Q3'18	Q4'18		Q4'17 **	Q1'18	Q2'18	Q3'18	Q4'18*
Aspen (Nursing + Other)	986	1,025	1,255	1,164	N/A		834	862	1,044	972	980
Aspen (Doctoral)											116
USU (FNP + Other)											177
Total							834	862	1,044	972	1,273

\*Note that starting in March, 2018, Aspen University no longer admits students without official transcripts (formerly called conditional acceptances). This change was made for operational efficiency reasons, as the starts and revenues earned from conditional acceptance enrollments did not warrant the conditional acceptance policy to be continued. Below is a table reflecting historical enrollments (includes unconditional and conditional acceptance enrollments) against the new methodology of unconditional acceptance enrollments only.

\*\*From a year-over-year perspective, Aspen University had 834 enrollments (removing conditionals from fiscal Q4'17), therefore the 1,096 enrollments in fiscal Q4'18 represents a y/o/y increase of 31%.

# KPI Results—Student Body



# KPI Results—Cost of Enrollment, LTV & Marketing Efficiency Ratio (MER)

	Enrollments ***	Cost-of-Enroll	LTV	MER
Aspen (Nursing + Other)	980	\$1,124 *	\$7,350	6.5X
Aspen (Doctoral)	116	\$2,159 **	\$12,600	5.8X
USU (FNP + Other) ****	177	\$1,955 **	\$17,820	9.1X

\*Based on a six-month rolling average

\*\*Based on only one full quarter of marketing spend, therefore six-month rolling average will be available next quarter

\*\*\*Note that starting in March, 2018, Aspen University no longer admits students without official transcripts (formerly called conditional acceptances). Enrollments reported in the above table includes unconditional acceptance enrollments only.

\*\*\*\*Note that USU to date has limited the number of FNP enrollments to 75 every other month based on discussions with the California Board of Registered Nursing (CA BRN), therefore the cost-of-enrollment is artificially high relative to the potential enrollment demand. USU's FNP program is undergoing the standard program review with the CA BRN in July, 2018 and should that limit be increased, the cost-of-enrollment is expected to decline thereafter.

# Q4 Fiscal Year 2018 Results

## For the Quarter Ended April 30, 2018

<b>Revenues</b>	\$ 7,225,029
<b>Operating expenses</b>	
Cost of revenues	3,571,005
General and administrative	5,353,495
Program review settlement expense	-
Depreciation and amortization	460,314
	9,384,814
<b>Operating loss from operations</b>	<b>(2,159,785)</b>
<b>Other income (expense):</b>	
Other income	61,694
Gain on extinguishment of warrant liability	-
Interest expense	(1,566,394)
Loss on Debt Extinguishment	-
	(1,504,700)
<b>Loss from operations before income taxes</b>	<b>(3,664,485)</b>
<b>Income tax expense (benefit)</b>	<b>-</b>
<b>Net loss</b>	<b>\$ (3,664,485)</b>
<b>Adjusted EBITDA</b>	<b>\$ (1,020,004)</b>

# Subsidiary KPIs

	AGI Consolidated		AU	USU
Revenues	\$7,225,029	68% YOY		
			<b>Ratios as a Percentage of AU Revenue</b>	<b>Ratios as a Percentage of USU Revenue</b>
Instructional costs	\$1,531,173		18%	38%
Marketing costs	\$2,039,832		23%	35%
Gross Profit	\$3,506,254		57%	27%
General & Administrative expenses	\$5,353,495		27%	103%

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

	Consolidated	AGI	AU	USU
Net (Loss)/Income	\$ (3,664,485)	\$ (3.28M)	\$ 0.9M	\$(1.29M)
Adjusted EBITDA	\$ (1,020,004)	\$ (1.41M)	\$ 1.37M	\$(.98M)
Net Loss Per Share	(\$0.26)			
Adjusted Net Loss Per Share*	(\$0.15)			

\* Excluding the one time interest expense related to the early extinguishment of the \$10M credit facility.