

July 25, 2017



Aspen Group Reports 69% Revenue Growth and Record Revenues of \$14.25 Million in Fiscal 2017

Gross Profit Increases 101% YoY to \$8.7 Million or 61% Margin

NEW YORK, July 25, 2017 (GLOBE NEWSWIRE) -- Aspen Group, Inc. (OTCQB:ASPU), a post-secondary education company, today announced financial results for its 2017 fiscal year and fourth quarter ended April 30, 2017, highlighted by fiscal year revenue and gross profit growth of 69% and 101% year-over-year, respectively. The Company will host a conference call to discuss its financial results on Tuesday, July 25, 2017, at 4:30 p.m. (ET).

Michael Mathews, Chairman & CEO of Aspen, commented, "We continue to drive scale with our monthly payment plan business model as evidenced by a 69% year-over-year increase in revenues, supported by a 41% increase in marketing spending year-over-year. But what's most impressive is we're still seeing improvement in our unit economics, as our cost-of-enrollment (CPE) dropped 2% and our gross margin increased 1,000 basis points year-over-year, respectively. As a consequence, our marketing efficiency ratio rose from 8.4X to 8.6X year-over-year."

Fiscal 2017 Highlights:

- Revenue totaled \$14,246,696, an increase of 69% as compared to the prior fiscal year;
- GAAP Gross Profit totaled \$8,679,248, a 101% increase as compared to the prior fiscal year; Gross Margin was 61% as compared to 51% in the prior fiscal year;
- Net Loss applicable to shareholders of (\$1,105,260), as compared to a Net Loss of (\$2,246,705) in the prior fiscal year, an improvement of 51%;
- EBITDA, a non-GAAP financial measure, of \$(211,020) or (1%) margin, an 86% improvement from the prior fiscal year;
- Adjusted EBITDA, a non-GAAP financial measure, totaled \$1,644,777 or 12% margin, as compared to (\$455,425) or (5%) margin in the prior fiscal year, an improvement of \$2,100,202 year-over-year;
- Aspen's total active degree-seeking student body increased by 60% year-over-year, from 2,932 to 4,681 students; with Aspen's School of Nursing adding 1,481 students to account for 85% of the growth;
- Aspen's School of Nursing grew to 72% of the total active degree-seeking student body, from 1,882 to 3,363 students or 79% growth year-over-year.

Fiscal 2017 Fourth Quarter Financial and Other Results:

For the fourth quarter, revenues increased 61% to \$4,289,229 as compared to \$2,670,616 for the same period the prior year.

Aspen set a quarterly enrollment record in the fourth quarter with 986 new student enrollments, as compared to 572 new student enrollments in the prior year, an increase of 72% year-over-year. Aspen's rolling six-month average cost-per-enrollment (CPE) improved by 2% year-over-year, declining from \$830 to \$815. Aspen's marketing efficiency ratio (revenue-per-enrollment/cost-per-enrollment) increased year-over-year from 8.4X to 8.6X, meaning that Aspen is now projecting to earn an 8.6X return on its marketing investments.

GAAP Gross Profit increased to \$2,602,673 or 61% Gross Margin. Net loss applicable to shareholders was (\$723,730) or (17%) margin. EBITDA, a non-GAAP financial measure, was \$(427,934) or (10%) margin. Adjusted EBITDA, a non-GAAP financial measure, was \$466,276 or 11% margin, a 53% improvement from the comparable prior year period.

Note that in the fourth quarter, the Company incurred two non-recurring charges that were outside of normal operating activities; a Final Program Review Determination (FPRD) settlement with the Department of Education from a 2013 program review, and expenses related to the asset purchase agreement for United States University. EBITDA results for the quarter as compared to the prior year period would have been substantially similar without those two non-recurring charges (see table below).

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

	Three Months Ended	
	4/30/2017	4/30/2016
Net Loss	\$ (723,730)	\$ (108,616)
Interest expense, net of income	161,848	17,894
Depreciation and amortization	133,948	154,990
EBITDA (Loss)	(427,934)	64,268
Bad debt expense	70,000	-
Stock-based compensation	84,461	84,603
DOE Program Review Expense	298,090	-
USU Acquisition Expenses	211,122	-
Non-recurring charges	230,537	155,202
Adjusted EBITDA	<u>\$ 466,276</u>	<u>\$ 304,073</u>

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

	For the Three Months Ended April 30,	
	2017	2016
Revenues	\$ 4,289,229	\$ 2,670,616
Costs of revenues (exclusive of amortization shown separately)	1,571,176	949,592
Amortization expenses excluded from cost of revenues	<u>115,380</u>	<u>142,239</u>
GAAP gross profit	<u>\$ 2,602,673</u>	<u>\$ 1,578,785</u>

Conference Call:

Aspen Group, Inc. will host a conference call to discuss its April 30, 2017 FY'2017 fourth quarter financial results and business outlook on Tuesday, July 25, 2017, at 4:30 p.m. (ET). The conference call can be accessed by dialing toll-free (844) 452-6823 (U.S.) or (731) 256-5216 (international), passcode 39717449. Subsequent to the call, a transcript of the audiocast will be available from the Company's website at ir.aspen.edu. There will also be a 7-day dial-in replay which can be accessed by dialing toll-free (855)859-2056 or (404)537-3406 (international), passcode 39717449.

About Aspen Group, Inc.:

Aspen Group, Inc. is a post-secondary 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; 54% of Aspen University's 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 below. 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.

Cautionary Note Regarding Forward-Looking Statements

This press release contains forward-looking statements including the projected return on marketing investment. 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 a change in the effectiveness of our marketing and changes in the economy. Further information on our risk factors is contained in our filings with the SEC, including our Form 10-K for the year ended April 30, 2017. 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.

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