March 11, 2019

Aspen Group Reports Record Revenues of $8.5 Million and 49% Revenue Growth in Third Quarter of Fiscal 2019

AGI's New Business Units, USU and Aspen University's Pre-Licensure BSN Program, Grow to 25% of Company Revenues

NEW YORK, March 11, 2019 (GLOBE NEWSWIRE) -- Aspen Group, Inc. (Nasdaq: ASPU)("AGI"), an education technology holding company, today announced financial results for its 2019 fiscal third quarter ended January 31, 2019, highlighted by record revenue of $8,494,627, an increase of 49% compared to the third quarter of fiscal year 2018.

Michael Mathews, Chairman & CEO of Aspen Group, commented, "Our two new business units, United States University, Inc. ("USU") and Aspen University's Pre-Licensure BSN program, continue to grow rapidly as they accounted for 25% of the overall revenues of the Company this quarter. This trend is expected to continue, and we now estimate these business units to grow to approximately 40% of our overall revenues by the end of fiscal year 2020."

Fiscal Q3 2019 Highlights:

- Revenue totaled $8,494,627 an increase of 49% as compared to the prior fiscal year third quarter;
- Gross Profit totaled $4,221,939 or a 50% margin, a 46% increase as compared to the prior fiscal year third quarter;
- Net Loss applicable to shareholders of ($2,355,940), as compared to Net Loss of ($2,147,945) in the prior fiscal year third quarter; Diluted net loss per share was $(0.13), as compared to a loss of $(0.15) in the prior fiscal year third quarter;
- EBITDA, a non-GAAP financial measure, totaled a loss of $(1,726,399);
- Adjusted EBITDA, a non-GAAP financial measure, totaled a loss of $(1,105,209);
- Cash used in operations totaled $1,943,127, as compared to $2,099,213 last quarter, a sequential improvement of $156,086 or 7%.

In reviewing these comparisons, investors should note AGI acquired USU and all its operating expenses on December 1, 2017. For the third quarter, revenues were $8,494,627, an increase of 49% as compared to the prior fiscal year third quarter. USU revenues contributed approximately 21% of the quarterly revenues for the Company as compared to 19% in the previous quarter.

Fiscal 2019 Third Quarter Financial and Other Results:

AGI delivered 1,363 new student enrollments in the third quarter, as compared to 972 new student enrollments in the prior year, an increase of 40% year-over-year. Aspen University accounted for 1,112 new student enrollments (includes 120 Doctoral enrollments and 97 Pre-licensure BSN AZ campus enrollments), while USU accounted for 251 new student enrollments (primarily Family Nurse Practitioner ("FNP") enrollments).

AGI's overall active student body (includes both Aspen University and USU) grew 28% year-over-year from 6,512 to 8,354. Aspen University's total active degree-seeking student body grew 22% year-over-year from 6,066 to 7,393. Aspen's School of Nursing grew 30% year-over-year, from 4,401 to 5,718 active students, which includes 210 active students in the BSN Pre-Licensure program in Phoenix, AZ.

Aspen University students paying tuition and fees through a monthly payment method grew by 25% year-over-year, from 4,194 to 5,259. Those 5,259 students paying through a monthly payment method represent 71% of Aspen University's total active student body. USU's total active degree-seeking student body grew sequentially from 843 to 961 students or a sequential increase of 14%. USU students paying tuition and fees through a monthly payment method grew from 514 to 602 students sequentially. Those 602 students paying through a monthly payment method represent 63% of USU's total active student body.

Revenues increased to $8,494,627, an increase of 49% as compared to the prior fiscal year third quarter. USU accounted for approximately 21% and Aspen University's Pre-Licensure BSN program accounted for approximately 5% of overall Company revenues.

Gross profit increased to $4,221,939 or 50% gross margin. Aspen University gross profit represented 54% of Aspen University revenues for the third quarter, while USU gross profit equaled 45% of USU revenues during the third quarter. Aspen University instructional costs and services represented 18% of Aspen University revenues for the 2019 third quarter, while USU instructional costs and services equaled 30% of USU revenues during the 2019 third quarter. Aspen University marketing and promotional costs represented 25% of Aspen University revenues for the 2019 third quarter, while USU marketing and promotional costs equaled 25% of USU revenues during the 2019 third quarter.

Net loss applicable to shareholders was ($2,355,940) or diluted net loss per share of ($0.13). Aspen University generated $0.4 million of net income for the third quarter, while USU experienced a net loss of ($0.9) million during the third quarter. Aspen Group corporate incurred $1.8 million of expenses for the third quarter.

EBITDA, a non-GAAP financial measure, was a loss of ($1,726,399) or (20%) as a percentage of revenue. Adjusted EBITDA, a non-GAAP financial measure, was a loss of ($1,105,209) or (13%) as a percentage of revenue. Aspen University generated $0.9 million of Adjusted EBITDA for the third quarter, while USU experienced an Adjusted EBITDA loss of ($0.5) million during the third quarter. Aspen Group corporate contributed $1.5 million toward the ($1,105,209) Adjusted EBITDA loss for the third quarter.

The company used cash of $1.9 million for operations in the third quarter, as compared to using $2.1 million last quarter, a sequential improvement of $156,086 or 7%.

Conference Call:

Aspen Group, Inc. will host a conference call to discuss its fiscal year 2019 3rd quarter financial results and business outlook on Monday, March 11th, 2019, at 4:30 p.m. (ET). Aspen will issue a press release reporting results after the market closes on that day. The conference call can be accessed by dialing toll-free (844) 452-6823 (U.S.) or (731) 256-5216 (international), passcode 7082258. 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 7082258.

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 (loss), operating income (loss), 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 comparisons. 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.

The following table presents a reconciliation of Adjusted EBITDA to net loss allocable to common shareholders, a GAAP financial measure:

	For the Three Months Ended January 31,	
	2019	2018
Net loss	$ (2,355,940)	$ (2,147,945)
Interest expense, net	74,249	211,486
Taxes	—	—
Depreciation & amortization	555,292	347,894
EBITDA (loss)	(1,726,399)	(1,588,565)
Bad debt expense	187,178	132,644
Acquisition expense	—	610,219
Non-recurring charges	83,174	85,853
Stock-based compensation	350,838	162,544
Adjusted EBITDA (Loss)	$ (1,105,209)	$ (597,305)

About Aspen Group, Inc.:

Aspen Group, Inc. is an education technology holding company that leverages its infrastructure and expertise to allow its two universities, Aspen University and United States University, to deliver on the vision of making college affordable again.

Forward-Looking Statements:

This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 including future growth of our new business units. 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 the continued demand of nursing students for the new programs, potential student attrition and national and local economic factors. Other risks are included in our filings with the SEC including our Form S-3, our Prospectus Supplement filed April 19, 2018 and our Form 10-K for the year ended April 30, 2018. 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.

Company Contact:

Aspen Group, Inc.
Michael Mathews, CEO
914-906-9159

ASPEN GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	January 31, 2019 (unaudited)	April 30, 2018
Assets		
Current assets:		
Cash	$ 4,197,235	$ 14,612,559
Restricted cash	192,692	190,506
Accounts receivable, net of allowance of $903,450 and $468,174, respectively	9,278,751	6,802,723
Prepaid expenses	343,215	199,406
Other receivables	79,235	184,569
Total current assets	14,091,128	21,989,763

Property and equipment:		
Call center equipment	173,077	140,509
Computer and office equipment	301,548	230,810
Furniture and fixtures	1,310,139	932,454
Software	3,869,750	2,878,753
	5,654,514	4,182,526
Less accumulated depreciation and amortization	(1,622,908)	(1,320,360)
Total property and equipment, net	4,031,606	2,862,166
Goodwill	5,011,432	5,011,432
Intangible assets, net	8,816,667	9,641,667
Courseware and accreditation, net	179,154	138,159
Accounts receivable, secured - net of allowance of $625,963, and $625,963, respectively	45,329	45,329
Long term contractual accounts receivable	2,568,532	1,315,050
Debt issue cost, net	330,414	—
Other assets	607,812	584,966
Total assets	$ 35,682,074	$ 41,588,532

ASPEN GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (CONTINUED)

	January 31, 2019 (unaudited)	April 30, 2018
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 1,709,233	$ 2,227,214
Accrued expenses	570,806	658,854
Deferred revenue	2,699,227	1,814,136
Refunds due students	1,370,060	815,841
Deferred rent, current portion	18,818	8,160
Convertible notes payable, current portion	1,050,000	1,050,000
Other current liabilities	291,703	203,371
Total current liabilities	7,709,847	6,777,576
Convertible note	—	1,000,000
Deferred rent	705,420	77,365
Total liabilities	8,415,267	7,854,941
Commitments and contingencies - See Note 6		
Stockholders' equity:		
Preferred stock, $0.001 par value; 10,000,000 shares authorized, 0 issued and outstanding at January 31, 2019 and April 30, 2018	—	—
Common stock, $0.001 par value; 250,000,000 shares authorized,18,505,869 issued and 18,489,202 outstanding at January 31, 2019, 18,333,521 issued and 18,316,854 outstanding at April 30,2018	18,506	18,334
Additional paid-in capital	67,758,344	66,557,005
Treasury stock (16,667 shares)	(70,000)	(70,000)
Accumulated deficit	(40,440,043)	(32,771,748)
Total stockholders' equity	27,266,807	33,733,591

Total liabilities and stockholders’ equity	$ 35,682,074	$ 41,588,532

ASPEN GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	For the Three Months Ended January 31,		For the Nine Months Ended January 31,	
	2019	2018	2019	2018
Revenues	$ 8,494,627	$ 5,701,958	$ 23,811,275	$ 14,796,483
Operating expenses				
Cost of revenues (exclusive of depreciation and amortization shown separately below)	4,076,980	2,665,664	11,664,887	6,282,814
General and administrative	6,284,041	4,677,359	18,318,061	10,975,085
Depreciation and amortization	555,292	347,894	1,577,464	631,969
Total operating expenses	10,916,313	7,690,917	31,560,412	17,889,868
Operating loss	(2,421,686)	(1,988,959)	(7,749,137)	(3,093,385)
Other income (expense):				
Other income	142,180	46,179	240,074	88,067
Gain on extinguishment of warrant liability	—	52,500	—	52,500
Interest expense	(76,434)	(257,665)	(159,232)	(443,757)
Total other income (expense), net	65,746	(158,986)	80,842	(303,190)
Loss before income taxes	(2,355,940)	(2,147,945)	(7,668,295)	(3,396,575)
Income tax expense (benefit)	—	—	—	—
Net loss	$ (2,355,940)	$ (2,147,945)	$ (7,668,295)	$ (3,396,575)
Net loss per share allocable to common stockholders – basic and diluted	$ (0.13)	$ (0.15)	$ (0.42)	$ (0.25)
Weighted average number of common shares outstanding: basic and diluted	18,398,095	14,491,634	18,350,360	13,862,992

ASPEN GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS’ EQUITY
FOR THE THREE AND NINE MONTHS ENDED JANUARY 31, 2019 AND 2018
(Unaudited)

For the nine months ended	Common Stock		Additional Paid-In	Treasury	Accumulated	Total Stockholders'
January 31, 2019	Shares	Amount	Capital	Stock	Deficit	Equity
Balance at April 30, 2018	18,333,521	$ 18,334	$ 66,557,005	$ (70,000)	$ (32,771,748)	$ 33,733,591

Stock-based compensation	—	—	866,129	—	—	866,129
Common stock issued for cashless stock options exercised	86,635	87	(87)	—	—	—
Common stock issued for stock options exercised for cash	49,792	49	110,094	—	—	110,143
Relative fair value of warrants issued with debt	—	—	255,071	—	—	255,071
Common stock issued for cashless warrant exercise	35,921	36	(36)	—	—	—
Purchase of treasury stock, net of broker fees	—	—	—	(7,370,000)	—	(7,370,000)
Re-sale of treasury stock, net of broker fees	—	—	—	7,370,000	—	7,370,000
Fees associated with equity raise	—	—	(29,832)	—	—	(29,832)
Net loss, for the nine months ended January 31, 2019	—	—	—	—	(7,668,295)	(7,668,295)
Balance at January 31, 2019 (Unaudited)	**18,505,869**	**$ 18,506**	**$ 67,758,344**	**$ (70,000)**	**$ (40,440,043)**	**$ 27,266,807**

For the three months ended January 31, 2019	**Common Stock Shares**	**Common Stock Amount**	**Additional Paid-In Capital**	**Treasury Stock**	**Accumulated Deficit**	**Total Stockholders' Equity**
Balance at October 31, 2018 (Unaudited)	18,391,092	$ 18,391	$ 67,102,509	$ (70,000)	$ (38,084,103)	$ 28,966,797
Stock-based compensation	—	—	350,838	—	—	350,838
Common stock issued for cashless stock options exercised	55,871	56	(56)	—	—	—
Common stock issued for stock options exercised for cash	22,985	23	50,018	—	—	50,041
Relative fair value of warrants issued with debt	—	—	255,071	—	—	255,071
Common stock issued for cashless warrant exercise	35,921	36	(36)	—	—	—
Net loss, for the three months ended January 31, 2019	—	—	—	—	(2,355,940)	(2,355,940)
Balance at January 31, 2019 (Unaudited)	**18,505,869**	**$ 18,506**	**$ 67,758,344**	**$ (70,000)**	**$ (40,440,043)**	**$ 27,266,807**

ASPEN GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (CONTINUED)
FOR THE THREE AND NINE MONTHS ENDED JANUARY 31, 2019 AND 2018
(Unaudited)

			Additional			**Total Stockholders'**

For the nine months ended January 31, 2018	Common Stock Shares	Amount	Paid-In Capital	Treasury Stock	Accumulated Deficit	Equity
Balance at April 30, 2017	13,504,012	$ 13,504	$ 33,607,423	$ (70,000)	$ (25,710,687)	$ 7,840,240
Fees associated with equity raise	—	—	(14,033)	—	—	(14,033)
Restricted stock issued for services	10,000	10	88,690	—	—	88,700
Stock-based compensation	—	—	466,468	—	—	466,468
Common stock issued for acquisition	1,203,209	1,203	10,214,041	—	—	10,215,244
Common stock issued for cashless warrant exercise	162,072	162	(162)	—	—	—
Common stock issued for warrants exercised for cash	79,442	79	196,301	—	—	196,380
Common stock issued for stock options exercised	113,597	114	402,382	—	—	402,496
Warrants issued with senior secured term loan	—	—	478,428	—	—	478,428
Net loss, for the Nine months ended January 31, 2018	—	—	—	—	(3,396,575)	(3,396,575)
Balance at January 31, 2018 (Unaudited)	**15,072,332**	**$ 15,072**	**$ 45,439,538**	**$ (70,000)**	**$ (29,107,262)**	**$ 16,277,348**

For the three months ended January 31, 2018	Common Stock Shares	Amount	Additional Paid-In Capital	Treasury Stock	Accumulated Deficit	Total Stockholders' Equity
Balance at October 31, 2017 (Unaudited)	13,613,996	$ 13,613	$ 34,471,602	$ (70,000)	$ (26,959,317)	$ 7,455,898
Fees associated with equity raise	—	—	(9,326)	—	—	(9,326)
Restricted stock issued for services	10,000	10	88,690	—	—	88,700
Stock-based compensation	—	—	162,544	—	—	162,544
Common stock issued for acquisition	1,203,209	1,203	10,214,041	—	—	10,215,244
Common stock issued for cashless warrant exercise	83,544	83	(83)	—	—	—
Common stock issued for warrants exercised for cash	64,584	65	162,717	—	—	162,782
Common stock issued for stock options exercised	96,999	98	349,353	—	—	349,451
Net loss, for the three months ended January 31, 2018	—	—	—	—	(2,147,945)	(2,147,945)
Balance at January 31, 2018 (Unaudited)	**15,072,332**	**$ 15,072**	**$ 45,439,538**	**$ (70,000)**	**$ (29,107,262)**	**$ 16,277,348**

ASPEN GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	For the Nine months ended January 31, 2019	2018
Cash flows from operating activities:		
Net loss	$ (7,668,295)	$ (3,396,575)
Adjustments to reconcile net loss to net cash used in operating activities:		
Bad debt expense	480,066	298,144
Gain on extinguishment of warrant liability	—	(52,500)
Depreciation and amortization	1,577,464	631,969
Stock-based compensation	866,129	466,468
Loss on asset disposition	—	27,590
Amortization of debt discounts	—	99,726
Amortization of debt issue costs	24,657	—
Amortization of prepaid shares for services	8,285	37,039
Changes in operating assets and liabilities:		
Accounts receivable	(4,209,576)	(4,534,118)
Prepaid expenses	(152,094)	(59,451)
Accrued interest receivable	—	(45,400)
Other receivables	105,334	(152,398)
Other assets	(22,846)	(528,789)
Accounts payable	(517,981)	366,044
Accrued expenses	(88,048)	218,476
Deferred rent	638,713	22,087
Refunds due students	554,219	420,146
Deferred revenue	885,091	2,340,461
Other liabilities	88,332	186,134
Net cash used in operating activities	(7,430,550)	(3,654,947)
Cash flows from investing activities:		
Purchases of courseware and accreditation	(89,573)	(33,369)
Purchases of property and equipment	(1,873,326)	(1,171,473)
Proceeds from promissory note receivable	—	900,000
Cash paid in asset acquisition	—	(2,589,719)
Proceeds from promissory note interest receivable	—	53,400
Net cash used in investing activities	(1,962,899)	(2,841,161)
Cash flows from financing activities:		
Disbursements for equity offering costs	(29,832)	(14,033)
Repayment of convertible note payable	(1,000,000)	—
Proceeds from senior secured term loan	—	7,500,000
Proceeds of warrant and stock options exercised	110,143	598,876
Purchase of treasury stock	(7,370,000)	—
Re-sale of treasury stock	7,370,000	—
Offering costs paid on debt financing	(100,000)	(351,366)
Net cash provided by (used in) financing activities	(1,019,689)	7,733,477
Net increase (decrease) in cash and cash equivalents	(10,413,138)	1,237,369
Cash, restricted cash, and cash equivalents at beginning of period	14,803,065	2,756,217
Cash and cash equivalents at end of period	$ 4,389,927	$ 3,993,586

ASPEN GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

(Unaudited)

	For the Nine months ended January 31,	
	2019	**2018**
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 163,139	$ 316,781
Cash paid for income taxes	$ —	$ —
Supplemental disclosure of non-cash investing and financing activities		
Warrants issued as part of revolving credit facility	$ 255,071	$ —
Warrants issued as part of senior secured loan	$ —	$ 478,428
Assets acquired net of liabilities assumed for non-cash consideration	$ —	$ 12,215,244

The following table provides a reconciliation of cash and restricted cash reported within the consolidated balance sheet that sum to the total of the same such amounts shown in the consolidated statement of cash flows:

	For the Nine months ended January 31,	
	2018	**2017**
Cash	$ 4,197,235	$ 3,803,080
Restricted cash	192,692	190,506
Total cash and restricted cash	$ 4,389,927	$ 3,993,586

ASPEN GROUP INC.

Source: Aspen Group Inc.