September 15, 2014

Aspen Group Announces Increase in Revenue of 30% and Gross Profit Increase of 76% for Fiscal 2015 First Quarter

Student Lead to Enrollment Conversion Rate Rises to Record of 11%; Cost Per Enrollment Drops to $557

School of Nursing Student Body Grows 97% to 920 Students

NEW YORK, Sept. 15, 2014 (GLOBE NEWSWIRE) -- Aspen Group, Inc. (OTCBB:ASPU), a nationally accredited online post-secondary education company (Aspen University), today announced results for its fiscal 2015 first quarter ended July 31, 2014.

Results from the First Quarter include:

- Revenues of $1,169,860, a 30% increase from the comparable prior year period;
- Gross Profit of $604,572 or 52% of revenues for the quarter, a 76% increase from the comparable prior year period; Adjusted Gross Profit (exclusive of amortization), a non-GAAP financial measure, of $720,762 or 62% of revenues for the quarter, a 62% increase from the comparable prior year period;
- Cost per degree-seeking enrollment declined 39% year-over-year to an all-time low of $557; primarily a result of Aspen's lead to enrollment conversion rate rising from 8% to 11% sequentially;
- Aspen University's School of Nursing student body grew from 467 to 920 students or 97% year-over-year; now represents 35% of Aspen's total full-time degree-seeking student body.

"Thus far in calendar year 2014, student enrollments are up 15% year-over-year, while our marketing spend has decreased by 28% over that same period. It's clear that the University's monthly payment plan announcement in March has resonated with working professionals, and Registered Nurses in particular. This innovative 'debtless education' solution is the key reason for the record operating efficiencies we're achieving," said Aspen Group Chairman and CEO Michael Mathews.

First Quarter Financial Highlights:

For the first quarter, revenues increased 30% from the comparable prior period to $1,169,860. In particular, Nursing program revenues rose 70% year-over-year to $395,075, and now represents 34% of Aspen's revenues.

Gross Profit increased 76% to $604,572 or 52% of revenues as compared to $343,049 or 38% of revenues from the comparable prior year period, and Adjusted Gross Profit (exclusive of amortization), a non-GAAP financial measure, increased 62% to $720,762 or 62% of revenues as compared to $445,440 or 49% of revenues from the comparable prior year period.

Adjusted EBITDA, a non-GAAP financial measure, improved to a loss of ($253,720) as compared to a loss of ($820,811) in the comparable prior year period. Net loss applicable to shareholders was ($864,261) as compared to a net loss of ($1,134,370) a year ago.

*** 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 Adjusted Gross Profit, 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 interest expense, bad debt expense, depreciation and amortization, non-recurring charges and amortization of stock-based compensation. Aspen Group excludes the charges from bad debt expense and stock based compensation because they are non-cash in nature. In 2014, Aspen Group excludes non-recurring charges because they do not reflect any trend or reflect the ongoing performance of our business.

Aspen Group defines Adjusted Gross Profit as revenues less cost of revenues (instructional costs and services and marketing and promotional costs), but excluding the amortization of courseware and software. Adjusted Gross Profit excludes non-cash items and permits our management to focus on core operating results.

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, a GAAP financial measure:

	Three Months Ended		
	7/31/2014	4/30/2014	7/31/2013
Net loss allocable to common shareholders	$ (864,261)	$ (1,122,763)	$ (1,134,370)
Interest Expense, net of interest income	78,417	86,287	15,871
Bad Debt Expense	105,511	5,895	13,837
Depreciation & Amortization	125,608	123,762	109,435
Amortization of Prepaid Services	—	—	25,060
Amortization of Debt Issue Costs	56,440	54,599	—
Amortization of Debt Discount	124,343	120,289	—
Stock-based compensation	97,203	212,489	149.356
Non-recurring charges	23,019	144,722	—
Adjusted EBITDA (Loss)	$ (253,720)	$ (374,720)	$ (820,811)

The following table presents a reconciliation of Adjusted Gross Profit, a non-GAAP financial measure, to gross profit calculated in accordance with GAAP:

	For the Three Months Ended July 31,	
	2014	2013
Revenues	$ 1,169,860	$ 901,199
Costs of revenues (exclusive of amortization shown separately)	449,098	455,759
Gross profit (exclusive of amortization)	720,762	445,440
Amortization expenses excluded from cost of revenues	116,190	102,391
GAAP gross profit	$ 604,572	$ 343,049

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.

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