

August, 2018  
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 USU's future role with family nurse practitioner's, projected gross margins, assumptions regarding LTV, and our low customer acquisition costs and teaching costs creating favorable gross margins, and our projected annual revenue rate per campus. 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 effectiveness of our online marketing, the ability to hold academic teaching costs in line, how students react to our hybrid pre-licensure BSN program over time, and the Company's ability to enter into partnerships with health care organizations to establish new campuses and/or finance those campuses.

Further information on our risk factors is contained in our filings with the SEC, including the 10-K dated July 13, 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.

**Regulation G - Non-GAAP Financial Measures** This presentation includes a discussion of Adjusted EBITDA, Adjusted Net Loss Per Share and Adjusted Gross Margins, non-GAAP financial measures. Certain information regarding these non-GAAP financial measures (including reconciliations to GAAP) is provided on the Investor Relations section of the Aspen website at [www.ir.aspen.edu](http://www.ir.aspen.edu).



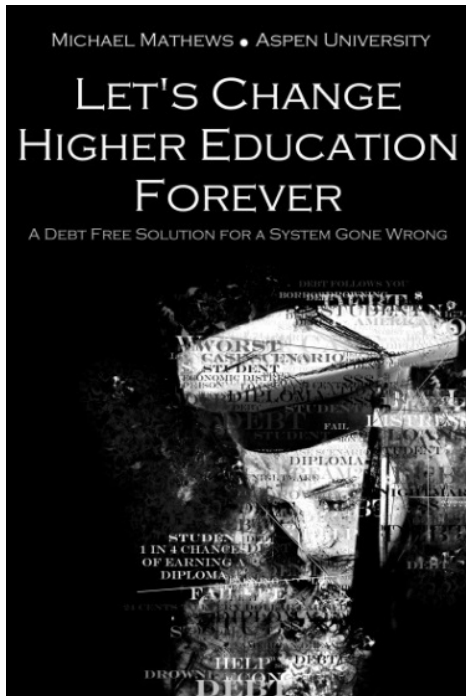
# Aspen Group Vision

**“To Make College Affordable Again”**



# Aspen Group's Business Model

**Offer world class online education at half the cost of our competitors; committed to cash-based, monthly payment plans (no interest)**



## "Let's Change Higher Education Forever"

**Online Students can pay \$325/month for a Master's degree = \$11,700 (36 months)**

**Online Students can pay \$250/month for a Bachelor's Degree = \$18,000 (72 months)**

**Online Students can pay \$375/month for a Doctoral Degree = \$27,000 (72 months)**

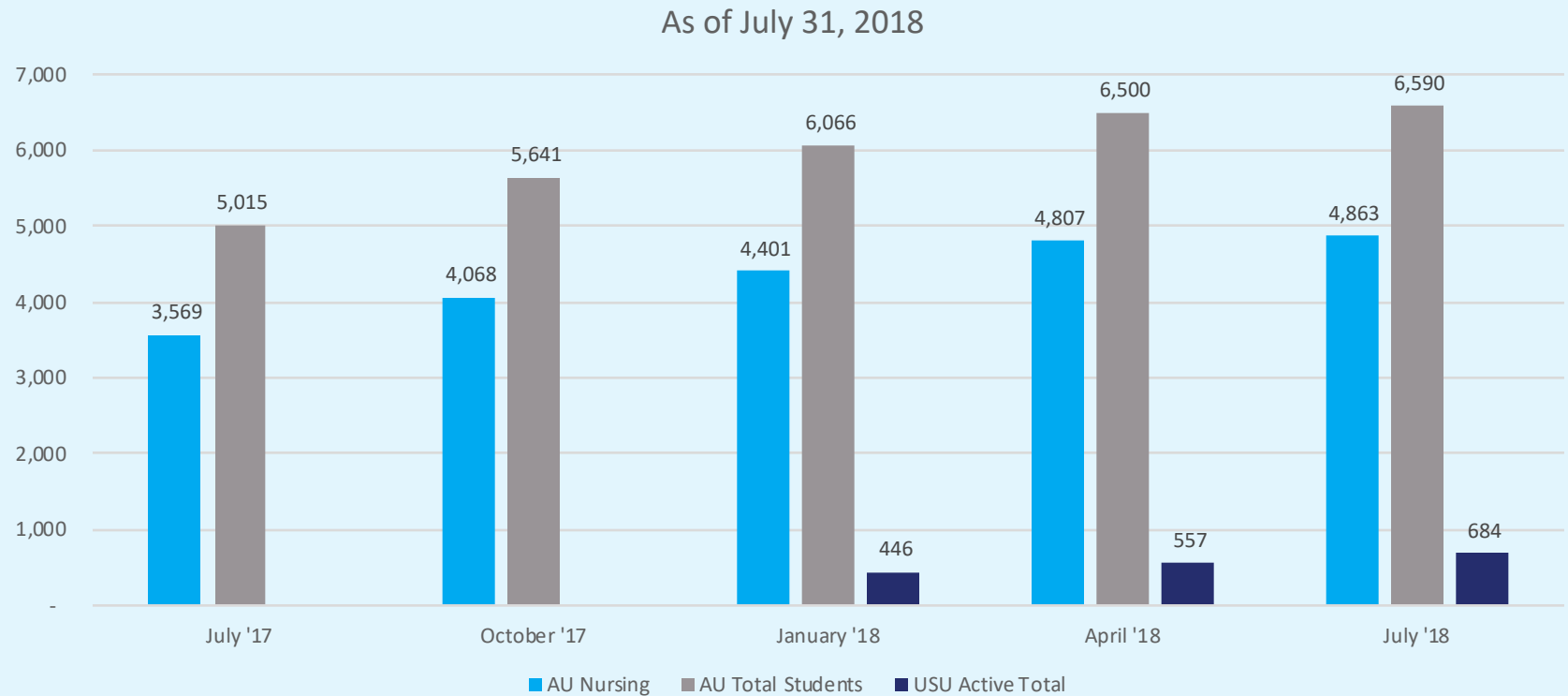
# Monthly Payment Model Now the Majority Payment Method at Aspen University

## **Tuition Revenues by Payment Type (last 90 days avg.):**

Monthly Payment Methods:		67%
-Monthly Payment Plan	63%	
-Monthly Installment Plan	4%	
Cash		7%
Federal Financial Aid		18%
Other (Corporate Tuition Reimbursement/Military)		<u>8%</u>
Total		100%

- **Recurring Monthly Tuition Billing Now Exceeds \$1.2 million**
  - **4,769 degree-seeking students enrolled in a monthly payment method (as of 7/31/18)**
- **Total value of monthly payment plan contracts exceeds \$35 million (as of 7/31/18)**

# AGI Student Bodies



# Targeting Four Growth Vectors



# Growth Vector 1: RNs - Fully Online RN to BSN & MSN



**RNs (post-licensure):**

**BSN & MSN**

**2.9mm RNs in U.S. Today**

**65,000 Starts per Annum**

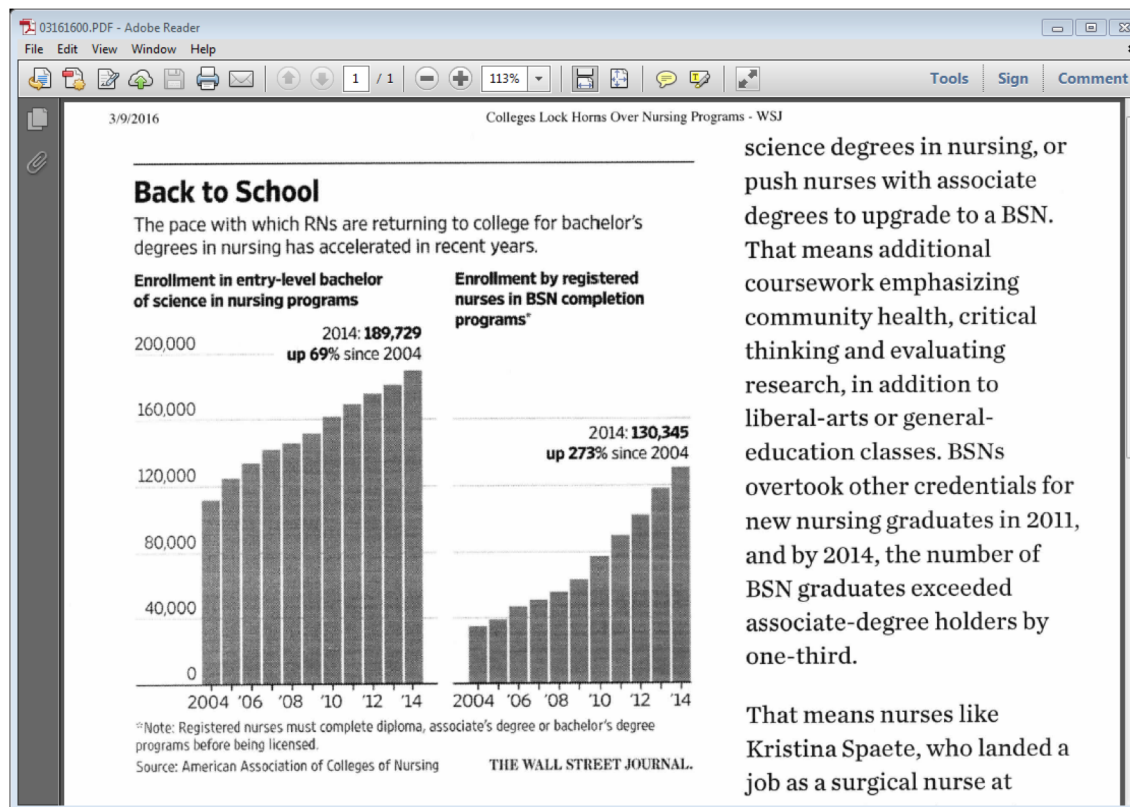
**(TAM: - \$478mm)\***

**\*Assumes Aspen's \$7,350 LTV**



# Aspen University Capturing ~2% Of BSN Completion Starts

**Approximately 140K RNs currently enrolled in BSN Completion programs; or approx. 50,000 new enrolls/year**



# Aspen University (Nursing + Other) Unit Economics Among Best In Sector

- **Low customer acquisition costs and variable teaching costs create highly attractive unit economics – projecting 68%+ Gross Margins at scale**
  - **Average course completions per student enrollment is 8 = \$7,350\* revenue (average \$820 tuition/course today and rising), earned over 4+ years**
  - **Direct Cost ~\$2,300**
    - **Student acquisition cost ~ \$1,124**
    - **Teaching cost ~ \$1,175 (average)**
      - **Hybrid faculty model (Full-Time/Adjunct Faculty)**
      - **<\$150 per student course completion**
      - **Save ~\$50,000 annual per F-T conversion**
- **Gross Profit/New Student Enrollment ~ \$5,050**

*\*Assumes \$600 of misc. revenue/student*

# Growth Vector 2: Pre-Licensure BSN Hybrid Online/Campus Program



**Pre-Licensure BSN Program:  
(Hybrid Online/Campus Program)  
100,000 Pre-Licensure BSN Starts  
per Annum  
(TAM: - \$3B)\***

**\*Assumes Aspen's \$30,000 LTV projection**

# Aspen University Pre-Licensure BSN: Launched First campus in Phoenix in July, 2018

- **3-Year BSN program is 120 credits – 69% online, 31% on ground**
- **Approved by the AZ BON, AZPPSE, State of Colorado, DEAC**
- **Have clinical partnerships in PHX (Maricopa Integrated Health System and Honor Health)**
- **Unique compared to other pre-licensure BSN programs**
  - Majority of courses online
  - Tuition price point (will be first <\$50,000 in U.S.)
  - 9 strategically placed seminars throughout program
    - Attitudes and behaviors
    - Connecting all content together with experts
- **First Semester (and academic year) already at capacity; just announced night/weekend program starting January, 2019**

**Forecasting \$10mm+ Annual Revenue Run Rate  
Per Campus, 4-5 Years Out**

# Growth Vector 3: Doctoral Students – Fully Online



**Doctoral Programs (Fully Online):**  
**55,000 Graduates per Annum**  
**14% Online Students or ~8K/yr.**  
**(TAM: - \$100mm)\***

**\*Assumes Aspen's \$12,600 LTV**

# Growth Vector 4: RNs – MSN/FNP Hybrid Online Program

- **USU to become the university of choice for preparing six-figure Nurse Practitioners (\$27K: \$375 for 72 months)**



**RNs (post-licensure):**

**MSN-Family Nurse Practitioner  
(Hybrid Online Program)**

**234,000 NPs in U.S. Today (8% of  
total RNs)**

**30,000 Starts per Annum  
(online/hybrid and campus-based programs)  
(TAM: - \$535mm)\***

**\*Assumes Aspen's \$17,820 LTV**

# Q1 FY'19 KPI Results—Cost of Enrollment, LTV & Marketing Efficiency Ratio (MER)

	Enrollments	Cost-of-Enrollment*	LTV**	MER
Aspen (Nursing + Other)	882	\$1,268	\$7,350	5.8X
Aspen (Doctoral)	118	\$2,169	\$12,600	5.8X
USU (FNP + Other)	221	\$1,783	\$17,820	10.0X

\*Based on a six-month rolling average

\*\*LTV projections are not yet available for the new BSN pre-licensure campus unit (preliminary estimate is \$30,000)

# 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>	(2,159,785)
<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>	(3,664,485)
<b>Income tax expense (benefit)</b>	-
<b>Net loss</b>	\$ (3,664,485)
<b>Adjusted EBITDA</b>	\$ (1,020,004)



# Equity Snapshot

- Closed on \$23mm equity raise on April 23, terminated \$10mm credit facility following day
- Cash on hand ~\$11.5mm (7/2018)

## As of 8/27/18

Ticker on Nasdaq:	ASPU
Share Price:	\$7.90
52 Week Range:	\$5.35 - \$9.61
Market Cap:	\$145 Million
Shares Outstanding :	18.3 Million
Mgmt & BOD Ownership:	19%

# KPI Results

# Q1 FY'19 KPI Results—Enrollments

## NEW ENROLLMENT METHODOLOGY

(Unconditional Accepts only)

	Q1'18	Q2'18	Q3'18	Q4'18	Q1'19	EAs	Enrolls/Month/EA
Aspen (Nursing + Other)	862*	1,044*	972*	980	882	51	5.8
Aspen (Doctoral)				116	118	5	7.9
USU (FNP + Other)				177	221	11	6.7
Aspen (Pre-Licensure BSN, AZ Campus)					<u>93</u>	<u>3</u>	10.3
<b>Total</b>	<b>862</b>	<b>1,044</b>	<b>972</b>	<b>1,273</b>	<b>1,314</b>	<b>70</b>	

\*Included doctoral enrollments

# Q4 FY'18 - 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%

# Q4 FY'18 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.

# Net Loss to Adjusted EBITDA Reconciliation (Q4 FY'18)

Net Loss	(\$3,664,485)
Interest Expense	1,504,701
Depreciation & Amortization	<u>460,314</u>
EBITDA	(1,699,470)
Bad Debt Expense	317,222
Stock-Based Compensation	176,098
Non-recurring Charges	<u>186,146</u>
Adjusted EBITDA (Loss)	<u>(\$1,020,004)</u>