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Revenues increased 40% to \$17.0 million for the Q2 fiscal 2021 as compared to \$12.1 million in Q2 fiscal 2020. USU accounted for approximately 29% and Aspen University's Pre-Licensure BSN program accounted for approximately 21% of overall Company revenues for Q2 fiscal 2021.

Gross profit increased to \$9.3 million or 55% gross margin for Q2 fiscal 2021 versus \$7.6 million or 63% gross margin. Aspen University gross profit represented 57% of Aspen University revenues for Q2 fiscal 2021, while USU gross profit equaled 56% of USU revenues for Q2 fiscal 2021. Aspen University instructional costs and services represented 20% of Aspen University revenues for Q2 fiscal 2021, while USU instructional costs and services equaled 26% of USU revenues for Q2 fiscal 2021. Aspen University marketing and promotional costs represented 20% of Aspen University revenues for Q2 fiscal 2021, while USU marketing u tAsy 2020.

The following table presents a reconciliation of net loss and earnings (loss) per share to Adjusted Net Income (Loss) and Adjusted Earnings (Loss) Per Share:

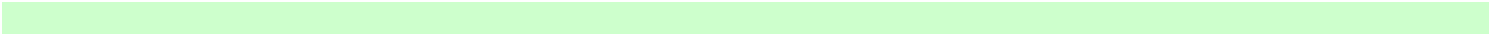
	<u>Three Months Ended October 31,</u>		<u>Six Months Ended October 31,</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Earnings (loss) per share	\$ (0.19)	\$ (0.03)	\$ (0.23)	\$ (0.14)
Weighted average number of common stock outstanding*	22,791,503	18,985,371	22,763,235	18,859,344
Net loss	\$ (4,370,525)	\$ (638,168)	\$ (5,313,721)	\$ (2,713,450)
Add back:				
Stock-based compensation	1,831,548	492,130	2,318,658	990,547
Non-recurring charges	1,362,819	—	1,906,203	132,949
Adjusted Net (Loss)	\$ (1,176,158)	\$ (146,038)	\$ (1,088,860)	\$ (1,589,954)
Adjusted (Loss) per Share	\$ (0.05)	\$ (0.01)	\$ (0.05)	\$ (0.08)

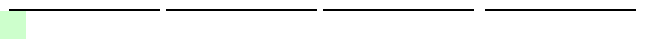
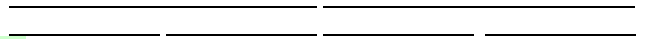
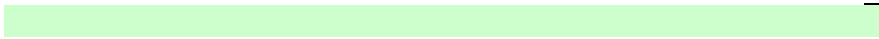
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*Same share count used for G

Forward-Looking Statements:

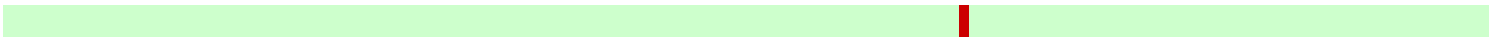
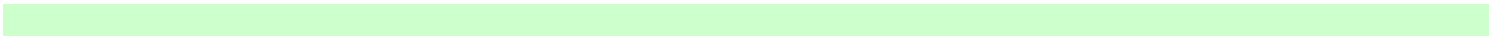
This press release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including our expected fiscal 2021 revenue growth, the anticipated enrollment growth, the expected revenue from our pre-licensure BSN and the MSN-FNP programs as a percentage of revenue, the planned introduction of double cohorts in the core BSN





ASPEN GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
Three Months Ended October 31, 2020 and 2019
(Unaudited)

	Common Stock		Additional Paid-In Capital	Treasury Stock	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount				
Balance at Balance at July 31, 2020	22,377,744	\$ 22,378	\$ 92,378,584	\$ (70,000)	\$ (48,652,226)	\$ 43,678,736
Stock-based compensation	—	—	1,831,548	—	—	1,831,548
Common stock issued for stock options exercised for cash	502,412	502	944,830	—	—	945,332
Common stock issued for cashless stock options exercised	22,339	22	(22)	—	—	—
Common stock issued for conversion of Convertible Notes	1,398,602	1,399	9,998,601	—	—	10,000,000
Common stock issued for vested restricted stock units	132,109	132	(132)	—	—	—
Amortization of warrant based cost	—	—	9,125	—	—	9,125
Cancellation of Treasury Stock	(16,667)	(17)	(69,983)	70,000	—	—
Net loss	—	—	—	—	(4,370,525)	(4,370,525)
Balance at October 31, 2020	24,411,827	\$ 23,012	\$ 93,318,510	\$ (70,000)	\$ (53,022,751)	\$ 52,094,217
	C					Total Stockholders' Equity
Balance at July 31, 2019	18,911,111	\$ 18,911	\$ 88,111,111	\$ (70,000)	\$ (48,652,226)	\$ 43,678,736



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

	Six Months Ended October 31,	
	2020	2019
Cash flows from operating activities:		
Net loss	\$ (5,313,721)	\$ (2,713,450)
Adjustments to reconcile net loss to net cash used in operating activities:		
Bad debt expense	1,032,000	648,658
Depreciation and amortization	1,016,981	1,234,799
Stock-based compensation	2,318,658	889,484
Amortization of warrant based cost	18,250	18,565
Loss on asset disposition	—	3,918
Amortization of debt discounts	1,550,854	135,298
Amortization of debt issue costs	147,695	50,255
Modification charge for warrants exercised	25,966	/ —
Non-cash payments to investor relations firm	—	73,350
Changes in operating assets and liabilities:		
Accounts receivable	(8,246,180)	(5,211,195)
Prepaid expenses	(654,268)	(378,184)
Other receivables	23,097	1,833
Other current assets	(273,767)	(772,507)
Deposits and other assets	(171,303)	(99,216)
Accounts payable	838,421	(511,473)
Accrued expenses	1,282,983	88,243
Deferred Rent	—	(25,902)
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