

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM 10-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended **January 31, 2022**

or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number **001-38175**



**ASPEN GROUP, INC.**

*(Exact Name of Registrant as Specified in Its Charter)*

|   |   |
|---|---|
| <b>Delaware</b>   | <b>27-1933597</b>                                 |
| <small>State or Other Jurisdiction of Incorporation or Organization</small> | <small>I.R.S. Employer Identification No.</small> |
| 276 Fifth Avenue, Suite 505, New York, New York                             | <b>10001</b>                                      |
| <small>Address of Principal Executive Offices</small>                       | <small>Zip Code</small>                           |

**(646) 448-5144**

*(Registrant's telephone number, including area code)*

**Securities registered pursuant to Section 12(b) of the Act:**

| Title of each class             | Trading Symbol(s) | Name of each exchange on which registered             |
|---------------------------------|-------------------|---|
| Common Stock, par value \$0.001 | ASPU              | The Nasdaq Stock Market<br>(The Nasdaq Global Market) |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

|   |   |
|---|---|
| Large accelerated filer <input type="checkbox"/>          | Accelerated filer <input type="checkbox"/>                    |
| Non-accelerated filer <input checked="" type="checkbox"/> | Smaller reporting company <input checked="" type="checkbox"/> |
| Emerging growth company <input type="checkbox"/>          |   |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

| Class                                     | Outstanding as of March 11, 2022 |
|---|----------------------------------|
| Common Stock, \$0.001 par value per share | 25,190,410 shares                |

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## PART I. FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

ASPEN GROUP, INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS

|  | January 31, 2022     | April 30, 2021       |
|--|----------------------|----------------------|
|  | (Unaudited)          |                      |
| <b>Assets</b>  |                      |                      |
| Current assets:  |                      |                      |
| Cash and cash equivalents  | \$ 5,969,286         | \$ 12,472,082        |
| Restricted cash  | 1,433,397            | 1,193,997            |
| Accounts receivable, net of allowance of \$3,381,204 and \$3,289,816, respectively | 19,635,715           | 16,724,744           |
| Prepaid expenses   | 1,375,628            | 1,077,831            |
| Other current assets   | 31,032               | 68,529               |
| Total current assets   | <u>28,445,058</u>    | <u>31,537,183</u>    |
| Property and equipment:  |                      |                      |
| Computer equipment and hardware  | 1,486,201            | 956,463              |
| Furniture and fixtures   | 2,153,124            | 1,705,101            |
| Leasehold improvements   | 7,179,896            | 5,729,324            |
| Instructional equipment  | 656,409              | 421,039              |
| Software   | 9,829,329            | 8,488,635            |
| Construction in progress   | 900                  | 247,767              |
|  | <u>21,305,859</u>    | <u>17,548,329</u>    |
| Less: accumulated depreciation and amortization                                    | <u>(7,533,571)</u>   | <u>(4,892,987)</u>   |
| Total property and equipment, net  | 13,772,288           | 12,655,342           |
| Goodwill   | 5,011,432            | 5,011,432            |
| Intangible assets, net   | 7,907,075            | 7,908,360            |
| Courseware, net  | 289,680              | 187,296              |
| Accounts receivable, net of allowance of \$— and \$625,963, respectively           | —                    | 45,329               |
| Long-term contractual accounts receivable  | 12,701,452           | 10,249,833           |
| Deferred financing costs   | 88,393               | 18,056               |
| Operating lease right of use assets, net   | 13,090,470           | 12,714,863           |
| Deposits and other assets  | 523,898              | 479,212              |
| <b>Total assets</b>  | <u>\$ 81,829,746</u> | <u>\$ 80,806,906</u> |

(Continued)

The accompanying condensed notes are an integral part of these unaudited consolidated financial statements.

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

|  | <u>January 31, 2022</u> | <u>April 30, 2021</u> |
|--|-------------------------|-----------------------|
|  | (Unaudited)             |                       |
| <b>Liabilities and Stockholders' Equity</b>  |                         |                       |
| <b>Liabilities:</b>  |                         |                       |
| Current liabilities:   |                         |                       |
| Accounts payable   | \$ 1,806,656            | \$ 1,466,488          |
| Accrued expenses   | 2,079,249               | 2,040,896             |
| Deferred revenue   | 6,182,781               | 6,825,014             |
| Due to students  | 3,229,516               | 2,747,484             |
| Operating lease obligations, current portion   | 2,106,981               | 2,029,821             |
| Credit Facility  | 5,000,000               | —                     |
| Other current liabilities  | 136,027                 | 307,921               |
| Total current liabilities  | <u>20,541,210</u>       | <u>15,417,624</u>     |
| Operating lease obligations, less current portion  | <u>17,317,396</u>       | <u>16,298,808</u>     |
| Total liabilities  | <u>37,858,606</u>       | <u>31,716,432</u>     |
| Commitments and contingencies – see Note 11  |                         |                       |
| <b>Stockholders' equity:</b>   |                         |                       |
| Preferred stock, \$0.001 par value; 1,000,000 shares authorized,<br>0 issued and 0 outstanding at January 31, 2022 and April 30, 2021  | —                       | —                     |
| Common stock, \$0.001 par value; 40,000,000 shares authorized,<br>25,228,580 issued and 25,073,094 outstanding at January 31, 2022<br>25,066,297 issued and 24,910,811 outstanding at April 30, 2021 | 25,229                  | 25,067                |
| Additional paid-in capital   | 111,378,471             | 109,040,824           |
| Treasury stock (155,486 at both January 31, 2022 and April 30, 2021)   | (1,817,414)             | (1,817,414)           |
| Accumulated deficit  | (65,615,146)            | (58,158,003)          |
| Total stockholders' equity   | <u>43,971,140</u>       | <u>49,090,474</u>     |
| <b>Total liabilities and stockholders' equity</b>  | <u>\$ 81,829,746</u>    | <u>\$ 80,806,906</u>  |

The accompanying condensed notes are an integral part of these unaudited consolidated financial statements.

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

|   | <u>Three Months Ended January 31,</u> |                       | <u>Nine Months Ended January 31,</u> |                       |
|---|---------------------------------------|-----------------------|--------------------------------------|-----------------------|
|   | <u>2022</u>                           | <u>2021</u>           | <u>2022</u>                          | <u>2021</u>           |
| Revenue   | \$ 18,944,798                         | \$ 16,624,837         | \$ 57,316,004                        | \$ 48,761,444         |
| Operating expenses:   |                                       |                       |                                      |                       |
| Cost of revenue (exclusive of depreciation and amortization shown separately below) | 9,275,419                             | 7,559,951             | 26,658,188                           | 20,732,254            |
| General and administrative  | 11,771,487                            | 10,644,438            | 34,359,276                           | 30,723,349            |
| Bad debt expense  | 350,000                               | 670,000               | 1,050,000                            | 1,702,000             |
| Depreciation and amortization   | 883,536                               | 535,273               | 2,480,179                            | 1,552,254             |
| Total operating expenses  | <u>22,280,442</u>                     | <u>19,409,662</u>     | <u>64,547,643</u>                    | <u>54,709,857</u>     |
| Operating loss  | (3,335,644)                           | (2,784,825)           | (7,231,639)                          | (5,948,413)           |
| Other income (expense):   |                                       |                       |                                      |                       |
| Interest expense  | (180,697)                             | (33,539)              | (353,738)                            | (2,018,664)           |
| Other income (expense), net   | 13,954                                | 13,558                | 516,754                              | (116,820)             |
| Total other (expense) income, net   | <u>(166,743)</u>                      | <u>(19,981)</u>       | <u>163,016</u>                       | <u>(2,135,484)</u>    |
| Loss before income taxes  | (3,502,387)                           | (2,804,806)           | (7,068,623)                          | (8,083,897)           |
| Income tax expense  | 231,610                               | 10,460                | 388,520                              | 45,090                |
| Net loss  | <u>\$ (3,733,997)</u>                 | <u>\$ (2,815,266)</u> | <u>\$ (7,457,143)</u>                | <u>\$ (8,128,987)</u> |
| Net loss per share - basic and diluted  | <u>\$ (0.15)</u>                      | <u>\$ (0.11)</u>      | <u>\$ (0.30)</u>                     | <u>\$ (0.35)</u>      |
| Weighted average number of common stock outstanding - basic and diluted             | <u>25,041,733</u>                     | <u>24,544,334</u>     | <u>24,971,056</u>                    | <u>23,354,036</u>     |

The accompanying condensed notes are an integral part of these unaudited consolidated financial statements.

**ASPEN GROUP, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
**Three Months Ended January 31, 2022 and 2021**  
**(Unaudited)**

|  | Common Stock      |                  | Additional<br>Paid-In<br>Capital | Treasury<br>Stock     | Accumulated<br>Deficit | Total<br>Stockholders'<br>Equity |
|--|-------------------|------------------|----------------------------------|-----------------------|------------------------|----------------------------------|
|  | Shares            | Amount           |                                  |                       |                        |                                  |
| <b>Balance at October 31, 2021</b>                       | 25,148,194        | \$ 25,149        | \$ 110,526,729                   | \$ (1,817,414)        | \$ (61,881,149)        | \$ 46,853,315                    |
| Stock-based compensation                                 | —                 | —                | 700,697                          | —                     | —                      | 700,697                          |
| Common stock issued for stock options exercised for cash | 41,667            | 41               | 134,959                          | —                     | —                      | 135,000                          |
| Common stock issued for vested restricted stock units    | 38,719            | 39               | (39)                             | —                     | —                      | —                                |
| Amortization of warrant based cost                       | —                 | —                | 16,125                           | —                     | —                      | 16,125                           |
| Net loss   | —                 | —                | —                                | —                     | (3,733,997)            | (3,733,997)                      |
| <b>Balance at January 31, 2022</b>                       | <u>25,228,580</u> | <u>\$ 25,229</u> | <u>\$ 111,378,471</u>            | <u>\$ (1,817,414)</u> | <u>\$ (65,615,146)</u> | <u>\$ 43,971,140</u>             |

|  | Common Stock      |                  | Additional<br>Paid-In<br>Capital | Treasury<br>Stock     | Accumulated<br>Deficit | Total<br>Stockholders'<br>Equity |
|--|-------------------|------------------|----------------------------------|-----------------------|------------------------|----------------------------------|
|  | Shares            | Amount           |                                  |                       |                        |                                  |
| <b>Balance at October 31, 2020</b>                       | 24,416,539        | \$ 24,417        | \$ 105,092,551                   | \$ —                  | \$ (53,022,751)        | \$ 52,094,217                    |
| Stock-based compensation                                 | —                 | —                | 701,170                          | —                     | —                      | 701,170                          |
| Common stock issued for stock options exercised for cash | 447,134           | 447              | 2,180,352                        | (1,817,414)           | —                      | 363,385                          |
| Common stock issued for vested restricted stock units    | 74,000            | 74               | (74)                             | —                     | —                      | —                                |
| Common stock issued for services                         | 2,000             | 2                | 19,898                           | —                     | —                      | 19,900                           |
| Amortization of warrant based cost                       | —                 | —                | 9,125                            | —                     | —                      | 9,125                            |
| Net loss   | —                 | —                | —                                | —                     | (2,815,266)            | (2,815,266)                      |
| <b>Balance at January 31, 2021</b>                       | <u>24,939,673</u> | <u>\$ 24,940</u> | <u>\$ 108,003,022</u>            | <u>\$ (1,817,414)</u> | <u>\$ (55,838,017)</u> | <u>\$ 50,372,531</u>             |

The accompanying condensed notes are an integral part of these unaudited consolidated financial statements.

**ASPEN GROUP, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (CONTINUED)**  
**Nine Months Ended January 31, 2022 and 2021**  
**(Unaudited)**

|   | Common Stock      |                  | Additional<br>Paid-In<br>Capital | Treasury<br>Stock     | Accumulated<br>Deficit | Total<br>Stockholders'<br>Equity |
|---|-------------------|------------------|----------------------------------|-----------------------|------------------------|----------------------------------|
|   | Shares            | Amount           |                                  |                       |                        |                                  |
| <b>Balance at April 30, 2021</b>  | 25,066,297        | \$ 25,067        | \$ 109,040,824                   | \$ (1,817,414)        | \$ (58,158,003)        | \$ 49,090,474                    |
| Stock-based compensation  | —                 | —                | 1,965,567                        | —                     | —                      | 1,965,567                        |
| Common stock issued for stock options exercised for cash                | 58,419            | 58               | 190,976                          | —                     | —                      | 191,034                          |
| Common stock issued for cashless stock options exercised                | 30,156            | 30               | (30)                             | —                     | —                      | —                                |
| Common stock issued for vested restricted stock units                   | 73,708            | 74               | (74)                             | —                     | —                      | —                                |
| Amortization of warrant based cost                                      | —                 | —                | 43,708                           | —                     | —                      | 43,708                           |
| Warrants issued for deferred financing costs related to Credit Facility | —                 | —                | 137,500                          | —                     | —                      | 137,500                          |
| Net loss  | —                 | —                | —                                | —                     | (7,457,143)            | (7,457,143)                      |
| <b>Balance at January 31, 2022</b>                                      | <u>25,228,580</u> | <u>\$ 25,229</u> | <u>\$ 111,378,471</u>            | <u>\$ (1,817,414)</u> | <u>\$ (65,615,146)</u> | <u>\$ 43,971,140</u>             |

|  | Common Stock      |                  | Additional<br>Paid-In<br>Capital | Treasury<br>Stock     | Accumulated<br>Deficit | Total<br>Stockholders'<br>Equity |
|--|-------------------|------------------|----------------------------------|-----------------------|------------------------|----------------------------------|
|  | Shares            | Amount           |                                  |                       |                        |                                  |
| <b>Balance at April 30, 2020</b>                         | 21,770,520        | \$ 21,771        | \$ 89,505,216                    | \$ (70,000)           | \$ (47,709,030)        | \$ 41,747,957                    |
| Stock-based compensation                                 | —                 | —                | 3,019,828                        | —                     | —                      | 3,019,828                        |
| Common stock issued for stock options exercised for cash | 1,364,721         | 1,365            | 4,394,749                        | (1,817,414)           | —                      | 2,578,700                        |
| 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    | 206,109           | 206              | (206)                            | —                     | —                      | —                                |
| Common stock issued for warrants exercised for cash      | 192,049           | 192              | 1,081,600                        | —                     | —                      | 1,081,792                        |
| Common stock issued for services                         | 2,000             | 2                | 19,898                           | —                     | —                      | 19,900                           |
| Modification charge for warrants exercised               | —                 | —                | 25,966                           | —                     | —                      | 25,966                           |
| Amortization of warrant based cost                       | —                 | —                | 27,375                           | —                     | —                      | 27,375                           |
| Cancellation of Treasury Stock                           | (16,667)          | (17)             | (69,983)                         | 70,000                | —                      | —                                |
| Net loss   | —                 | —                | —                                | —                     | (8,128,987)            | (8,128,987)                      |
| <b>Balance at January 31, 2021</b>                       | <u>24,939,673</u> | <u>\$ 24,940</u> | <u>\$ 108,003,022</u>            | <u>\$ (1,817,414)</u> | <u>\$ (55,838,017)</u> | <u>\$ 50,372,531</u>             |

The accompanying condensed notes are an integral part of these unaudited consolidated financial statements.

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

|  | Nine Months Ended January 31, |                |
|--|-------------------------------|----------------|
|  | 2022                          | 2021           |
| <b>Cash flows from operating activities:</b>                                       |                               |                |
| Net loss   | \$ (7,457,143)                | \$ (8,128,987) |
| <b>Adjustments to reconcile net loss to net cash used in operating activities:</b> |                               |                |
| Bad debt expense   | 1,050,000                     | 1,702,000      |
| Depreciation and amortization  | 2,480,179                     | 1,552,254      |
| Stock-based compensation   | 1,965,567                     | 3,019,828      |
| Amortization of warrant based cost   | 43,708                        | 27,375         |
| Amortization of debt discounts   | —                             | 1,550,854      |
| Amortization of debt issue costs   | 18,056                        | 156,029        |
| Amortization of deferred financing costs   | 49,107                        | —              |
| Modification charge for warrants exercised   | —                             | 25,966         |
| Loss on asset disposition  | 36,445                        | —              |
| Lease benefit  | (96,450)                      | —              |
| Tenant improvement allowances received from landlords                              | 816,591                       | —              |
| Common stock issued for services   | —                             | 19,900         |
| <b>Changes in operating assets and liabilities:</b>                                |                               |                |
| Accounts receivable  | (6,412,590)                   | (6,493,238)    |
| Prepaid expenses   | (297,797)                     | (267,526)      |
| Other receivables  | —                             | 23,097         |
| Other current assets   | 37,498                        | (1,205,083)    |
| Accounts receivable, other   | 45,329                        | —              |
| Deposits and other assets  | (44,686)                      | (185,599)      |
| Accounts payable   | 340,168                       | (349,882)      |
| Accrued expenses   | 38,353                        | 1,756,102      |
| Due to students  | 482,032                       | (128,154)      |
| Deferred revenue   | (642,233)                     | 1,887,377      |
| Other current liabilities  | (171,894)                     | (238,032)      |
| Net cash used in operating activities  | (7,719,760)                   | (5,275,719)    |
| <b>Cash flows from investing activities:</b>                                       |                               |                |
| Purchases of courseware and accreditation  | (161,262)                     | (31,330)       |
| Purchases of property and equipment  | (3,573,408)                   | (2,877,758)    |
| Net cash used in investing activities  | (3,734,670)                   | (2,909,088)    |
| <b>Cash flows from financing activities:</b>                                       |                               |                |
| Borrowings under the Credit Facility   | 5,000,000                     | —              |
| Proceeds from stock options exercised  | 191,034                       | 2,578,700      |
| Proceeds from warrants exercised   | —                             | 1,081,792      |
| Net cash provided by financing activities  | 5,191,034                     | 3,660,492      |

(Continued)

The accompanying condensed notes are an integral part of these unaudited consolidated financial statements.



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

|  | Nine Months Ended January 31, |                      |
|--|-------------------------------|----------------------|
|  | 2022                          | 2021                 |
| Net decrease in cash, cash equivalents and restricted cash                     | \$ (6,263,396)                | \$ (4,524,315)       |
| Cash, cash equivalents and restricted cash at beginning of period              | 13,666,079                    | 17,906,765           |
| Cash, cash equivalents and restricted cash at end of period                    | <u>\$ 7,402,683</u>           | <u>\$ 13,382,450</u> |
| <b>Supplemental disclosure cash flow information:</b>                          |                               |                      |
| Cash paid for interest   | <u>\$ 258,630</u>             | <u>\$ 310,958</u>    |
| Cash paid for income taxes   | <u>\$ 13,520</u>              | <u>\$ 49,008</u>     |
| <b>Supplemental disclosure of non-cash investing and financing activities:</b> |                               |                      |
| Common stock issued for conversion of Convertible Notes                        | <u>\$ —</u>                   | <u>\$ 10,000,000</u> |
| Warrants issued as part of Credit Facility                                     | <u>\$ 137,500</u>             | <u>\$ —</u>          |

The following table provides a reconciliation of cash and cash equivalents and restricted cash reported within the accompanying consolidated balance sheet to the total amounts shown in the accompanying unaudited consolidated statements of cash flows:

|  | January 31, 2022    | April 30, 2021       |
|--|---------------------|----------------------|
| Cash and cash equivalents                        | \$ 5,969,286        | \$ 12,472,082        |
| Restricted cash                                  | 1,433,397           | 1,193,997            |
| Total cash, cash equivalents and restricted cash | <u>\$ 7,402,683</u> | <u>\$ 13,666,079</u> |

The accompanying condensed notes are an integral part of these unaudited consolidated financial statements.

**ASPEN GROUP, INC. AND SUBSIDIARIES**  
**CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**January 31, 2022**  
**(Unaudited)**

**Note 1. Nature of Operations**

**Overview**

Aspen Group, Inc. ("AGI") is an education technology holding company. AGI has two subsidiaries, Aspen University Inc. ("Aspen University"), organized in 1987, and United States University Inc. ("United States University" or "USU").

All references to the "Company", "AGI", "Aspen Group", "we", "our" and "us" refer to Aspen Group, Inc., unless the context otherwise indicates.

AGI leverages its education technology infrastructure and expertise to allow its two universities, Aspen University and United States University, to deliver on the vision of making college affordable again. Because we believe higher education should be a catalyst to our students' long-term economic success, we exert financial prudence by offering affordable tuition that is one of the greatest values in higher education. AGI's primary focus relative to future growth is to target the high growth nursing profession.

Since 1993, Aspen University has been nationally accredited by the Distance Education Accrediting Council ("DEAC"), an institutional accrediting agency recognized by the United States Department of Education (the "DOE"), through January 2024.

Since 2009, USU has been institutionally accredited by WASC Senior College and University Commission. ("WSCUC").

Both universities are qualified to participate under the Higher Education Act of 1965, as amended (HEA) and the Federal student financial assistance programs (Title IV, HEA programs). USU has a provisional certification resulting from the ownership change of control in connection with the acquisition by AGI on December 1, 2017.

**COVID-19 Update**

Nursing students represented 87% or 11,889 of the Company's total student body of 13,724 students at the end of the third quarter of fiscal 2022. Of the 11,889 nursing students, 2,277 are BSN Pre-Licensure students located across our four metro locations (Phoenix, Austin, Tampa and Nashville). The remaining 9,612 nursing students are licensed registered nurses (RNs) studying to earn an advanced degree (RN to BSN, MSN, MSN-FNP or DNP degree programs). Therefore, these 9,612 post-licensure nursing students represent 70% of the Company's total student body at the end of the third quarter and are the AGI students primarily affected by the COVID-19 pandemic.

Starting in the second half of June 2021 and continuing through January 2022, the Company saw lower course starts than seasonally expected among our RN student body. For example, at Aspen University, course starts among RNs from June through January 2022 increased by approximately 3% year-over-year. By comparison, over the previous two full fiscal years (Fiscal Year 2021 and Fiscal Year 2020), course starts among RNs at Aspen University increased by an average of approximately 10% year-over-year.

We cannot be certain what impact future COVID-19 variants will have on the Company's results as we progress through the remainder of fiscal 2022.

**Basis of Presentation**

**Interim Financial Statements**

The interim consolidated financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC"). In the opinion of the Company's management, all adjustments (consisting of normal recurring adjustments and reclassifications and non-recurring adjustments) necessary to present fairly our results of operations for the three and nine months ended January 31, 2022 and 2021, our cash flows for the nine months ended January 31, 2022 and 2021, and our financial position as of January 31, 2022 have been made.

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The results of operations for such interim periods are not necessarily indicative of the operating results to be expected for the full year.

Certain information and disclosures normally included in the notes to the annual consolidated financial statements have been condensed or omitted from these interim consolidated financial statements. Accordingly, these interim consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the fiscal year ended April 30, 2021 as filed with the SEC on July 13, 2021. The April 30, 2021 consolidated balance sheet is derived from those statements.

**Note 2. Significant Accounting Policies**

**Basis of Presentation and Consolidation**

The Company prepares its consolidated financial statements in accordance with U.S. generally accepted accounting principles ("GAAP").

The consolidated financial statements include the accounts of AGI and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

A full listing of our significant accounting policies is described in Note 2. Summary of Significant Accounting Policies of our Annual Report on Form 10-K for the fiscal year ended April 30, 2021 as filed with the SEC on July 13, 2021.

**Accounting Estimates**

Management of the Company is required to make certain estimates, judgments and assumptions during the preparation of its consolidated financial statements in accordance with GAAP. These estimates, judgments and assumptions impact the reported amounts of assets, liabilities, revenue and expenses and the related disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Significant estimates in the accompanying consolidated financial statements include the allowance for doubtful accounts, the valuation of lease liabilities and the carrying value of the related right-of-use ("ROU") assets, depreciable lives of property and equipment, amortization periods and valuation of courseware, intangibles and software development costs, valuation of goodwill, valuation of loss contingencies, valuation of stock-based compensation and the valuation allowance on deferred tax assets.

**Cash, Cash Equivalents, and Restricted Cash**

For the purposes of the consolidated statements of cash flows, the Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Restricted cash as of January 31, 2022 of \$1,433,397 consists of \$1,173,525 which is collateral for letters of credit for the Aspen University and USU facility operating leases, \$9,872 which is collateral for a letter of credit for USU required to be posted based on the level of Title IV funding in connection with USU's most recent Compliance Audit, and a \$250,000 compensating balance under a secured credit line.

Restricted cash as of April 30, 2021 of \$1,193,997 consisted of \$934,125 which is collateral for letters of credit for the Aspen University and USU facility operating leases, \$9,872 which is collateral for a letter of credit for USU required to be posted based on the level of Title IV funding in connection with USU's most recent Compliance Audit, and a \$250,000 compensating balance under a secured credit line.

**Concentration of Credit Risk**

The Company maintains its cash in bank and financial institution deposits that at times may exceed federally insured limits of \$250,000 per financial institution. The Company has not experienced any losses in such accounts from inception through

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January 31, 2022. As of January 31, 2022 and April 30, 2021, the Company maintained deposits exceeding federally insured limits by approximately \$7,549,724 and \$13,005,537, respectively, held in two separate institutions.

**Revenue Recognition and Deferred Revenue**

The Company follows Accounting Standards Codification 606 (ASC 606). ASC 606 is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASC also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer purchase orders, including significant judgments.

Revenue consists primarily of tuition and course fees derived from courses taught by the Company online and in-person as well as from related educational resources and services that the Company provides to its students. Under ASC 606, tuition and course fee revenue is recognized pro-rata over the applicable period of instruction and are not considered separate performance obligations. Non-tuition related revenue and fees are recognized as services are provided or when the goods are received by the student. (See Note 8. Revenue) Students may receive discounts, scholarships, or refunds, which gives rise to variable consideration. The amounts of discounts or scholarships are applied to individual student accounts when such amounts are awarded. Therefore, the tuition is reduced directly by these discounts or scholarships from the amount of the standard tuition rate charged.

Deferred revenue represents the amount of tuition, fees, and other student payments received in excess of the portion recognized as revenue and it is included in current liabilities in the accompanying consolidated balance sheets. Other revenue may be recognized as sales occur or services are performed.

**Net Loss Per Share**

Net loss per share is based on the weighted average number of shares of common stock outstanding during each period.

Options, warrants, restricted stock units ("RSUs") and unvested restricted stock are not included in the computation of diluted net loss per share because the effects would have been anti-dilutive. These common stock equivalents are only included in the calculation of diluted earnings per share of common stock when their effect is dilutive. See Note 7. Stockholders' Equity.

**Segment Information**

The Company operates in one reportable segment as a single educational delivery operation using a core infrastructure that serves the curriculum and educational delivery needs of its online and campus students regardless of geography. The Company's chief operating decision makers, its Chief Executive Officer, Chief Operating Officer and Chief Academic Officer, manage the Company's operations as a whole.

**Recent Accounting Pronouncement Not Yet Adopted**

*ASU No. 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which significantly changes how entities will measure credit losses for most financial assets, including accounts receivable. ASU No. 2016-13 will replace today's "incurred loss" approach with an "expected loss" model, under which companies will recognize allowances based on expected rather than incurred losses. On November 15, 2019, the FASB delayed the effective date of Topic 326 for certain small public companies and other private companies until fiscal years beginning after December 15, 2022 for SEC filers that are eligible to be smaller reporting companies under the SEC's definition, as well as private companies and not-for-profit entities. The Company is currently evaluating the new guidance and has not yet determined whether the adoption of the new standard will have a material impact on its consolidated financial statements or the method of adoption.

**Reclassifications**

Certain prior year amounts have been reclassified to conform to the current year presentation.

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The Company has concluded that based on industry practices, the preferred presentation for cash received in advance for unearned tuition and stipends should be reclassified from "restricted cash" to "cash and cash equivalents." The cash balance of \$3,958,793 for funds held for students for unbilled educational services that were received from Title IV and non-Title IV programs at April 30, 2021, which was previously included in "restricted cash" in the accompanying consolidated balance sheet, was reclassified to "cash and cash equivalents" to align with the current year presentation. There is no impact to total current assets included in accompanying consolidated balance sheet at April 30, 2021. The restricted cash balance at April 30, 2021, now includes letters of credit and a compensating balance under a secured credit line of \$1,193,997.

**Note 3. Property and Equipment**

As property and equipment reach the end of their useful lives, the fully expired assets are written off against the associated accumulated depreciation and amortization.

When assets are disposed of before reaching the end of their useful lives both the recorded cost of the fixed asset and the corresponding amount of accumulated depreciation is reversed. Any remaining difference between the two is recognized as either other income or expense.

Software consisted of the following:

|                          | January 31,<br>2022 | April 30,<br>2021   |
|--------------------------|---------------------|---------------------|
| Software                 | \$ 9,829,329        | \$ 8,488,635        |
| Accumulated amortization | (4,727,413)         | (3,444,325)         |
| Software, net            | <u>\$ 5,101,916</u> | <u>\$ 5,044,310</u> |

Depreciation and amortization expense for property and equipment and software is summarized below:

|   | Three Months Ended January 31, |            | Nine Months Ended January 31, |              |
|---|--------------------------------|------------|-------------------------------|--------------|
|   | 2022                           | 2021       | 2022                          | 2021         |
| <b>Depreciation and amortization expense:</b> |                                |            |                               |              |
| Property and equipment, excluding software    | \$ 418,081                     | \$ 158,110 | \$ 1,136,929                  | \$ 490,868   |
| Software                                      | \$ 443,284                     | \$ 366,908 | \$ 1,283,088                  | \$ 1,028,668 |

**Note 4. Courseware and Accreditation**

As courseware and accreditation reach the end of their useful life, they are written off against the accumulated amortization. There was no expense impact for such write-offs for the three and nine months ended January 31, 2022 and 2021.

Courseware and accreditation consisted of the following:

|                                   | January 31,<br>2022 | April 30,<br>2021 |
|-----------------------------------|---------------------|-------------------|
| Courseware                        | \$ 569,483          | \$ 408,222        |
| Accreditation                     | 59,350              | 59,350            |
|                                   | 628,833             | 467,572           |
| Accumulated amortization          | (339,153)           | (280,276)         |
| Courseware and accreditation, net | <u>\$ 289,680</u>   | <u>\$ 187,296</u> |

Amortization expense for courseware and accreditation is summarized below:

|                      | Three Months Ended January 31, |           | Nine Months Ended January 31, |           |
|----------------------|--------------------------------|-----------|-------------------------------|-----------|
|                      | 2022                           | 2021      | 2022                          | 2021      |
| Amortization expense | \$ 21,744                      | \$ 10,255 | \$ 58,877                     | \$ 32,718 |

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Amortization expense is included in "Depreciation and amortization" in the unaudited consolidated statements of operations.

**Note 5. Secured Note and Accounts Receivable**

On March 30, 2008 and December 1, 2008, Aspen University sold courseware pursuant to marketing agreements to Higher Education Management Group, Inc. ("HEMG"), which was then a related party and principal stockholder of the Company. As discussed in Note 11. Commitments and Contingencies, the Company and Aspen University sued HEMG seeking to recover sums due under the agreements. Ultimately, the Company and Aspen University obtained a favorable default judgment, and as a result received a distribution from the bankruptcy trustee court of \$498,120, which was included in "other (expense) income, net" in the unaudited consolidated statements of operations during the nine months ended January 31, 2022. Due to the bankruptcy of HEMG, the Company also wrote off a net receivable of \$45,329 in the same period.

**Note 6. Debt**

Credit Facility

On November 5, 2018, the Company entered into a loan agreement (the "Credit Facility Agreement") with the Leon and Toby Cooperman Family Foundation (the "Foundation"). The Credit Facility Agreement provides for a \$5,000,000 revolving credit facility (the "Credit Facility") evidenced by a revolving promissory note (the "Revolving Note"). Borrowings under the Credit Facility Agreement bear interest at 12% per annum. Interest payments are due monthly through the term of the Credit Facility.

On August 31, 2021, the Company extended the Credit Facility Agreement with the Foundation by one year from November 4, 2021 to November 4, 2022. In conjunction with the extension of the Credit Facility, the Company drew down funds of \$5,000,000.

Additionally, on August 31, 2021, the Company issued to the Foundation warrants, as an extension fee, to purchase 50,000 shares of the Company's common stock exercisable for five years from the date of issuance at the exercise price of \$5.85 per share. The fair value of the warrants is \$137,500 and is being amortized to interest expense over the 14-month line of credit period. The fair value of the warrants are treated as deferred financing costs in the accompanying consolidated balance sheets at January 31, 2022 to be amortized over the term of the Credit Facility. Total unamortized costs at January 31, 2022 were \$88,393. See Note 7. Stockholders' Equity for additional information related to these warrants.

At January 31, 2022 and April 30, 2021, there were \$5,000,000 and no outstanding borrowings, respectively, under the Credit Facility. For information on a recent amendment to the Credit Facility and related financings, see Note 12. Subsequent Events.

The Credit Facility Agreement contains customary representations and warranties and events of default. Pursuant to the Loan Agreement and the Revolving Note, all future or contemporaneous indebtedness incurred by the Company, other than indebtedness expressly permitted by the Credit Facility Agreement and the Revolving Note, will be subordinated to the Facility. On March 6, 2019, the Company amended and restated the Credit Facility Agreement (the "Amended and Restated Facility Agreement") and the Revolving Note. The Amended and Restated Facility Agreement provides among other things that the Company's obligations thereunder are secured by a first priority lien in certain deposit accounts of the Company, all current and future accounts receivable of Aspen University and USU, certain of the deposit accounts of Aspen University and USU and all of the outstanding capital stock of Aspen University and USU.

Pursuant to the Credit Facility Agreement, on November 5, 2018 the Company issued to the Foundation warrants to purchase 92,049 shares of the Company's common stock exercisable for five years from the date of issuance at the exercise price of \$5.85 per share which were deemed to have a relative fair value of \$255,071 (the "2018 Cooperman Warrants"). These warrants were exercised on June 8, 2020. The fair value of the warrants along with the upfront Facility fee were treated as debt issue cost assets to be amortized over the term of the loan. As a result of the aforementioned note extension, the remainder of the unamortized costs of \$9,722 were written off during the quarter ended October 31, 2021. Total unamortized costs at January 31, 2022 and April 30, 2021 were \$0 and \$18,056, respectively.

**Note 7. Stockholders' Equity**

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AGI maintains two stock-based incentive plans: the 2012 Equity Incentive Plan (the “2012 Plan”) and 2018 Equity Incentive Plan (the “2018 Plan”) that provide for the grant of shares in the form of incentive stock options, non-qualified stock options, restricted shares, stock appreciation rights and RSUs to employees, consultants, officers and directors. The 2012 Plan expired March 15, 2022 and remains in effect for outstanding grants only, and is no longer available for new grants. On March 8, 2022 we transferred the 129,009 unused shares under the 2012 Plan to the 2018 Plan.

On December 22, 2021, the Company held its Annual Meeting of Shareholders at which the shareholders voted to amend the 2018 Plan to increase the number of shares of common stock available for issuance under the 2018 Plan from 1,600,000 to 2,350,000 shares.

As of January 31, 2022 and April 30, 2021 there were 732,013 and 549,739 shares remaining available for future issuance under the 2012 and the 2018 Plans, respectively. Following the increase to the 2018 Plan by shareholder approval and by virtue of the transfer of the former 2012 Plan shares to the 2018 Plan shares described above, there are now a total of 732,013 shares under the 2018 Plan of which zero shares are available for new grants. Because we reserved 12 million shares of common stock which covers the 10 million shares issuable upon the conversion of the new convertible notes (plus an extra 2 million shares required by the lenders), we cannot issue all of the awards available under the 2018 Plan unless our stockholders approve an increase in our authorized capital.

**Common Stock**

On January 3, 2022, the Compensation Committee approved a 117,316 common stock grant to the members of the Board of Directors for services in the 2021 calendar year. The grant had a grant date fair value of \$279,212 based on a closing stock price of \$2.38 per share. The grant was under the Company’s 2018 Plan and was fully vested and amortized as of January 31, 2022. These shares will be issued in the fourth quarter of fiscal year 2022. The amortization expense is included within stock-based compensation in general and administrative expense in the accompanying consolidated statement of operations.

**Restricted Stock**

As of January 31, 2022, there were no unvested shares of restricted common stock outstanding. During the nine months ended January 31, 2022, there were no new restricted stock grants, forfeitures, or expirations. There is no unrecognized compensation expense related to restricted stock as of January 31, 2022.

**Restricted Stock Units**

A summary of the Company’s RSU activity during the nine months ended January 31, 2022 is presented below:

| Restricted Stock Units                         | Number of Shares |    | Weighted Average Grant Price |
|--|------------------|----|------------------------------|
| Unvested balance outstanding, April 30, 2021   | 549,972          | \$ | 6.58                         |
| Granted  | 514,142          |    | 5.62                         |
| Forfeits                                       | (36,353)         |    | 9.67                         |
| Vested   | (75,124) (1)     |    | 4.54                         |
| Expired  | —                |    | —                            |
| Unvested balance outstanding, January 31, 2022 | 952,637          | \$ | 4.84                         |

(1) Includes 1,416 RSUs that will be issued in the fourth quarter of fiscal year 2022.

Of the 514,142 RSUs granted during the nine months ended January 31, 2022, 410,000 RSUs correspond to executive compensation grants summarized below.

On August 16, 2021, the Compensation Committee approved a 125,000 RSU grant to the Company’s newly hired Chief Financial Officer as part of his employment agreement. The grant has a grant date fair value of \$725,000 based on a closing stock price of \$5.80 per share. On August 12, 2021, the Compensation Committee approved individual grants of 80,000 RSUs

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to the Company's Chief Operating Officer and Chief Academic Officer. The grants have a total grant date fair value of \$1.0 million based on a closing stock price of \$6.48 per share.

The three executive grants discussed above are under the Company's 2018 Plan and are set to vest annually over a period of three years and are subject to continued employment as an officer of the Company on each applicable vesting date. The amortization expense related to these grants for the three and nine months ended January 31, 2022 was \$146,817 and \$293,633, respectively and is included in "general and administrative expense" in the accompanying consolidated statement of operations.

On July 21, 2021, as part of a new employment agreement, the Compensation Committee approved a 125,000 RSU grant to the Company's Chief Executive Officer under the Company's 2018 Plan. The grant has a grant date fair value of \$873,750 based on a closing stock price of \$6.99 per share. As stipulated in the grant, vesting is subject to continued employment with the Company and will occur in full on the date the Company files with the SEC a quarterly or annual report on Forms 10-Q or 10-K, as applicable, which reflects the Company's reported net income on a GAAP basis. At January 31, 2022, the Company is amortizing the expense over three years through July 2024 (the filing date of the Form 10-K for Fiscal Year 2024). The Company will continue to assess the performance condition at each reporting period. If the RSUs do not vest within three years from the July 21, 2021 effective date, they will be forfeited. The amortization expense related to this grant for the three and nine months ended January 31, 2022 was \$(121,354) and \$169,896, respectively, which is included in general and administrative expense in the consolidated statements of operations.

The remaining 104,142 RSUs granted during the nine months ended January 31, 2022 were granted to employees and have a grant date fair value that ranges from \$3.09 to \$6.50 per share, or a total of \$253,738, vesting annually over three years and subject to continued employment on each applicable vesting date.

Of the 952,637 unvested RSUs outstanding at January 31, 2022, 195,000 remain from the February 4, 2020 executive grant. These RSUs vest four years from the grant date, if each applicable executive is still employed by the Company on the vesting date and subject to accelerated vesting for all RSUs if the closing price of the Company's common stock is at least \$12 for 20 consecutive trading days. On the grant date, the closing price of the Company's common stock on The Nasdaq Global Market was \$9.49 per share. The amortization expense related to this grant for the three and nine months ended January 31, 2022 and 2021, was approximately \$112,155 and \$336,466, and \$149,855 and \$1.6 million, respectively, which is included in general and administrative expense in the consolidated statements of operations.

At January 31, 2022, total unrecognized compensation expense related to unvested RSUs is \$4,612,404 and is expected to be recognized over a weighted-average period of approximately 1.59 years.

#### **Warrants**

The Company estimates the fair value of warrants utilizing the Black-Scholes pricing model, which is dependent upon several variables such as the expected term, expected volatility of the Company's stock price over the expected term, expected risk-free interest rate over the expected term and expected dividend yield rate over the expected term. The Company believes this valuation methodology is appropriate for estimating the fair value of warrants issued to directors which are subject to ASC Topic 718 requirements. These amounts are estimates and thus may not be reflective of actual future results, nor amounts ultimately realized by recipients of these grants. The Company recognizes expense on a straight-line basis over the vesting period of each warrant issued.



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A summary of the Company's warrant activity during the nine months ended January 31, 2022 is presented below:

| Warrants                              | Number of Shares | Weighted Average Exercise Price | Weighted Average Remaining Contractual Term | Aggregate Intrinsic Value |
|---------------------------------------|------------------|---------------------------------|---|---------------------------|
| Balance Outstanding, April 30, 2021   | 374,174          | \$ 6.37                         | 1.90  | \$ —                      |
| Granted                               | 75,000           | \$ 6.23                         | 4.55  | —                         |
| Exercised                             | —                | \$ —                            | —   | —                         |
| Surrendered                           | —                | \$ —                            | —   | —                         |
| Expired                               | —                | \$ —                            | —   | —                         |
| Balance Outstanding, January 31, 2022 | <u>449,174</u>   | \$ 6.35                         | 1.71  | \$ —                      |
| Exercisable, January 31, 2022         | <u>424,174</u>   | \$ 6.31                         | 1.55  | \$ —                      |

| OUTSTANDING WARRANTS |                                 |                             | EXERCISABLE WARRANTS            |  |                             |
|----------------------|---------------------------------|-----------------------------|---------------------------------|--|-----------------------------|
| Exercise Price       | Weighted Average Exercise Price | Outstanding No. of Warrants | Weighted Average Exercise Price | Weighted Average Remaining Life In Years | Exercisable No. of Warrants |
| \$ 4.89              | \$ 4.89                         | 50,000                      | \$ 4.89                         | 2.19                                     | 50,000                      |
| \$ 5.85              | \$ 5.85                         | 50,000                      | \$ 5.85                         | 4.58                                     | 50,000                      |
| \$ 6.00              | \$ 6.00                         | 100,000                     | \$ 6.00                         | 2.09                                     | 100,000                     |
| \$ 6.87              | \$ 6.87                         | 224,174                     | \$ 6.87                         | 0.48                                     | 224,174                     |
| \$ 6.99              | \$ 6.99                         | 25,000                      |                                 |  |                             |
|                      |                                 | <u>449,174</u>              |                                 |  | <u>424,174</u>              |

On August 31, 2021, the Compensation Committee approved the issuance of warrants to the Leon and Toby Cooperman Family Foundation as an extension fee in connection with the extension of the Credit Facility Agreement. The warrants allow for the purchase of 50,000 shares of the Company's common stock and have an exercise price of \$5.85. The warrants have an exercise period of five years from the August 31, 2021 issuance date and will terminate automatically and immediately upon the expiration of the exercise period. The fair value of the warrants is \$137,500 and is being amortized over the 14-month line of credit period. The Company has recognized \$29,464 and \$49,107 of amortization expense in connection with the fair value of the warrants for the three and nine months ending January 31, 2022, respectively, which is included in "interest expense" in the accompanying consolidated statement of operations.

On July 21, 2021, the Executive Committee approved the issuance of warrants to a former member of the Board of Directors for the purchase of 25,000 shares of the Company's common stock with an exercise price of \$6.99 per share. The warrants have an exercise period of five years from the July 21, 2021 issuance date and vest annually over a three year period subject to continued service on the Company's Advisory Board on each applicable vesting date. The warrants will terminate automatically and immediately upon the expiration of the exercise period. The fair value of the warrants is \$84,000 and is being amortized over the three year vesting period. The Company has recognized \$7,000 and \$16,333 of amortization expense in connection with the fair value of the warrants for the three and nine months ending January 31, 2022, respectively, which is included in general and administrative expense in the accompanying consolidated statement of operations.

During the three months ended July 31, 2020, there was a warrant modification and acceleration charge of \$25,966 related to the exercise of 192,049 warrants by the Leon and Toby Cooperman Family Foundation, which was included in "other (expense) income, net" in the accompanying consolidated statement of operations.

On April 10, 2019, the Company issued warrants to an Advisory Board member for services to purchase 50,000 shares of the Company's common stock with an exercise price of \$4.89 per share. The warrants have an exercise period of five years from the April 10, 2019 issuance date and vest annually over a three year period. The warrants will terminate automatically and

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immediately upon the expiration of the exercise period. The fair value of the warrants is \$109,500 and is being amortized over the three year vesting period. The Company has recognized \$9,125 and \$27,375 of amortization expense in connection with the fair value of the warrants for the three and nine months ending January 31, 2022 and 2021, respectively, which is included in general and administrative expense in the accompanying consolidated statement of operations.

**Stock Option Grants to Employees and Directors**

The Company estimates the fair value of share-based compensation utilizing the Black-Scholes option pricing model, which is dependent upon several variables such as the expected option term, expected volatility of the Company's stock price over the expected term, expected risk-free interest rate over the expected option term and expected dividend yield rate over the expected option term. The Company believes this valuation methodology is appropriate for estimating the fair value of stock options granted to employees and directors which are subject to ASC Topic 718 requirements. These amounts are estimates and thus may not be reflective of actual future results, nor amounts ultimately realized by recipients of these grants. The Company recognizes compensation on a straight-line basis over the requisite service period for each award.

The Company utilizes the simplified method to estimate the expected life for stock options granted to employees. The simplified method was used as the Company does not have sufficient historical data regarding stock option exercises. The expected volatility is based on historical volatility. The risk-free interest rate is based on the U.S. Treasury yields with terms equivalent to the expected life of the related option at the time of the grant. Dividend yield is based on historical trends. While the Company believes these estimates are reasonable, the compensation expense recorded would increase if the expected life was increased, a higher expected volatility was used, or if the expected dividend yield increased.

A summary of the Company's stock option activity for employees and directors during the nine months ended January 31, 2022, is presented below:

| Options                               | Number of<br>Shares | Weighted<br>Average<br>Exercise<br>Price | Weighted<br>Average<br>Remaining<br>Contractual<br>Term | Aggregate<br>Intrinsic<br>Value |
|---------------------------------------|---------------------|--|---|---------------------------------|
| Balance Outstanding, April 30, 2021   | 1,214,473           | \$ 6.24                                  | 1.88  | \$ 204,719                      |
| Granted                               | —                   | —  | —   | —                               |
| Exercised                             | (258,419)           | 5.60                                     | —   | —                               |
| Forfeited                             | (4,586)             | 4.59                                     | —   | —                               |
| Expired                               | (22,793)            | 3.21                                     | —   | —                               |
| Balance Outstanding, January 31, 2022 | <u>928,675</u>      | <u>\$ 6.84</u>                           | <u>1.41</u>   | <u>\$ —</u>                     |
| Exercisable, January 31, 2022         | <u>891,264</u>      | <u>\$ 6.92</u>                           | <u>1.38</u>   | <u>\$ —</u>                     |

Of the 258,419 options exercised, 200,000 options were exercised via the cashless method by the Company's Chief Operating Officer in September 2021. As part of this cashless transaction, 30,156 net shares were issued and 169,844 were retained by the Company. The remainder of the 58,419 options were exercised for cash.

During the three and nine months ended January 31, 2022 and 2021, the Company received proceeds from the exercise of stock options for cash of \$135,000 and \$191,034, and \$363,385 and \$2,578,700, respectively.

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| OUTSTANDING OPTIONS |                                 |                               |                                 | EXERCISABLE OPTIONS                      |                               |  |  |
|---------------------|---------------------------------|-------------------------------|---------------------------------|--|-------------------------------|--|--|
| Exercise Price      | Weighted Average Exercise Price | Outstanding Number of Options | Weighted Average Exercise Price | Weighted Average Remaining Life In Years | Exercisable Number of Options |  |  |
| \$3.24 to \$4.38    | \$ 4.14                         | 115,890                       | \$ 4.15                         | 0.94                                     | 103,389                       |  |  |
| \$4.50 to \$5.20    | \$ 4.99                         | 153,944                       | \$ 5.03                         | 1.77                                     | 137,394                       |  |  |
| \$5.95 to \$6.28    | \$ 5.95                         | 28,000                        | \$ 5.95                         | 0.55                                     | 28,000                        |  |  |
| \$7.17 to \$7.55    | \$ 7.45                         | 473,092                       | \$ 7.46                         | 1.57                                     | 465,092                       |  |  |
| \$8.57 to \$9.07    | \$ 8.98                         | 157,749                       | \$ 8.98                         | 0.93                                     | 157,749                       |  |  |
|                     |                                 | 928,675                       |                                 |  | 891,624                       |  |  |

As of January 31, 2022, there was approximately \$11,263 of unrecognized compensation costs related to unvested stock options. That cost is expected to be recognized over a weighted-average period of approximately 0.67 years.

**Stock-based compensation related stock options, RSUs and restricted stock**

For the three and nine months ended January 31, 2022, the Company recorded stock-based compensation expense of \$700,697 and \$1,965,567, respectively, which consisted of: \$17,225, \$397,241 and \$286,231 and \$126,137, \$1,532,147 and \$307,283, respectively, in connection with stock options, RSUs and restricted stock, which is included in “general and administrative” expense in the unaudited consolidated statements of operations.

For the three and nine months ended January 31, 2021, the Company recorded stock-based compensation expense of \$721,067 and \$3,039,729, respectively, which consisted of: \$123,401, \$567,239 and \$30,427, and \$434,532, \$2,553,717 and \$51,480, respectively, in connection with stock options, RSUs and restricted stock, which is included in “general and administrative” expense in the unaudited consolidated statements of operations.

**Treasury Stock**

As of both January 31, 2022 and April 30, 2021, 155,486 shares of common stock were held in treasury representing shares of common stock surrendered upon the exercise of stock options in payment of the exercise prices and the taxes and similar amounts due arising from the option exercises. The value of these shares is approximately \$1.8 million and represents the fair market value of shares surrendered as of the date of each applicable exercise date.

**Note 8. Revenue**

Revenue consists primarily of tuition and fees derived from courses taught by the Company online as well as from related educational resources that the Company provides to its students, such as access to our online materials and learning management system. The Company’s educational programs have starting and ending dates that differ from its fiscal quarters. Therefore, at the end of each fiscal quarter, a portion of revenue from these programs is not yet earned and is therefore deferred. The Company also charges students fees for library and technology costs, which are recognized over the related service period and are not considered separate performance obligations. Other services, books, and exam fees are recognized as services are provided or when goods are received by the student. The Company’s contract liabilities are reported as deferred revenue and due to students. Deferred revenue represents the amount of tuition, fees, and other student payments received in excess of the portion recognized as revenue and it is included in current liabilities in the accompanying consolidated balance sheets.

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The following table represents our revenue disaggregated by the nature and timing of services:

|  | Three Months Ended<br>January 31, |                      | Nine Months Ended<br>January 31, |                      |
|--|-----------------------------------|----------------------|----------------------------------|----------------------|
|  | 2022                              | 2021                 | 2022                             | 2021                 |
| Tuition - <i>recognized over period of instruction</i>     | \$ 16,550,586                     | \$ 14,580,439        | \$ 50,304,380                    | \$ 42,922,429        |
| Course fees - <i>recognized over period of instruction</i> | 1,981,470                         | 1,834,251            | 5,967,581                        | 5,220,308            |
| Book fees - <i>recognized at a point in time</i>           | —                                 | 44,468               | 42,777                           | 129,643              |
| Exam fees - <i>recognized at a point in time</i>           | 199,924                           | 69,500               | 590,337                          | 219,055              |
| Service fees - <i>recognized at a point in time</i>        | 212,818                           | 96,179               | 410,929                          | 270,009              |
|  | <u>\$ 18,944,798</u>              | <u>\$ 16,624,837</u> | <u>\$ 57,316,004</u>             | <u>\$ 48,761,444</u> |

**Contract Balances and Performance Obligations**

The Company recognizes deferred revenue as a student participates in a course which continues past the consolidated balance sheet date.

The deferred revenue balance as of January 31, 2022 and April 30, 2021, was \$6,182,781 and \$6,825,014, respectively. During the nine months ended January 31, 2022, the Company recognized \$5,424,788 of revenue that was included in the deferred revenue balance as of April 30, 2021. The Company's classifies deferred revenue as current when the remaining term of the course, including affect to the refund policy, is one year or less.

When the Company begins providing the performance obligation by beginning instruction in a course, a contract receivable is created, resulting in accounts receivable. The Company accounts for receivables in accordance with ASC 310, Receivables. The Company uses the portfolio approach.

**Cash Receipts**

Our students finance costs through a variety of funding sources, including, among others, monthly payment plans, installment plans, federal loan and grant programs (Title IV), employer reimbursement, and various veterans and military funding and grants, and cash payments. Most students elect to use our monthly payment plan. This plan allows them to make continuous monthly payments during the length of their program and through the length of their payment plan. Title IV and military funding typically arrives during the period of instruction. Students who receive reimbursement from employers typically do so after completion of a course. Students who choose to pay cash for a class typically do so before beginning the class.

**Significant Judgments**

We analyze revenue recognition on a portfolio approach under ASC 606-10-10-4. Significant judgment is utilized in determining the appropriate portfolios to assess for meeting the criteria to recognize revenue under ASC Topic 606. We have determined that all of our students can be grouped into one portfolio. Students behave similarly, regardless of their payment method. Enrollment agreements and refund policies are similar for all of our students. We do not expect that revenue earned for the portfolio is significantly different as compared to revenue that would be earned if we were to assess each student contract separately.

The Company maintains institutional tuition refund policies, which provides for all or a portion of tuition to be refunded if a student withdraws during stated refund periods. Certain states in which students reside impose separate, mandatory refund policies, which override the Company's policy to the extent in conflict. If a student withdraws at a time when a portion or none of the tuition is refundable, then in accordance with its revenue recognition policy, the Company recognizes as revenue the tuition that was not refunded. Since the Company recognizes revenue pro-rata over the term of the course and because, under its institutional refund policy, the amount subject to refund is never greater than the amount of the revenue that has been deferred, under the Company's accounting policies revenue is not recognized with respect to amounts that could potentially be refunded.

The Company had revenue from students outside the United States totaling approximately 1% of consolidated revenue for each of the three and nine months ended January 31, 2022 and 2021.

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**Note 9. Leases**

We determine if a contract contains a lease at inception. We have entered into operating leases totaling approximately 1,913,328 square feet of office and classroom space in Phoenix, San Diego, New York City, Denver, Austin, Tampa, Nashville, Atlanta and New Brunswick Province in Canada. These leases expire at various dates through April 2031, the majority contain annual base rent escalation clauses. Most of these leases include options to terminate for a fee or extend for additional five-year periods. Leases with an initial term of 12 months or less are not recorded on the balance sheet. The Company does not have any financing leases.

As of January 31, 2022, our longer term operating leases are located in Tampa, Phoenix, Austin and Nashville and are set to expire in six to eight years. These leases make up approximately 96% of the total future minimum lease payments.

Operating lease assets are right of use assets ("ROU assets"), which represent the right to use an underlying asset for the lease term. Operating lease liabilities represent the obligation to make lease payments arising from the lease. Operating leases are included in "Operating lease right of use assets, net", "Operating lease obligations, current portion" and "Operating lease obligations, less current portion" in the consolidated balance sheet at January 31, 2022 and April 30, 2021. These assets and lease liabilities are recognized based on the present value of remaining lease payments over the lease term. Variable lease costs such as common area maintenance, property taxes and insurance are expensed as incurred. When the lease does not provide an implicit interest rate, the Company uses an incremental borrowing rate of 12% to determine the present value of the lease payments.

Lease incentives are deducted from the ROU assets. Incentives such as tenant improvement allowances are amortized as leasehold improvements, separately, over the life of the lease term. For the three and nine months ended January 31, 2022 and 2021, the amortization expense for these tenant improvement allowances was \$177,259 and \$0 and \$483,872 and \$0, respectively.

Lease expense for operating leases is recognized on a straight-line basis over the lease term. Lease expense for the three and nine months ended January 31, 2022 and 2021 was \$1,008,704 and \$717,664 and \$2,861,876 and \$1,779,317, respectively, which is included in general and administrative expenses in the consolidated statements of operations.

ROU assets are summarized below:

|  | January 31, 2022     | April 30, 2021       |
|--|----------------------|----------------------|
| ROU assets - Operating facility leases | \$ 15,958,721        | \$ 14,308,296        |
| Less: accumulated amortization         | (2,868,251)          | (1,593,433)          |
| Total ROU assets                       | <u>\$ 13,090,470</u> | <u>\$ 12,714,863</u> |

Operating lease obligations, related to the ROU assets are summarized below:

|                                   | January 31, 2022     | April 30, 2021       |
|-----------------------------------|----------------------|----------------------|
| Total lease liabilities           | \$ 22,509,568        | \$ 19,946,229        |
| Reduction of lease liabilities    | (3,085,191)          | (1,617,600)          |
| Total operating lease obligations | <u>\$ 19,424,377</u> | <u>\$ 18,328,629</u> |

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The following is a schedule by fiscal years of future minimum lease payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of January 31, 2022 <sup>(a)</sup> (by fiscal year).

| <b>Maturity of Lease Obligations</b>                | <b>Lease Payments</b> |
|---|-----------------------|
| 2022 (remaining)                                    | \$ 1,139,587          |
| 2023  | 4,142,637             |
| 2024  | 4,018,977             |
| 2025  | 3,802,960             |
| 2026  | 3,908,722             |
| Thereafter  | 11,963,226            |
| <b>Total future minimum lease payments</b>          | <b>28,976,109</b>     |
| Less: imputed interest                              | (9,551,732)           |
| <b>Present value of operating lease liabilities</b> | <b>\$ 19,424,377</b>  |

<sup>(a)</sup> Lease payments exclude \$3.7 million of legally binding minimum lease payments for the new BSN Pre-Licensure campus location in Atlanta, Georgia for the lease signed but not yet commenced.

| <b>Balance Sheet Classification</b>               | <b>January 31, 2022</b> | <b>April 30, 2021</b> |
|---|-------------------------|-----------------------|
| Operating lease obligations, current portion      | \$ 2,106,981            | \$ 2,029,821          |
| Operating lease obligations, less current portion | 17,317,396              | 16,298,808            |
| <b>Total operating lease liabilities</b>          | <b>\$ 19,424,377</b>    | <b>\$ 18,328,629</b>  |

| <b>Other Information</b>                         | <b>January 31, 2022</b> |
|--|-------------------------|
| Weighted average remaining lease term (in years) | 6.97                    |
| Weighted average discount rate                   | 12 %                    |

**Note 10. Taxes**

The Company determined that it has a permanent establishment in Canada, as defined by article V(2)(c) of the Convention between Canada and the United States of America with Respect to Taxes on Income and on Capital (the "Treaty"), which would be subject to Canadian taxation as levied under the Income Tax Act. The Company is preparing to file Canadian T2 Corporation Income Tax Returns and related information returns under the Voluntary Disclosure Program with the Canada Revenue Agency ("CRA") to cover the 2013 through 2021 tax years during which a permanent establishment was in place. The Company will also file an annual Canadian T2 Corporation Income Tax return to report the ongoing activity of the permanent establishment for 2022 and future taxation years.

As of January 31, 2022, the Company recorded a reserve of approximately \$300,000 for the estimate of the 2013 through 2021 tax year foreign income tax liability. Additionally, for the 2022 tax year, the Company recorded a reserve of approximately \$75,000 for the related foreign income tax liability.

**Note 11. Commitments and Contingencies**

**Employment Agreements**

From time to time, the Company enters into employment agreements with certain of its employees. These agreements typically include bonuses, some of which may or may not be performance-based in nature.

**Legal Matters**

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From time to time, we may be involved in litigation relating to claims arising out of our operations in the normal course of business. As of January 31, 2022, except as discussed below, there were no other pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of our consolidated operations and there are no proceedings in which any of our directors, officers or affiliates, or any registered or beneficial shareholder, is an adverse party or has a material interest adverse to our interest.

On February 11, 2013, HEMG, and its Chairman, Mr. Patrick Spada, sued the Company, certain senior management members and our directors in state court in New York seeking damages arising principally from (i) allegedly false and misleading statements in the filings with the SEC and the DOE where the Company disclosed that HEMG and Mr. Spada borrowed \$2.2 million without board authority, (ii) the alleged breach of an April 2012 agreement whereby the Company had agreed, subject to numerous conditions and time limitations, to purchase certain shares of the Company from HEMG, and (iii) alleged diminution to the value of HEMG's shares of the Company due to Mr. Spada's disagreement with certain business transactions the Company engaged in, all with Board approval.

On December 10, 2013, the Company filed a series of counterclaims against HEMG and Mr. Spada in the same state court of New York. By order dated August 4, 2014, the New York court denied HEMG and Spada's motion to dismiss the fraud counterclaim the Company asserted against them.

In November 2014, the Company and Aspen University sued HEMG seeking to recover sums due under two 2008 Agreements where Aspen University sold course materials to HEMG in exchange for long-term future payments. On September 29, 2015, the Company and Aspen University obtained a default judgment in the amount of \$772,793. This default judgment precipitated the bankruptcy petition discussed in the next paragraph.

On July 21, 2021, the bankruptcy trustee paid the Company \$498,120 based on assets available in the trust, which is included in "other income (expense), net" in the accompanying consolidated statements of operations. As a result, the Company wrote off the net receivable of \$45,329, described in Note 5. Secured Note and Accounts Receivable, at July 31, 2021. No further assets are available for distribution. At some point, the New York state court litigation may resume.

#### **Regulatory Matters**

The Company's subsidiaries, Aspen University and United States University, are subject to extensive regulation by Federal and State governmental agencies and accrediting bodies. In particular, the Higher Education Act (the "HEA") and the regulations promulgated thereunder by the DOE subject the subsidiaries to significant regulatory scrutiny on the basis of numerous standards that schools must satisfy to participate in the various types of federal student financial assistance programs authorized under Title IV of the HEA.

On August 22, 2017, the DOE informed Aspen University of its determination that the institution qualifies to participate under the HEA and the Federal student financial assistance programs (Title IV, HEA programs) and set a subsequent program participation agreement reapplication date of March 31, 2021. On April 16, 2021, the DOE granted provisional certification for a two-year timeframe, and set a subsequent program participation reapplication date of September 30, 2023.

USU currently has provisional certification to participate in the Title IV Programs due to its acquisition by the Company. The provisional certification allows the school to continue to receive Title IV funding as it did prior to the change of ownership. The provisional certification expired on December 31, 2020. While the institution submitted its recertification application timely in October 2020, the DOE has not issued its final certification. The institution is able to continue operating under its current participation agreement until the DOE issues its recertification.

The HEA requires accrediting agencies to review many aspects of an institution's operations in order to ensure that the education offered is of sufficiently high quality to achieve satisfactory outcomes and that the institution is complying with accrediting standards. Failure to demonstrate compliance with accrediting standards may result in the imposition of probation, the requirements to provide periodic reports, the loss of accreditation or other penalties if deficiencies are not remediated.

Because our subsidiaries operate in a highly regulated industry, each may be subject from time to time to audits, investigations, claims of noncompliance or lawsuits by governmental agencies or third parties, which allege statutory violations, regulatory infractions or common law causes of action.

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The Company is also subject to regulation by self-regulatory bodies such as accreditors and by state regulators in certain states including states where the Company has a physical presence. For certain recent information, see Note 12. Subsequent Events.

**Title IV Funding**

Aspen University and United States University derive a portion of their revenue from financial aid received by its students under programs authorized by Title IV of the HEA, which are administered by the US Department of Education. When students seek funding from the federal government, they receive loans and grants to fund their education under the following Title IV Programs: (1) the Federal Direct Loan program, or Direct Loan; (2) the Federal Pell Grant program, or Pell; (3) Federal Work Study and (4) Federal Supplemental Opportunity Grants. For the fiscal year ended April 30, 2021, 44.72% of Aspen University's and 33.81% for United States University's cash-basis revenue for eligible tuition and fees were derived from Title IV Programs.

**Return of Title IV Funds**

An institution participating in Title IV Programs must correctly calculate the amount of unearned Title IV Program funds that have been disbursed to students who withdraw from their educational programs before completion and must return those unearned funds in a timely manner, no later than 45 days of the date the school determines that the student has withdrawn. Under the DOE regulations, failure to make timely returns of Title IV Program funds for 5% or more of students sampled on the institution's annual compliance audit in either of its two most recently completed fiscal years can result in the institution having to post a letter of credit in an amount equal to 25% of its required Title IV returns during its most recently completed fiscal year. If unearned funds are not properly calculated and returned in a timely manner, an institution is also subject to monetary liabilities or an action to impose a fine or to limit, suspend or terminate its participation in Title IV Programs.

On September 28, 2020, the DOE notified USU that the funds held for a letter of credit in the amount of \$255,708, based on the audited same day balance sheet requirements that apply in a change of control, which was funded by the University's sole shareholder, AGI, were released. In August 2020, the DOE informed USU that it is required to post a new letter of credit in the amount of \$379,345, based on the current level of Title IV funding. This irrevocable letter of credit was to expire on August 25, 2021. Pursuant to USU's provisional Program Participation Agreement ("PPA"), the DOE indicated that USU must agree to participate in Title IV under the HCM1 funding process; however, the DOE does retain discretion on whether or not to implement that term of the agreement. Although DOE has not, to date, notified USU that it has been placed in the HCM1 funding process, nor does the DOE's public disclosure website identify USU as being on HCM1, it is possible that prior to the end of the PPA term, the DOE may notify USU that it must begin funding under the HCM1 procedure. If this occurs, the Company believes this will not have a material impact on the consolidated financial statements. In December 2020, the DOE reduced USU's existing letter of credit by \$369,473, which was required to be posted based on the level of Title IV funding. In connection with USU's most recent Compliance Audit, USU currently maintains a letter of credit of \$9,872 at January 31, 2022.

**Approval to Confer Degrees**

Aspen University is a Delaware corporation and is approved to operate in the State of Delaware. Aspen University is authorized by the Colorado Commission on Education in the State of Colorado and the Arizona State Board for Private Post-Secondary Education in the State of Arizona to operate as a degree granting institution for all degrees. Aspen University is authorized to operate as a degree granting institution for bachelor degrees by the Texas Higher Education Coordinating Board in the State of Texas. Aspen University has been granted Optional Expedited Authorization as a postsecondary educational institution in Tennessee for its Bachelor of Science in Nursing (Pre-Licensure) degree program. Aspen University has received a Provisional License for its Bachelor of Science in Nursing (Pre-Licensure) degree program to operate in the state of Florida by the Commission for Independent Education of the Florida Department of Education and is in the process for full licensure.

USU is also a Delaware corporation and received initial approval from the Delaware DOE to confer degrees through June 2023. United States University is authorized by the California Bureau of Private Postsecondary Education and the Arizona State Board for Private Post-Secondary Education to operate as degree granting institutions for all degrees.

**Note 12. Subsequent Events**



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On March 14, 2022, the Company closed an offering of \$10 million convertible notes and a \$20 million revolving credit facility. Proceeds from the \$10 million convertible note received at closing will be used for general corporate purposes, including funding the Company's expansion of its BSN Pre-Licensure nursing degree program.

The \$10 million of convertible notes mature five years from the issuance date and pay interest monthly at the rate of 12% per annum. These notes are convertible into shares of the Company's common stock at the lender's option at a conversion price of \$1.00 per share any time after the issuance date. In addition, the notes are mandatorily convertible into shares of common stock, should the closing price of the common stock be at least \$2.00 per share for 30 consecutive trading days and certain other conditions be met. This mandatory conversion is subject to each lender's 9.9% beneficial ownership limitation and is also subject to the Nasdaq combined 19.99% requirement which generally provides that a listed issuer may not issue 20% or more of its outstanding common stock or voting power in a non-public offering at below a minimum price unless the Company's stockholders first approve such issuance.

The balance of the financing is a one-year, \$20 million secured revolving line of credit that will require monthly interest payments on sums borrowed at the rate of 12% per annum. No sums have been borrowed under this revolving credit line as of this date. Currently, the Company does not anticipate making drawdowns on the revolving credit line. The Company paid a 1% commitment fee (\$200,000) at closing and if the revolving credit facility has not been replaced in six months of the closing date, it must pay another 1% commitment fee.

Additionally, the Company extended its existing \$5 million Credit Facility by one year to November 4, 2023 at an increased interest rate from 12% to 14% per annum.

These financings will provide capital for Aspen Group to continue expanding its national footprint of BSN Pre-Licensure campuses in states with rapidly growing populations and to pursue a marketing strategy to support growth of its post-licensure nursing degree programs.

Aspen University's first-time pass rates for our BSN pre-licensure students taking the NCLEX-RN test in Arizona fell from 80% in 2020 to 58% in 2021, which is below the minimum 80% standard set by the Arizona Board of Nursing. As a result of the decline in NCLEX pass rates and other issues, and in alignment with a recommendation from the Arizona Board of Nursing, we voluntarily suspended BSN pre-licensure enrollments and the formation of new cohorts at our two Phoenix pre-licensure campuses, effective February 2022. We're continuing discussions with the Arizona Board of Nursing regarding our future status, and until we have a formal agreement in place we won't be publicly commenting on the matter.

Aspen University has also entered into a Stipulated Agreement with the Arizona State Board for Private Post-secondary Education which includes a requirement to post a letter of credit or surety bond for \$18.3 million within 45 days (in the fourth quarter of fiscal year 2022).

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

You should read the following discussion in conjunction with our unaudited consolidated financial statements, which are included elsewhere in this Form 10-Q. This Quarterly Report on Form 10-Q contains forward-looking statements that reflect our plans, estimates, and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. See "Cautionary Note Regarding Forward Looking Statements" for more information.

### Key Terms

In connection with the management of our businesses, we identify, measure and assess a variety of operating metrics. The principal metrics we use in managing our businesses are set forth below:

#### Operating Metrics

- **Lifetime Value ("LTV")** - Lifetime Value as the weighted average total amount of tuition and fees paid by every new student that enrolls in the Company's universities, after giving effect to attrition.
- **Bookings** - defined by multiplying LTV by new student enrollments for each operating unit.
- **Average Revenue per Enrollment ("ARPU")** - defined by dividing total bookings by total enrollments for each operating unit.

#### Operating costs and expenses

- **Cost of revenue** - consists of instructional costs and services and marketing and promotional costs.
  - **Instructional costs** - consist primarily of costs related to the administration and delivery of the Company's educational programs. This expense category includes compensation costs associated with online faculty, technology license costs and costs associated with other support groups that provide services directly to the students and are included in cost of revenue.
  - **Marketing and promotional costs** - include costs associated with producing marketing materials and advertising, and outside sales costs. Such costs are generally affected by the cost of advertising media, the efficiency of the Company's marketing and recruiting efforts, and expenditures on advertising initiatives for new and existing academic programs. Non-direct response advertising activities are expensed as incurred, or the first time the advertising takes place, depending on the type of advertising activity and are included in cost of revenue.
- **General and administrative expense** - consists primarily of compensation expense (including stock-based compensation expense) and other employee-related costs for personnel engaged in executive and academic management and operations, finance, legal, tax, information technology and human resources, fees for professional services, financial aid processing costs, non-capitalizable courseware and software costs, corporate taxes and facilities costs.

#### Non-GAAP financial measures:

- **Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")** - is a non-GAAP financial measure. See "Non-GAAP Financial Measures" for a reconciliation of net loss to EBITDA for the three and nine months ended January 31, 2022 and 2021.
- **Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA")** - is a non-GAAP financial measure. See "Non-GAAP Financial Measures" for a reconciliation of net loss to Adjusted EBITDA for the three and nine months ended January 31, 2022 and 2021.
- **Adjusted EBITDA Margin** - is a non-GAAP financial measure. See "Non-GAAP Financial Measures" for a reconciliation of net loss to Adjusted EBITDA for the three and nine months ended January 31, 2022 and 2021.

## **Company Overview**

Aspen Group, Inc. is an education technology holding company. It operates two universities, Aspen University Inc. ("Aspen University") and United States University Inc. ("United States University" or "USU").

All references to the "Company", "AGI", "Aspen Group", "we", "our" and "us" refer to Aspen Group, Inc., unless the context otherwise indicates.

AGI leverages its education technology infrastructure and expertise to allow its two universities, Aspen University and United States University, to deliver on the vision of making college affordable again. Because we believe higher education should be a catalyst to our students' long-term economic success, we exert financial prudence by offering affordable tuition that is one of the greatest values in higher education. AGI's primary focus relative to future growth is to target the high growth nursing profession.

In March 2014, Aspen University began offering monthly payment plans available to all students across every online degree program offered by Aspen University. The monthly payment plan is designed so that students will make one payment per month, and that monthly payment is applied towards the total cost of attendance (tuition and fees, excluding textbooks). The monthly payment plan offers online undergraduate students the opportunity to pay their tuition and fees at \$250/month, online master students \$325/month, and online doctoral students \$375/month, interest free, thereby giving students a monthly payment option versus taking out a federal financial aid loan.

USU began offering monthly payment plans in the summer of 2017. Today, monthly payment plans are available for the online RN to BSN program (\$250/month), online MBA/MAEd/MSN programs (\$325/month), online hybrid Bachelor of Arts in Liberal Studies, Teacher Credentialing tracks approved by the California Commission on Teacher Credentialing (\$350/month), and the MSN-FNP program (\$375/month).

Since 1993, Aspen University has been nationally accredited by the DEAC, a national accrediting agency recognized by the Department of Education and the Council for Higher Education Accreditation. On February 25, 2019, the DEAC informed Aspen University that it had renewed its accreditation for five years to January 2024.

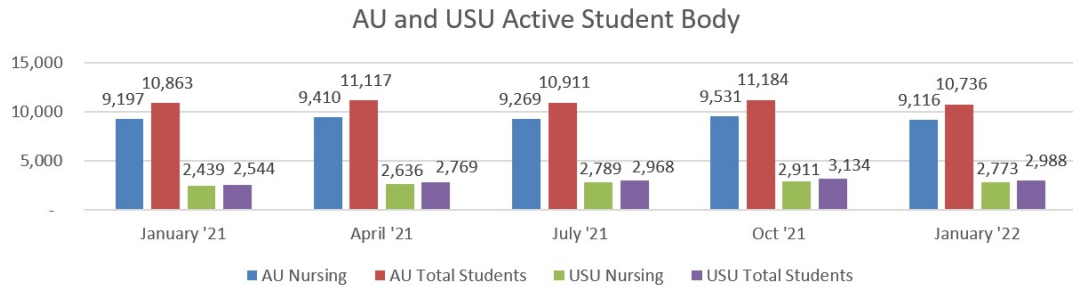
Since 2009, USU has been regionally accredited by WSCUC.

Both universities are qualified to participate under the Higher Education Act and the Federal student financial assistance programs (Title IV, HEA programs).

## **AGI Student Population Overview**

AGI's overall active degree-seeking student body (includes both Aspen University and USU) grew 2% year-over-year to 13,724 as of January 31, 2022 from 13,407 as of January 31, 2021 and students seeking nursing degrees were 11,889 or 87% of total active students at both universities. Of the 11,889 students seeking nursing degrees, 9,612 are Registered Nurses (RNs) studying to earn an advanced degree, including 6,839 at Aspen University and 2,773 at USU, while the remaining 2,277 nursing students are enrolled in Aspen University's BSN Pre-Licensure program in the Phoenix, Austin, Tampa, Nashville and Atlanta metros.

The chart below shows five quarters of active student body results. Active student body is comprised of active degree-seeking students, enrolled in a course at the end of the third quarter of fiscal year 2022 or are registered for an upcoming course.



**AGI New Student Enrollments**

On a Company-wide basis, new student enrollments were down 16% year-over-year, primarily as a result of three factors.

First, as previously announced, Aspen University dropped advertising spend in the BSN pre-licensure program in the Phoenix metro down to a maintenance spend through January 2022, causing enrollments in that metro to drop by 51% year-over-year.\*

Second, enrollments at USU were down 10% year-over-year given the impact of the ongoing COVID-19 pandemic as prospective nursing post-licensure students continue to delay their education goals on a short-term basis as they continued to care for COVID patients.

Third, in addition to Aspen University also seeing a COVID effect among prospective nursing post-licensure students, Aspen’s 2.0 business plan called for a \$1.3 million annual reduction of ad spend in fiscal 2022 in Aspen’s post-licensure Nursing + Other unit which in the third quarter equated to a 14% drop in ad spend year-over-year. Consequently, given the drop in ad spend and the COVID effect, enrollments in the Aspen Nursing + Other unit dropped by 18% year-over-year.

In summary, and to provide additional context, excluding the 51% drop in enrollments in the Phoenix metro (BSN pre-licensure program) and the 18% drop in enrollments in Aspen University’s Nursing + Other unit, total enrollments for the Company would have been down by approximately 1% year-over-year.

\*Note: Beginning in the month of February 2022, Aspen University has temporarily suspended advertising spend and new pre-licensure student enrollments in the Phoenix metro.

New student enrollments for the past five quarters are shown below:

|                  | Q3'21        | Q4'21        | Q1'22        | Q2'22        | Q3'22        |
|------------------|--------------|--------------|--------------|--------------|--------------|
| Aspen University | 1,593        | 1,593        | 1,601        | 1,750        | 1,301        |
| USU              | 536          | 589          | 675          | 630          | 481          |
| <b>Total</b>     | <b>2,129</b> | <b>2,182</b> | <b>2,276</b> | <b>2,380</b> | <b>1,782</b> |

**Bookings Analysis and ARPU**

On a year-over-year basis, Q3 Fiscal 2022 Bookings decreased 20%, to \$26.3 million from \$33.0 million in the prior year. As previously discussed, the proactive Phoenix pre-licensure enrollment reduction, planned post licensure marketing reductions and the recent COVID surge caused Bookings to decrease year-over-year.

On a year-over-year basis, Q3 Fiscal 2022 ARPU decreased 5% from the prior year period due primarily to a decrease in new enrollments at Aspen University in the pre-licensure program and Nursing + Other.

|                  | Third Quarter Bookings <sup>1</sup> and Average Revenue Per Enrollment (ARPU) <sup>1</sup> |                             |                   |                             | Percent Change Total Bookings & ARPU <sup>1</sup> |
|------------------|--|-----------------------------|-------------------|-----------------------------|---|
|                  | Q3'21 Enrollments  | Q3'21 Bookings <sup>1</sup> | Q3'22 Enrollments | Q3'22 Bookings <sup>1</sup> |   |
| Aspen University | 1,593  | \$ 23,476,050               | 1,301             | \$ 17,776,050               |   |
| USU              | 536  | \$ 9,551,520                | 481               | \$ 8,571,420                |   |
| Total            | 2,129  | \$ 33,027,570               | 1,782             | \$ 26,347,470               | (20) %  |
| ARPU             |  | \$ 15,513                   |                   | \$ 14,785                   | (5) %   |

<sup>1</sup> “Bookings” are defined by multiplying Lifetime Value (LTV) by new student enrollments for each operating unit. “Average Revenue Per Enrollment” (ARPU) is defined by dividing total Bookings by total new student enrollments for each operating unit.

During the Q3 Fiscal 2022, the Company continued to focus its growth capital almost exclusively on its two licensure degree programs which have higher lifetime values. Set forth below is the description of these two key licensure degree programs.

**Bachelor of Science in Nursing (BSN) Pre-Licensure Program**

Aspen’s Pre-licensure BSN program provides students with opportunities to become a BSN-educated nurse and learn the essential skills needed to practice as a professional registered nurse (RN). Skills lab, clinical simulation, seminars and community-based clinical experiences anchor the curriculum. Upon completion of their studies, students are eligible to take the National Council Licensure Examination (NCLEX) in the state or territory in which they choose to practice (the NCLEX is the national registered nurse examination used by all states for potential registered nursing licensure). Students provide their state board of nursing applicable forms to the School of Nursing, which completes them on behalf of the individual student, and take the exam in the state in which they choose to practice. Upon passing the NCLEX, students then work with their state Board of Nursing to finalize their professional licensure.

We designed this program for students who do not currently hold a state registered nurse license and have little to no prior nursing experience. For students with no prior college credits, the total cost of attendance is \$52,175 (\$41,445 Tuition, \$10,730 Fees), not including textbooks.

**Phoenix, AZ Campus Locations**

Aspen University began offering the BSN Pre-Licensure program in July 2018 at its initial campus in Phoenix, Arizona. As a result of overwhelming demand in the Phoenix metropolitan area, in January 2019 Aspen University began offering both day (July, November, March) and evening/weekend (January, May, September) terms, equaling six term starts per year. In September 2019, Aspen University opened a second campus in the Phoenix metropolitan area in partnership with HonorHealth.

Note that Aspen University previously announced that it has voluntarily suspended new student enrollments and the formation of new cohorts immediately (starting with February 2022 cohort) after receiving guidance from the Arizona State Board of Nursing at its January 28, 2022 meeting. We will not form any additional nursing cohorts in the Phoenix metropolitan without prior approval from the Board of Nursing.

**Atlanta, GA**

On January 20, 2022, the Company announced that Aspen University received the final required state and board of registered nursing regulatory approvals for their new BSN Pre-Licensure campus location in Atlanta, Georgia. The Atlanta site was occupied by the University of Phoenix, located at 859 Mt. Vernon Highway NE, Suite 100, which is situated just off Interstate 285 in the Sandy Springs suburb in the inner ring of Atlanta. Aspen University will begin enrolling first-year Pre-Professional Nursing (“PPN”) students in Atlanta starting in February 2022 and Nursing Core students (Years 2-3) in September 2022.

**Austin, TX**

Aspen University’s BSN Pre-Licensure program in Austin is based in the Frontera Crossing office building located at 101 W. Louis Henna Boulevard in the suburb of Round Rock. The building is situated at the junction of Interstate 35 and State Highway 45, one of the most heavily trafficked freeway exchanges in the metropolitan area with visibility to approximately 143,362 cars per day. Aspen University’s initial PPN nursing student enrollments began on the September 29, 2020 semester start date.

Tampa, FL

Aspen University's BSN Pre-Licensure program in Tampa is located at 12802 Tampa Oaks Boulevard. The building is visible from the intersection of Interstate 75 and East Fletcher Avenue, near the University of South Florida, providing visibility to approximately 126,500 cars per day. Aspen University's initial PPN nursing student enrollments began on the December 8, 2020 semester start date.

Nashville, TN

On March 8, 2021, the Company announced that Aspen University received the final required state and board of registered nursing regulatory approvals for their new BSN Pre-Licensure campus location in Nashville, Tennessee, with permission to commence marketing and begin to enroll first-year PPN students effective immediately. Aspen University's initial PPN nursing student enrollments began on the April 27, 2021 semester start date.

**USU Master of Science in Nursing-Family Nurse Practitioner (MSN-FNP)**

USU offers a number of nursing degree programs and other degree programs in health sciences, business & technology and education. Its primary enrollment program is its MSN-FNP which is designed for BSN-prepared registered nurses who are seeking a Nurse Practitioner license. The MSN-FNP is an online-hybrid 48-credit degree program with 100% of the curriculum online, including the curricular component to complete 540 clinical and 32 lab hours.

While MSN-FNP lab hours have been done at USU's San Diego facility through the end of calendar 2020, the rapid growth of the MSN-FNP program has caused AGI to open two additional immersion locations in 2021. Specifically, the Company built-out an additional suite on the ground floor of our main facility in Phoenix (by the airport). Consequently, students now have the option to attend their weekend immersions at three different metro locations: San Diego, Phoenix and Tampa.

**Accounts Receivable - Monthly Payment Plan ("MPP")**

The Company offers several payment options to its students including a monthly payment plan (MPP), installment plans and financial aid. Our growth in accounts receivable over the last several years has predominantly been a result of students taking advantage of our groundbreaking monthly payment plan which we introduced in 2014 at Aspen University and subsequently in Fiscal Year 2018 at USU. At January 31, 2022, Gross MPP accounts receivable was 89% of total gross accounts receivable. Of the Gross MPP accounts receivable, approximately 50% was generated at each AU and USU.

The Monthly Payment Plan, offered by both Aspen University and United State University, is a private education loan with a 0% fixed rate of interest (0% APR) and no down payment. Each month the student will make one payment of \$250, \$325, \$350 or \$375 (depending on the program) until the program is paid for. The attractive aspect of being able to pay for a degree over a fixed period of time has fueled the growth of this plan. MPP is designed so students can build the cost of their degree into their monthly budget.

**Long-Term Accounts Receivable**

When a student signs up for the monthly payment plan, there is a contractual amount that the Company can expect to earn over the life of the student's program. This full contractual amount cannot be recorded as an account receivable upon enrollment. As a student takes a class, revenue is earned over that eight-week class. Some students accelerate their program, taking two classes every eight-week period, and that increases the student's accounts receivable balance. If any portion of that balance will be paid in a period greater than 12 months, that portion is reflected as long-term accounts receivable.

As a result of the growing acceptance of our monthly payment plans, our long-term accounts receivable balance has grown from \$10,249,833 at April 30, 2021 to \$12,701,452 at January 31, 2022. These are MPP students who make monthly payments over 36, 39 and 72 months. The average student completes their academic program in 30 months; therefore, most of the Company's accounts receivable are short-term. However, when students graduate earlier than the 30 month average completion duration, they transition to long-term accounts receivable. Also, long-term account receivable includes the impact of USU's 72-month payment plan. These are the primary factors that have driven an increase in long-term accounts receivable.

Here is a graphic of both short-term and long-term receivables, as well as contractual value:

| A   | B  | C   |
|---|--|---|
| Payments owed for classes taken where payment plans for classes are less than 12 months, less monthly payments received | Payments owed for classes taken where payment plans are greater than 12 months | Expected classes to be taken over balance of program. |
| Short-Term Accounts Receivable  | Long-term Accounts Receivable  | Not recorded in financial statements                  |

The Sum of A, B and C will equal the total cost of the program.

**COVID-19 Update**

Nursing students represented 87% or 11,889 of the Company’s total student body of 13,724 students at the end of the third quarter of fiscal 2022. Of the 11,889 nursing students, 2,277 are BSN Pre-Licensure students located across our four metro locations (Phoenix, Austin, Tampa and Nashville). The remaining 9,612 nursing students are licensed registered nurses (RNs) studying to earn an advanced degree (RN to BSN, MSN, MSN-FNP or DNP degree programs). Therefore, these 9,612 post-licensure nursing students represent 70% of the Company’s total student body at the end of the third quarter and are the AGI students primarily affected by the COVID-19 pandemic.

Starting in the second half of June 2021 and continuing through January 2022, the Company saw lower course starts than seasonally expected among our RN student body. For example, at Aspen University, course starts among RNs from June through January 2022 increased by approximately 3% year-over-year. By comparison, over the previous two full fiscal years (Fiscal Year 2021 and Fiscal Year 2020), course starts among RNs at Aspen University increased by an average of approximately 10% year-over-year.

We cannot be certain what impact future COVID-19 variants will have on the Company’s results as we progress through the remainder of Fiscal Year 2022.

**Results of Operations**

Set forth below is the discussion of the results of operations of the Company for the three months ended January 31, 2022 (“Q3 Fiscal 2022”) compared to the three months ended January 31, 2021 (“Q3 Fiscal 2021”), and for the nine months ended January 31, 2022 (“9M Fiscal 2022”) compared to the nine months ended January 31, 2021 (“9M Fiscal 2021”)

The following table presents selected consolidated statement of operations as a percentage of revenue (differences due to rounding):

|   | Three Months Ended January 31, |       | Nine Months Ended January 31, |       |
|---|--------------------------------|-------|-------------------------------|-------|
|   | 2022                           | 2021  | 2022                          | 2021  |
| Revenue   | 100 %                          | 100 % | 100 %                         | 100 % |
| <b>Operating expenses:</b>  |                                |       |                               |       |
| Cost of revenue (exclusive of depreciation and amortization shown separately below)       |                                |       |                               |       |
| Instructional costs and services  | 26 %                           | 24 %  | 25 %                          | 22 %  |
| Marketing and promotional costs   | 23 %                           | 22 %  | 22 %                          | 21 %  |
| Total cost of revenue (exclusive of depreciation and amortization shown separately below) | 49 %                           | 45 %  | 47 %                          | 43 %  |
| General and administrative  | 62 %                           | 64 %  | 60 %                          | 63 %  |
| Bad debt expense  | 2 %                            | 4 %   | 2 %                           | 3 %   |
| Depreciation and amortization   | 5 %                            | 3 %   | 4 %                           | 3 %   |
| Total operating expenses  | 118 %                          | 117 % | 113 %                         | 112 % |
| Operating loss  | (18)%                          | (17)% | (13)%                         | (12)% |
| <b>Other income (expense):</b>  |                                |       |                               |       |
| Interest expense  | (1)%                           | — %   | (1)%                          | (4)%  |
| Other income (expense), net   | — %                            | — %   | 1 %                           | — %   |
| Total other (expense) income, net   | (1)%                           | — %   | — %                           | (4)%  |
| Loss before income taxes  | (18)%                          | (17)% | (12)%                         | (17)% |
| Income tax expense  | 1 %                            | — %   | 1 %                           | — %   |
| Net loss  | (20)%                          | (17)% | (13)%                         | (17)% |

#### Revenue

|         | Three Months Ended January 31, |              |          | Nine Months Ended January 31, |               |              |          |               |
|---------|--------------------------------|--------------|----------|-------------------------------|---------------|--------------|----------|---------------|
|         | 2022                           | \$ Change    | % Change | 2021                          | 2022          | \$ Change    | % Change | 2021          |
| AU      | \$ 13,027,338                  | \$ 1,167,164 | 10%      | \$ 11,860,174                 | \$ 39,035,841 | \$ 4,401,315 | 13%      | \$ 34,634,526 |
| USU     | 5,917,460                      | 1,152,797    | 24%      | 4,764,663                     | 18,280,163    | 4,153,245    | 29%      | 14,126,918    |
| Revenue | \$ 18,944,798                  | \$ 2,319,961 | 14%      | \$ 16,624,837                 | \$ 57,316,004 | \$ 8,554,560 | 18%      | \$ 48,761,444 |

#### Q3 Fiscal 2022 compared to Q3 Fiscal 2021

AU revenue increased 10% in Q3 Fiscal 2022 compared to Q3 Fiscal 2021 due primarily to Aspen's BSN Pre-Licensure program, the AU degree program with the highest LTV.

USU revenue increased 24% in Q3 Fiscal 2022 compared to Q3 Fiscal 2021 due primarily to USU's MSN-FNP program, the USU degree program with the highest concentration of students and the highest LTV.

The Company expects the majority of its revenue growth in future periods to be derived from these two degree programs as we continue prioritizing our highest LTV degree programs to achieve our long-term growth plans.

#### 9M Fiscal 2022 compared to 9M Fiscal 2021

AU and USU revenue increased 13% and 29% in 9M Fiscal 2022 compared to 9M Fiscal 2021, respectively, primarily due to the factors described above in the three month discussion.



**Cost of revenue (exclusive of depreciation and amortization shown separately below)**

|   | Three Months Ended January 31, |             |          |             | Nine Months Ended January 31, |             |          |              |
|---|--------------------------------|-------------|----------|-------------|-------------------------------|-------------|----------|--------------|
|   | 2022                           | \$ Change   | % Change | 2021        | 2022                          | \$ Change   | % Change | 2021         |
| Cost of Revenue (exclusive of depreciation and amortization shown separately below) | \$9,275,419                    | \$1,715,468 | 23%      | \$7,559,951 | \$26,658,188                  | \$5,925,934 | 29%      | \$20,732,254 |

*Q3 Fiscal 2022 compared to Q3 Fiscal 2021***Instructional Costs and Services**

Consolidated instructional costs and services for Q3 Fiscal 2022 increased to \$4,923,148 or 26% of revenue from \$3,915,095 or 24% of revenue for Q3 Fiscal 2021, an increase of \$1,008,053 or 26%.

AU instructional costs and services was 25% and 22% of AU revenue for Q3 Fiscal 2022 and Q3 Fiscal 2021, respectively. As a percentage of revenue, instructional costs and services increased due primarily to an increase in faculty compensation costs related to the faculty hiring in the BSN Pre-Licensure campus locations in Phoenix, Austin, Tampa and Nashville, and increases in student technology license costs.

USU instructional costs and services was 28% and 27% of USU revenue for Q3 Fiscal 2022 and Q3 Fiscal 2021, respectively. As a percentage of revenue, instructional costs and services have increased due to the increased number of immersions with associated faculty and supplies cost.

**Marketing and Promotional**

Consolidated marketing and promotional costs for Q3 Fiscal 2022 were \$4,352,271 or 23% of revenue compared to \$3,644,856 or 22% of revenue for Q3 Fiscal 2021, an increase of \$707,415 or 19%.

AU marketing and promotional costs represented 22% and 20% of AU revenue for Q3 Fiscal 2022 and Q3 Fiscal 2021, respectively. As a percentage of revenue, marketing and promotional costs have increased due primarily to the advertising spending increase directed to the new pre-licensure metropolitan locations.

USU marketing and promotional costs was 20% and 21% of USU revenue for Q3 Fiscal 2022 and Q3 Fiscal 2021, respectively.

Corporate marketing costs were \$327,697 for Q3 Fiscal 2022 compared to \$250,474 for Q3 Fiscal 2021, an increase of \$77,223 or 31%.

*9M Fiscal 2022 compared to 9M Fiscal 2021***Instructional Costs and Services**

Consolidated instructional costs and services for 9M Fiscal 2022 increased to \$14,259,622 or 25% of revenue from \$10,698,056 or 22% of revenue for 9M Fiscal 2021, an increase of \$3,561,566 or 33%.

AU instructional costs and services were 25% and 21% of AU revenue for 9M Fiscal 2022 and 9M Fiscal 2021, respectively. As a percentage of revenue, instructional costs and services increased primarily due to the factors described above in the three month discussion.

USU instructional costs and services was 25% of USU revenue for both 9M Fiscal 2022 and 9M Fiscal 2021, respectively.

**Marketing and Promotional**

Consolidated marketing and promotional costs for 9M Fiscal 2022 were \$12,398,566 or 22% of revenue compared to \$10,034,198 or 21% of revenue for 9M Fiscal 2021, an increase of \$2,364,368 or 24%.

AU marketing and promotional represented 21% and 20% of AU revenue for 9M Fiscal 2022 and 9M Fiscal 2021, respectively. As a percentage of revenue, marketing and promotional costs increased due primarily to the planned advertising spending

increase throughout Fiscal Year 2022, targeted primarily to our highest LTV program. The majority of the year-over-year advertising spending increase is directed to the new pre-licensure metro locations: Austin, Nashville and Tampa.

USU marketing and promotional costs was 17% and 18% of USU revenue for 9M Fiscal 2022 and 9M Fiscal 2021, respectively.

Corporate marketing and promotional costs was \$994,681 in 9M Fiscal 2022 compared to \$757,877 in 9M Fiscal 2021, an increase of \$236,804 or 31%. The increase in marketing and promotional costs is primarily due to graduation production costs for the October 2021 ceremony.

**General and administrative**

|                            | Three Months Ended January 31, |             |          | Nine Months Ended January 31, |              |             |          |              |
|----------------------------|--------------------------------|-------------|----------|-------------------------------|--------------|-------------|----------|--------------|
|                            | 2022                           | \$ Change   | % Change | 2021                          | 2022         | \$ Change   | % Change | 2021         |
| General and administrative | \$11,771,487                   | \$1,127,049 | 11%      | \$10,644,438                  | \$34,359,276 | \$3,635,927 | 12%      | \$30,723,349 |

*Q3 Fiscal 2022 compared to Q3 Fiscal 2021*

AU general and administrative expense was 36% and 36% of AU revenue for Q3 Fiscal 2022 and Q3 Fiscal 2021, respectively. As a percentage of revenue, general and administrative expense remained flat.

USU general and administrative costs was 43% and 44% of USU revenue for Q3 Fiscal 2022 and Q3 Fiscal 2021, respectively. As a percentage of revenue, general and administrative expense decreased due primarily to a decrease in compensation and facilities costs.

Corporate general and administrative costs was \$4.5 million in Q3 Fiscal 2022 and \$4.2 million in Q3 Fiscal 2021, an increase of \$0.2 million, or 5%. The increase was primarily due to increases in professional fees, facilities costs and insurance expense, partially offset by a decrease in merchant fees.

*9M Fiscal 2022 compared to 9M Fiscal 2021*

AU general and administrative expense was 35% and 34% of Aspen University revenue for 9M Fiscal 2022 and 9M Fiscal 2021, respectively. As a percentage of revenue, general and administrative expense increased due primarily to increases in compensation and other employee-related costs, facilities costs, professional fees and merchant fees.

USU general and administrative expense was 41% and 42% of USU revenue for 9M Fiscal 2022 and 9M Fiscal 2021, respectively. As a percentage of revenue, general and administrative expense decreased due primarily to higher revenue for 9M Fiscal 2022 and a decreases in merchant fees, partially offset by increases in compensation and other employee-related costs, facilities costs, professional fees and technology costs.

Corporate general and administrative expense was \$13.1 million in both 9M Fiscal 2022 and 9M Fiscal 2021, respectively. General and administrative expense remained flat year-over-year due to planned Corporate cost control.

**Bad debt expense**

|                  | Three Months Ended January 31, |             |          | Nine Months Ended January 31, |             |             |          |             |
|------------------|--------------------------------|-------------|----------|-------------------------------|-------------|-------------|----------|-------------|
|                  | 2022                           | \$ Change   | % Change | 2021                          | 2022        | \$ Change   | % Change | 2021        |
| Bad debt expense | \$350,000                      | \$(320,000) | (48)%    | \$670,000                     | \$1,050,000 | \$(652,000) | (38)%    | \$1,702,000 |

For both the three and nine months ended January 31, 2022 compared to the three and nine months ended January 31 2020, bad debt expense decreased as a percentage of total revenue. Based on our review of accounts receivable and historical write-off trends, the Company evaluated its reserve methodology and adjusted reserves for AU and USU accordingly. At AU and USU, approximately \$766,000 and \$146,000 of student accounts receivable were written off against the accounts receivable allowance during 9M Fiscal 2022.

**Depreciation and amortization**

|                               | Three Months Ended January 31, |           |          | Nine Months Ended January 31, |             |           |          |             |
|-------------------------------|--------------------------------|-----------|----------|-------------------------------|-------------|-----------|----------|-------------|
|                               | 2022                           | \$ Change | % Change | 2021                          | 2022        | \$ Change | % Change | 2021        |
| Depreciation and amortization | \$883,536                      | \$348,263 | 65%      | \$535,273                     | \$2,480,179 | \$927,925 | 60%      | \$1,552,254 |

For both the three and nine months ended January 31, 2022 compared to the three and nine months ended January 31 2021, the increase in depreciation is primarily due to investments in new campuses, including capital expenditures of leasehold improvements and computer equipment, and an increase in amortization of internally developed capitalized software placed into service to support the Company's services and the opening of new campuses, partially offset by a decrease of fully depreciated assets.

**Other (expense) income, net**

|                             | Three Months Ended January 31, |             |          | Nine Months Ended January 31, |           |             |          |               |
|-----------------------------|--------------------------------|-------------|----------|-------------------------------|-----------|-------------|----------|---------------|
|                             | 2022                           | \$ Change   | % Change | 2021                          | 2022      | \$ Change   | % Change | 2021          |
| Other (expense) income, net | \$(166,743)                    | \$(146,762) | 735%     | \$(19,981)                    | \$163,016 | \$2,298,500 | NM       | \$(2,135,484) |

NM - Not meaningful

**Q3 Fiscal 2022 compared to Q3 Fiscal 2021**

Other expense, net in Q3 Fiscal 2022 of \$166,743 includes \$150,000 of interest expense related to the \$5 million Credit Facility borrowings on August 31, 2021 and \$30,000 of amortization expense in connection with the fair value of the warrants issued to the Leon and Toby Cooperman Family Foundation as an extension fee in connection with the \$5 million revolving line of credit.

Other expense, net in Q3 Fiscal 2021 of \$19,981 primarily includes interest expense related to the commitment fees on the undrawn \$5 million Revolving Credit Facility which was then scheduled to mature on November 4, 2021 and as amended matures on November 4, 2023; with a 2% annual commitment fee on the undrawn portion payable quarterly.

**9M Fiscal 2022 compared to 9M Fiscal 2021**

Other income, net in 9M Fiscal 2022 of \$163,016 primarily includes \$498,120 of a litigation settlement amount received on July 21, 2021 offset by the write-off of a related net receivable of \$45,329 with the party in this litigation; partially offset by interest expense of approximately \$233,000 related to the \$5 million Credit Facility borrowings on August 31, 2021, interest expense of \$25,000 related to the 2% annual commitment fee on the undrawn portion of the \$5 million Revolving Credit Facility payable quarterly through August 31, 2021 and a \$36,000 write off of fixed assets.

Other expense, net in 9M Fiscal Q3 2021 of \$2,135,484 primarily includes: interest expense of (i) a non-cash charge of \$1.4 million of accelerated amortization expense related to the conversion of the \$10 million Convertible Notes which occurred on September 14, 2020; (ii) \$0.5 million for the \$10 million Convertible Notes issued on January 22, 2020 as well as the commitment fee on the \$5 million Revolving Credit Facility; (iii) an adjustment of \$0.3 million related to the previously reported earned revenue fee calculation deemed immaterial to our Fiscal 2019 revenue; (iv) a non-cash modification and accelerated amortization charges of \$0.2 million related to the exercise of the 2018 and 2019 Cooperman Warrants on June 5, 2020; partially offset by \$0.3 million of other income.

**Income tax expense**

|                    | Three Months Ended January 31, |           |          | Nine Months Ended January 31, |           |           |          |          |
|--------------------|--------------------------------|-----------|----------|-------------------------------|-----------|-----------|----------|----------|
|                    | 2022                           | \$ Change | % Change | 2021                          | 2022      | \$ Change | % Change | 2021     |
| Income tax expense | \$231,610                      | \$221,150 | 2114%    | \$10,460                      | \$388,520 | \$343,430 | 762%     | \$45,090 |

**Q3 Fiscal 2022 compared to Q3 Fiscal 2021**

Income tax expense in Q3 Fiscal 2022 includes a reserve of approximately \$150,000 for the estimate of the Canada foreign income tax liability which covers the 2013 through 2021 tax years during which a permanent establishment was in place in Canada. Additionally, the Company recorded a reserve of \$75,000 for the estimated Fiscal Year 2022 Canada foreign income tax liability. The Company is preparing to file Canadian T2 Corporation Income Tax Returns and related information returns under the Voluntary Disclosure Program with the Canada Revenue Agency ("CRA") to cover the 2013 through 2021 tax years. The Company will also file an annual Canadian T2 Corporation Income Tax return to report the ongoing activity of the permanent establishment for 2022 and future taxation years.

*9M Fiscal 2022 compared to 9M Fiscal 2021*

Income tax expense in 9M Fiscal 2022 includes a reserve of approximately \$300,000 for the estimate of the 2013 through 2021 tax year foreign income tax liability. Additionally, for the 2022 tax year, the Company recorded a reserve of approximately \$75,000.

**Non-GAAP Financial Measures**

This discussion and analysis 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 AGI 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 EBITDA, Adjusted EBITDA, Adjusted EBITDA margin and Adjusted Gross Profit, which are non-GAAP financial measures. We believe that management, analysts and shareholders benefit from referring to the following non-GAAP financial measures to evaluate and assess our core operating results from period-to-period after removing the impact of items that affect comparability. Our management recognizes that the non-GAAP financial measures have inherent limitations because of the excluded items described below.

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 AGI 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.

EBITDA and Adjusted EBITDA

AGI defines Adjusted EBITDA as EBITDA excluding: (1) bad debt expense; (2) stock-based compensation; and (3) non-recurring charges or gains. The following table presents a reconciliation of net loss to EBITDA and Adjusted EBITDA and of net loss margin to the Adjusted EBITDA margin:

|  | Three Months Ended January 31, |                | Nine Months Ended January 31, |                |
|--|--------------------------------|----------------|-------------------------------|----------------|
|  | 2022                           | 2021           | 2022                          | 2021           |
| Net loss                               | \$ (3,733,997)                 | \$ (2,815,266) | \$ (7,457,143)                | \$ (8,128,987) |
| Interest expense, net                  | 180,642                        | 33,436         | 350,838                       | 2,018,176      |
| Taxes                                  | 231,610                        | 10,460         | 388,520                       | 45,090         |
| Depreciation and amortization          | 883,536                        | 535,273        | 2,480,179                     | 1,552,254      |
| EBITDA                                 | (2,438,209)                    | (2,236,097)    | (4,237,606)                   | (4,513,467)    |
| Bad debt expense                       | 350,000                        | 670,000        | 1,050,000                     | 1,702,000      |
| Stock-based compensation               | 700,697                        | 701,170        | 1,965,567                     | 3,019,828      |
| Non-recurring charges - Severance      | —                              | —              | 19,665                        | 44,000         |
| Non-recurring (income) charges - Other | 49,310                         | —              | (345,056)                     | 375,437        |
| Adjusted EBITDA                        | \$ (1,338,202)                 | \$ (864,927)   | \$ (1,547,430)                | \$ 627,798     |
| Net loss Margin                        | (20)%                          | (17)%          | (13)%                         | (17)%          |
| Adjusted EBITDA Margin                 | (7)%                           | (5)%           | (3)%                          | 1%             |

In 9M Fiscal 2022, non-recurring income of \$345,056 primarily includes \$498,120 of a litigation settlement amount received on July 21, 2021 offset by the write-off of a related net receivable of \$45,329 with the party in this litigation, which are included in "other (expense) income, net."

In 9M Fiscal 2021, stock-based compensation expense includes \$1.2 million related to the accelerated amortization expense for the price vesting of Executive RSUs in Q2 Fiscal 2021 and non-recurring charges of \$375,437 in Q1 Fiscal 2021. EBITDA in Q2 Fiscal 2021 includes \$1.4 million related to the accelerated amortization expense of the original issue discount for the automatic conversion of \$10 million Convertible Notes on September 14, 2020 (included in "Interest expense, net"). An additional non-recurring item in Q1 Fiscal 2021 of \$123,947 (included in "Interest expense, net"), which arose from the acceleration of amortization arising from the exercise of warrants issued to a lender.

The following tables present a reconciliation of net loss to EBITDA and Adjusted EBITDA and of net loss margin to the Adjusted EBITDA margin by subsidiary:

*Q3 Fiscal 2022 compared to Q3 Fiscal 2021*

|                                   | Three Months Ended January 31, 2022 |                |              |            |
|-----------------------------------|-------------------------------------|----------------|--------------|------------|
|                                   | Consolidated                        | AGI Corporate  | AU           | USU        |
| Net income (loss)                 | \$ (3,733,997)                      | \$ (5,020,149) | \$ 941,437   | \$ 344,715 |
| Interest expense, net             | 180,642                             | 180,682        | —            | (40)       |
| Taxes                             | 231,610                             | 951            | 230,660      | (1)        |
| Depreciation and amortization     | 883,536                             | 47,536         | 738,172      | 97,828     |
| EBITDA                            | (2,438,209)                         | (4,790,980)    | 1,910,269    | 442,502    |
| Bad debt expense                  | 350,000                             | —              | 225,000      | 125,000    |
| Stock-based compensation          | 700,697                             | 616,166        | 56,880       | 27,651     |
| Non-recurring charges - Severance | —                                   | —              | —            | —          |
| Non-recurring charges - Other     | 49,310                              | 49,310         | —            | —          |
| Adjusted EBITDA                   | \$ (1,338,202)                      | \$ (4,125,504) | \$ 2,192,149 | \$ 595,153 |
| Net income (loss) Margin          | (20)%                               | NM             | 7%           | 6%         |
| Adjusted EBITDA Margin            | (7)%                                | NM             | 17%          | 10%        |

NM - Not meaningful

|                                   | Three Months Ended January 31, 2021 |                |              |            |
|-----------------------------------|-------------------------------------|----------------|--------------|------------|
|                                   | Consolidated                        | AGI Corporate  | AU           | USU        |
| Net income (loss)                 | \$ (2,815,266)                      | \$ (4,537,882) | \$ 1,375,359 | \$ 347,257 |
| Interest expense, net             | 33,436                              | 33,516         | —            | (80)       |
| Taxes                             | 10,460                              | 3,600          | 6,800        | 60         |
| Depreciation and amortization     | 535,273                             | 15,540         | 492,303      | 27,430     |
| EBITDA                            | (2,236,097)                         | (4,485,226)    | 1,874,462    | 374,667    |
| Bad debt expense                  | 670,000                             | —              | 610,000      | 60,000     |
| Stock-based compensation          | 701,170                             | 692,244        | (12,468)     | 21,394     |
| Non-recurring charges - Severance | —                                   | —              | —            | —          |
| Non-recurring charges - Other     | —                                   | —              | —            | —          |
| Adjusted EBITDA                   | \$ (864,927)                        | \$ (3,792,982) | \$ 2,471,994 | \$ 456,061 |
| Net income (loss) Margin          | (17)%                               | NM             | 12%          | 7%         |
| Adjusted EBITDA Margin            | (5)%                                | NM             | 21%          | 10%        |

Adjusted EBITDA margin decreased to (7)% in Q3 Fiscal 2022 from (5)% in Q3 Fiscal 2021, due primarily to an increase in faculty compensation costs related to the faculty hiring in the BSN Pre-Licensure campus locations in Phoenix, Austin and Tampa, and increases in books and other educational materials and facilities costs related to the opening of new campus locations. Additionally, our strategic shift in marketing spend and the impact of COVID-19 impacted enrollments in our AU Online business unit, which contributed to the decrease in Adjusted EBITDA margin.

9M Fiscal 2022 compared to 9M Fiscal 2021

|  | Nine Months Ended January 31, 2022 |                 |              |              |
|--|------------------------------------|-----------------|--------------|--------------|
|  | Consolidated                       | AGI Corporate   | AU           | USU          |
| Net income (loss)                      | \$ (7,457,143)                     | \$ (14,537,849) | \$ 4,605,707 | \$ 2,474,999 |
| Interest expense, net                  | 350,838                            | 353,193         | (1,739)      | (616)        |
| Taxes                                  | 388,520                            | 3,363           | 383,867      | 1,290        |
| Depreciation and amortization          | 2,480,179                          | 116,720         | 2,082,972    | 280,487      |
| EBITDA                                 | (4,237,606)                        | (14,064,573)    | 7,070,807    | 2,756,160    |
| Bad debt expense                       | 1,050,000                          | —               | 725,000      | 325,000      |
| Stock-based compensation               | 1,965,567                          | 1,732,412       | 149,773      | 83,382       |
| Non-recurring charges - Severance      | 19,665                             | —               | —            | 19,665       |
| Non-recurring (income) charges - Other | (345,056)                          | 107,635         | (452,691)    | —            |
| Adjusted EBITDA                        | \$ (1,547,430)                     | \$ (12,224,526) | \$ 7,492,889 | \$ 3,184,207 |
| Net income (loss) Margin               | (13)%                              | NM              | 12%          | 14%          |
| Adjusted EBITDA Margin                 | (3)%                               | NM              | 19%          | 17%          |

|                                   | Nine Months Ended January 31, 2021 |                 |              |              |
|-----------------------------------|------------------------------------|-----------------|--------------|--------------|
|                                   | Consolidated                       | AGI Corporate   | AU           | USU          |
| Net income (loss)                 | \$ (8,128,987)                     | \$ (15,929,868) | \$ 5,892,892 | \$ 1,907,989 |
| Interest expense, net             | 2,018,176                          | 2,018,258       | —            | (82)         |
| Taxes                             | 45,090                             | 14,250          | 30,580       | 260          |
| Depreciation and amortization     | 1,552,254                          | 42,023          | 1,424,030    | 86,201       |
| EBITDA                            | (4,513,467)                        | (13,855,337)    | 7,347,502    | 1,994,368    |
| Bad debt expense                  | 1,702,000                          | —               | 1,522,000    | 180,000      |
| Stock-based compensation          | 3,019,828                          | 2,768,687       | 135,166      | 115,975      |
| Non-recurring charges - Severance | 44,000                             | 44,000          | —            | —            |
| Non-recurring charges - Other     | 375,437                            | 375,437         | —            | —            |
| Adjusted EBITDA                   | \$ 627,798                         | \$ (10,667,213) | \$ 9,004,668 | \$ 2,290,343 |
| Net income (loss) Margin          | (17)%                              | NM              | 17%          | 14%          |
| Adjusted EBITDA Margin            | 1%                                 | NM              | 26%          | 16%          |

Adjusted EBITDA margin decreased to (3)% in 9M Fiscal 2022 from 1% in 9M Fiscal 2021, due primarily to the factors described above in the three months discussion.

#### Adjusted Gross Profit

GAAP Gross Profit is revenue less cost of revenue less amortization expense. The Company defines Adjusted Gross Profit as GAAP Gross Profit adjusted to exclude amortization expense. The following table presents a reconciliation of GAAP Gross Profit to Adjusted Gross Profit:

|  | Three Months Ended January 31, |               | Nine Months Ended January 31, |              |
|--|--------------------------------|---------------|-------------------------------|--------------|
|  | 2022                           | 2021          | 2022                          | 2021         |
| Revenue  | \$ 18,944,798                  | \$ 16,624,837 | \$57,316,004                  | \$48,761,444 |
| Cost of Revenue  | 9,275,419                      | 7,559,951     | 26,658,188                    | 20,732,254   |
| Adjusted Gross Profit                                  | 9,669,379                      | 9,064,886     | 30,657,816                    | 28,029,190   |
| Less amortization expense included in cost of revenue: |                                |               |                               |              |
| Intangible asset amortization                          | 22,174                         | 10,255        | 60,162                        | 32,718       |
| Call center software/website amortization              | 419,026                        | 363,030       | 1,255,169                     | 1,024,790    |
| Total amortization expense included in cost of revenue | 441,200                        | 373,285       | 1,315,331                     | 1,057,508    |
| GAAP Gross Profit                                      | \$ 9,228,179                   | \$ 8,691,601  | \$29,342,485                  | \$26,971,682 |
| GAAP Gross Profit as a percentage of revenue           | 49%                            | 52%           | 51%                           | 55%          |
| Adjusted Gross Profit as a percentage of revenue       | 51%                            | 55%           | 53%                           | 57%          |

#### Q3 Fiscal 2022 compared to Q3 Fiscal 2021

Adjusted gross profit as a percentage of revenue decreased due primarily to a more than anticipated decrease in class starts year-over-year in the post-licensure programs due to the effects of the COVID surge, higher instructional costs related to an increase in faculty hiring in the BSN Pre-Licensure new campus locations and higher immersion costs related to the growth in the USU MSN-FNP program. Additionally, we incurred seasonally higher marketing costs over the third quarter holiday period, targeted primarily to our highest LTV programs including new campus locations in our AU pre-licensure program.

Aspen University GAAP Gross Profit represented 50% of Aspen University revenue for Q3 Fiscal Year 2022, and USU GAAP Gross Profit represented 52% of USU revenue for Q3 Fiscal Year 2022.

#### 9M Fiscal 2022 compared to 9M Fiscal 2021

Adjusted gross profit as a percentage of revenue decreased due primarily to the factors described above in the three months discussion.

Aspen University GAAP Gross Profit represented 51% of Aspen University revenue for 9M Fiscal Year 2022, and USU GAAP Gross Profit represented 57% of USU revenue for 9M Fiscal Year 2022.

## Liquidity and Capital Resources

### Debt

For a detailed description of debt, see “Note 6. Debt” to the consolidated financial statements included in “Item 1. Consolidated Financial Statements.”

### Cash flow information

A summary of the Company's cash flows is as follows:

|                                | Nine Months Ended<br>January 31, |                       |
|--------------------------------|----------------------------------|-----------------------|
|                                | 2022                             | 2021                  |
| Net cash (used in) provided by |                                  |                       |
| Operating activities           | \$ (7,719,760)                   | \$ (5,275,719)        |
| Investing activities           | (3,734,670)                      | (2,909,088)           |
| Financing activities           | 5,191,034                        | 3,660,492             |
| Net decrease in cash           | <u>\$ (6,263,396)</u>            | <u>\$ (4,524,315)</u> |

### Net Cash Used in Operating Activities

Net cash used in operating activities for the nine months ended January 31, 2022 includes adjustments to net loss consisting primarily of depreciation and amortization expense of \$2,480,179, stock-based compensation of \$1,965,567, bad debt expense of \$1,050,000, tenant improvement allowances received from landlords of \$816,591, amortization of deferred financing costs of \$49,107, warrant based cost of \$43,708 and debt issue costs of \$18,056, partially offset by lease benefits of \$96,450. The decrease in cash from changes in working capital primarily consists of increases in gross accounts receivable (both short and long term accounts receivable, before allowance for doubtful accounts) of \$6,412,590, prepaid expenses of \$297,797 and a decrease in deferred revenue of \$642,233, partially offset by increases in accrued expenses of \$38,353, accounts payable of \$340,168 and due to students of \$482,032. The increase in accounts receivable is primarily attributed to the growth in students paying through the monthly payment plan as well as timing of billings for class starts. Prepaid expenses increased due to the annual insurance renewal in the first quarter of the Fiscal Year 2022. The decrease in deferred revenue is due primarily to timing of billings for class starts in our pre-licensure program. Accrued expenses increased due primarily to accrual of approximately \$300,000 for the estimate of the 2013 through 2021 tax year foreign income tax liability and an increase in accrued marketing due to timing of marketing payments. The increases in accounts payable and due to students are primarily due to timing of payments.

The Company expects working capital and long-term student accounts receivable to trend higher over time as more students utilize our monthly payment plan. Additionally, there may be working capital volatility from quarter to quarter, especially regarding the timing of financial aid payments and student course starts that impact deferred revenue and accounts receivable balances. Offsetting the trend toward higher working capital and long-term student accounts receivable will be a trend toward improved adjusted EBITDA as we continue to grow our high LTV programs. We believe the adjusted EBITDA growth will result in positive operating cash flow in the next 2-3 years. We are actively seeking additional long-term financing arrangements to provide funds to continue the expansion of our high LTV programs. See Financing Arrangements discussed below.

Net cash used in operations for the nine months ended January 31, 2021 includes adjustments to net loss consisting primarily of stock-based compensation of \$3,019,828, bad debt expense of \$1,702,000, amortization of debt discounts of \$1,550,854, and depreciation and amortization expense of \$1,552,254. The decrease in cash from changes in working capital primarily consists of increases in gross accounts receivable (both short and long term accounts receivable, before allowance for doubtful accounts) of \$6,493,238 and other current assets of \$1,205,083, partially offset by an increase in deferred revenue of \$1,887,377 and accrued expenses of \$1,756,102. The increase in accounts receivable is primarily attributed to the growth in revenues from students paying through the monthly payment plan as well as timing of billings for class starts. Other current assets increased primarily due to reimbursable tenant improvement costs of \$1.3 million paid in Fiscal 2021 related to the build out of the Tampa and Austin campuses. The increase in deferred revenue is due primarily to timing of billings for class starts. The



increase in accrued expenses is due primarily to accrual of executive bonus for Fiscal Year 2021, accrued payroll due to higher headcount and related increase in compensation and benefits expense to support the growth of the business and an increase in accrued marketing due to timing.

#### **Net Cash Used in Investing Activities**

Net cash used in investing activities for the nine months ended January 31, 2022 includes purchases of property and equipment of \$3.6 million primarily due to investments in leasehold improvements, computer equipment and hardware and Company developed software. Purchases of courseware and accreditation were \$0.2 million. A significant portion of cash used for investing activities relates to the opening of new campus locations.

Net cash used in investing activities for the nine months ended January 31, 2021 includes purchases of property and equipment of \$2,877,758 primarily due to investments in computer equipment and hardware, Company developed software and new campuses; and purchases of courseware and accreditation of \$31,330.

#### **Net Cash Provided By Financing Activities**

Net cash provided by financing activities for the nine months ended January 31, 2022 includes proceeds of \$5,000,000 from borrowings under the Credit Facility and proceeds from stock options exercised of \$191,034.

Net cash provided by financing activities for the nine months ended January 31, 2021 includes proceeds from stock options exercised of \$2,578,700 and proceeds from warrants exercised of \$1,081,792 received from the cash exercise of warrants associated with the Term Loan and Revolving Credit Facility.

#### **Liquidity and Capital Resources**

Our cash balances are kept liquid to support our growing infrastructure needs. The majority of our cash is concentrated in large financial institutions.

#### **Financing Arrangements**

##### **Convertible Note and New Credit Facility**

On March 14, 2022, the Company closed an offering of a \$10 million convertible note and a \$20 million Revolving Credit Facility (the "New Facility"). The Company received the proceeds from the convertible note of \$10 million at the closing. Proceeds from the \$10 million convertible note offering will be used for general corporate purposes, including funding the Company's expansion of its BSN Pre-Licensure nursing degree program. No sums have been borrowed under this revolving credit line as of this date. Currently, the Company does not anticipate making drawdowns on the revolving credit line.

##### **Credit Facility**

On August 31, 2021, the Company extended the Credit Facility by one year to November 4, 2022. The Credit Facility Agreement provides for a \$5,000,000 revolving credit facility evidenced by a revolving promissory note. Borrowings under the Credit Facility Agreement bear interest at 12% per annum. In conjunction with the extension of the Credit Facility, the Company drew down \$5,000,000 of funds at 12% interest per annum due November 4, 2022. Pursuant to this agreement, on August 31, 2021 the Company issued to the Foundation warrants to purchase 50,000 shares of the Company's common stock exercisable for five years from the date of issuance at the exercise price of \$5.85 per share. Additionally on March 14, 2022, the Company extended the \$5 million Credit Facility by one additional year to November 4, 2023 at an increased interest rate of 14% per annum. The Company uses these funds for general business purposes, including the roll out of the new campuses.

At January 31, 2022 and April 30, 2021, there were \$5,000,000 and no outstanding borrowings, respectively, under the Credit Facility.

The Company expects that its existing cash resources will be sufficient to fund its working capital, including capital expenditures, investing and other needs for the next 12 months.

#### **Capital and other expenditures**

The Company anticipates that it will need to make capital and other expenditures in connection with the development and expansion of its campus operations and the implementation of new on-line programs. The Company's Fiscal year 2022 capital expenditures will be between approximately \$4 million and \$5 million, a decrease from Fiscal Year 2021 capital expenditures primarily due to campus costs for the opening of one new campus in the current year compared to two campuses in the prior year.

#### **Critical Accounting Policies and Estimates**

At January 31, 2022, there were no material changes to our critical accounting policies and estimates. A full listing of our critical accounting policies and estimates is described in the "Critical Accounting Policies and Estimates" of our Annual Report on Form 10-K for the fiscal year ended April 30, 2021 and listed here below:

- Revenue Recognition and Deferred Revenue
- Accounts Receivable and Allowance for Doubtful Accounts Receivable
- Goodwill and Intangibles
- Stock-based compensation

#### **Off Balance Sheet Arrangements**

The Company does not have any off-balance sheet arrangements as of January 31, 2022.

#### **Cautionary Note Regarding Forward Looking Statements**

This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding Adjusted EBITDA growth and expectations for positive operating cash flow in the next 2-3 years, our focusing of advertising spend on the highest LTV units and the expectation that a majority of our future revenue growth will be derived from those units, the anticipated impact of this plan on our future operating results, liquidity and growth, the expected continued revenue growth in Aspen University's BSN Pre-Licensure and USU's MSN-FNP programs, the impact of COVID-19, our anticipated working capital trends including working capital volatility from quarter to quarter, the intended use of proceeds from recent financings including towards the continued expansion of our BSN Pre-Licensure campuses in states with high population growth and a growth-focused marketing strategy for our post-licensure nursing degree programs, our expected capital expenditures related to new campus openings and the implementation of new on-line programs, letters of credit and promissory notes, and our liquidity. All statements other than statements of historical facts contained in this report, including statements regarding our future financial position, liquidity, business strategy and plans and objectives of management for future operations, are forward-looking statements. 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.

The results anticipated by any or all of these forward-looking statements might not occur. Important factors, uncertainties and risks that may cause actual results to differ materially from these forward-looking statements include, without limitation, our ability to successfully implement the Aspen 2.0 business plan and the accuracy of the assumptions used in estimating the results of such implementation, the continued demand of nursing students for the new programs, student attrition, national and local economic factors including the substantial impact of whether COVID-19 will continue to have an adverse effect on the economy, uncertainties arising from the Russian invasion of Ukraine including its effect on the U.S. economy, supply chain issues and the labor market, competition from nursing schools in local markets, the competitive impact from the trend of major non-profit universities using online education and consolidation among our competitors, and the impact of possible actions arising from the Arizona Board of Nursing investigation. Further information on the risks and uncertainties affecting our business is contained in our filings with the SEC, including this Form 10-Q and our Annual Report on Form 10-K for the fiscal year ended April 30, 2021. We undertake no obligation to publicly update or revise any forward-looking statements, whether as the result of new information, future events or otherwise.

#### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.**

Not applicable.

#### **ITEM 4. CONTROLS AND PROCEDURES.**

**Evaluation of Disclosure Controls and Procedures**

Our management carried out an evaluation, with the participation of our Principal Executive Officer and Principal Financial Officer, required by Rule 13a-15 or 15d-15 of the Securities Exchange Act of 1934 (the “Exchange Act”) of the effectiveness of our disclosure controls and procedures as defined in Rule 13a-15(e) or 15d-15(e) under the Exchange Act. Based on their evaluation, our Principal Executive Officer and Principal Financial Officer concluded that our disclosure controls and procedures are effective as of the end of the period covered by this report to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms and is accumulated and communicated to our management, including our Principal Executive Officer and Principal Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

**Changes in Internal Control Over Financial Reporting**

There were no changes in our internal control over financial reporting as defined in Rule 13a-15(f) or 15d-15(f) under the Exchange Act that occurred during the period covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II. OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

From time-to-time, we may be involved in litigation relating to claims arising out of our operations in the normal course of business. Other than the previously disclosed receipt of payment of \$498,120 as a final distribution by the bankruptcy trustee in HEMG bankruptcy proceedings, during the period covered by this report, there were no material changes to the description of legal proceedings set forth in our Annual Report on Form 10-K for the fiscal year ended April 30, 2021.

### ITEM 1A. RISK FACTORS

The information presented below updates, and should be read in conjunction with, the risk factors and information disclosed in our Annual Report on Form 10-K for the fiscal year ended April 30, 2021.

**If we are unable to satisfy the probation terms following the execution of a mutually acceptable consent agreement with the Arizona Board of Nursing, our future results of operations could be materially and adversely affected.**

Our largest subsidiary, Aspen University Inc., is based in Phoenix, Arizona. Approximately 12% of its enrollments are students in its BSN Pre-Licensure nursing programs at two campus locations in Phoenix. On January 28, 2022, Aspen University voluntarily agreed to cease enrollments in the pre-nursing and core nursing programs at its Arizona Pre-licensure campuses effective immediately related to an investigation by the Arizona Board of Nursing resulting from student complaints, unacceptable NCLEX first-time pass rates in CY'2021, among other issues. Aspen University will continue the suspension of enrollments in the pre-nursing and core nursing programs at its Arizona Pre-licensure campuses at least until it has successfully negotiated a consent agreement with the Arizona Board of Nursing which will outline the terms of the impending probation. Once the probation period begins and until the probation period ends, should Aspen University not successfully satisfy the probation terms, future results of operations could be materially and adversely affected.

Aspen University has also entered into a Stipulated Agreement with the Arizona State Board for Private Postsecondary Education which includes a requirement to post a letter of credit or surety bond for \$18.3 million within 45 days (approximately April 21<sup>st</sup>).

**Because of the Russian invasion of Ukraine, the effect on the capital markets and the economy is uncertain, and we may have to deal with a recessionary economy and economic uncertainty including possible adverse effects upon our business.**

As a result of the Russian invasion of Ukraine, certain events are beginning to effect the global and United States economy including increased inflation, substantial increases in the prices of oil and gas, large Western companies ceasing to do business in Russia and uncertain capital markets with declines in leading market indexes. The duration of this war and its impact are at best uncertain and continuation may result in Internet access issues if Russia, for example, began illicit cyber activities. Ultimately the economy may turn into a recession with uncertain and potentially severe impacts upon public companies and us. We cannot predict how this will affect our business but the impact may be adverse.

### ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Other than as set forth in "Item 5. Other Information" which is incorporated herein by reference, all recent sales of unregistered securities have been previously reported.

### ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

### ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

### ITEM 5. OTHER INFORMATION

As of March 8, 2022, the 2012 Equity Incentive Plan (the "2012 Plan") had 129,009 shares of common stock available to be issued under the 2012 Plan. The 2012 Plan expires on March 15, 2022. On March 8, 2022 the Company increased the 2018

Equity Incentive Plan (the “2018 Plan”) by an additional 129,009 shares of common stock available for awards under the 2018 Plan and transferred the remaining 129,009 unused awards under the 2012 Plan to the 2018 Plan.

On March 14, 2022, the Company issued (i) Revolving Promissory Note and Security Agreements (the “Revolver Notes”) in the principal amount of up to \$20 million in the aggregate and (ii) Convertible Promissory Note and Security Agreements (the “Convertible Notes”), and together with the Revolver Notes, collectively, the “Notes”) in the principal amount of up to \$10 million in the aggregate, to two unaffiliated lenders (the “Lenders”).

The Convertible Notes mature five years from the issuance date and pay interest monthly at the rate of 12% per annum. The Convertible Notes are convertible into up to 10,000,000 shares of the Company’s common stock at each lender’s option at a conversion price of \$1.00 per share any time after the issuance date. In addition, the Convertible Notes are mandatorily convertible into shares of common stock if the closing price of the Company’s common stock is at least \$2.00 per share for 30 consecutive trading days. This mandatory conversion is subject to each Lender’s 9.9% beneficial ownership limitation and subject to the Nasdaq combined 19.99% requirement until the Company’s stockholders approve further conversion.

The Revolver Notes will require monthly interest payments on sums borrowed at the rate of 12% per annum. No sums have been borrowed as of the date of the Quarterly Report on Form 10-Q. Currently, the Company does not anticipate making drawdowns on the revolving credit line. The Company paid a 1% commitment fee (\$200,000) at closing and if the Revolver Notes have not been terminated by September 14, 2022, it must pay another 1% commitment fee.

Pursuant to the Notes, all future indebtedness incurred by the Company, other than indebtedness expressly permitted by the Notes, will be subordinated to the Notes and the Prior Credit Facility, as defined below, with an exception for acquisitions of software and equipment under purchase money agreements and capital leases.

The Company’s obligations under the Loan Agreements are secured by a first priority lien in certain deposit accounts of the Company, all current and future accounts receivable of the Company’s subsidiaries, certain of the deposit accounts of the Company and its subsidiaries and a pledge of the common stock of the Company held by its chief executive officer (the “Collateral”).

On March 14, 2022, in connection with the issuance of the Notes, the Company also entered into an intercreditor agreement (the “Intercreditor Agreement”) among the Company, the Lenders and the lender under a prior credit facility dated November 5, 2018 (as amended, the “Prior Credit Facility”). The Intercreditor Agreement provides among other things that the Company’s obligations under, and the security interests in the Collateral granted pursuant to, the Note and the Prior Credit Facility shall rank pari passu to one another.

In connection with the issuance of the Notes, the Company also entered into an Investors/Registration Rights Agreement with the Lenders (the “Registration Rights Agreement”) whereby, upon request of either Lender on or after August 15, 2022 the Company must file and obtain and maintain the effectiveness of a registration statement registering the shares of common stock issued or issuable upon conversion of the Convertible Notes.

On March 14, 2022, the Company entered into an amendment with the lender pursuant to the Prior Credit Facility (the “Amendment”) to extend the maturity date of the Prior Credit Facility by one year to November 4, 2023.

On March 14, 2022, the Company entered into a letter agreement with the Lenders (the “Letter Agreement”). Pursuant to the Letter Agreement, the Company and its subsidiaries made certain representations and warranties to the Lenders. The Letter Agreement also contained certain conditions precedent to the closing of the transactions.

The foregoing description of the terms of the Revolver Notes, the Convertible Notes, Investor Rights Agreement, the Registration Rights Agreement, the Amendment, the Letter Agreement and the transactions contemplated thereby, does not purport to be complete and is qualified in its entirety by reference to the form of the Revolver Note, the form of the Convertible Note, the form of Intercreditor Agreement, the form of Investors/Registration Rights Agreement, the form of the Amendment, and the Form of Letter Agreement, copies which are filed as Exhibits 10.1, 10.2, 10.3, 10.4, 10.5, and 10.6, respectively, to this Quarterly Report on Form 10-Q and are incorporated herein by reference.

## **ITEM 6. EXHIBITS**

See the Exhibit Index at the end of this report.

**EXHIBIT INDEX**

| Exhibit #             | Exhibit Description   | Incorporated by Reference |         |         | Filed or<br>Furnished<br>Herewith |
|-----------------------|---|---------------------------|---------|---------|-----------------------------------|
|                       |   | Form                      | Date    | Number  |                                   |
| <a href="#">3.1</a>   | Certificate of Incorporation, as amended  | 10-K                      | 7/9/19  | 3.1     |                                   |
| <a href="#">3.2</a>   | Bylaws, as amended  | 10-Q                      | 3/15/18 | 3.2     |                                   |
| <a href="#">10.1</a>  | Form of Revolving Promissory Note and Security Agreement+   |                           |         |         | Filed                             |
| <a href="#">10.2</a>  | Form of Convertible Promissory Note and Security Agreement+   |                           |         |         | Filed                             |
| <a href="#">10.3</a>  | Form of Intercreditor Agreement   |                           |         |         | Filed                             |
| <a href="#">10.4</a>  | Form of Investors/Registration Rights Agreement   |                           |         |         | Filed                             |
| <a href="#">10.5</a>  | Form of Third Amendment to the Amended and Restated Revolving Promissory Note and Security Agreement dated as of November 5, 2018                                     |                           |         |         | Filed                             |
| <a href="#">10.6</a>  | Form of Letter Agreement+   |                           |         |         | Filed                             |
| <a href="#">10.7</a>  | Amendment No. 4 to the Aspen Group, Inc. 2018 Equity Incentive Plan*  |                           |         |         | Filed                             |
| <a href="#">10.8</a>  | Amendment No. 3 to the Aspen Group, Inc. 2018 Equity Incentive Plan*  | DEF 14A                   | 11/5/21 | Annex A |                                   |
| <a href="#">10.9</a>  | Warrant dated July 21, 2021   | 10-Q                      | 9/14/21 | 10.1    |                                   |
| <a href="#">10.10</a> | Employment Agreement, effective August 16, 2021, by the Company and Matthew LaVay*  | 8-K                       | 8/16/21 | 10.1    |                                   |
| <a href="#">31.1</a>  | Certification of Principal Executive Officer (302)  |                           |         |         | Filed                             |
| <a href="#">31.2</a>  | Certification of Principal Financial Officer (302)  |                           |         |         | Filed                             |
| <a href="#">32.1</a>  | Certification of Principal Executive and Principal Financial Officer (906)  |                           |         |         | Furnished**                       |
| 101.INS               | Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document |                           |         |         |                                   |
| 101.SCH               | Inline XBRL Taxonomy Extension Schema Document  |                           |         |         | Filed                             |
| 101.CAL               | Inline XBRL Taxonomy Extension Calculation Linkbase Document  |                           |         |         | Filed                             |
| 101.DEF               | Inline XBRL Taxonomy Extension Definition Linkbase Document   |                           |         |         | Filed                             |
| 101.LAB               | Inline XBRL Taxonomy Extension Label Linkbase Document  |                           |         |         | Filed                             |
| 101.PRE               | Inline XBRL Taxonomy Extension Presentation Linkbase Document   |                           |         |         | Filed                             |
| 104                   | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)  |                           |         |         |                                   |

\* Management contract or compensatory plan or arrangement.

\*\* This exhibit is being furnished rather than filed and shall not be deemed incorporated by reference into any filing, in accordance with Item 601 of Regulation S-K.

+ Certain schedules and other attachments have been omitted. The Company undertakes to furnish the omitted schedules and attachments to the Commission upon request.

Copies of this report (including the financial statements) and any of the exhibits referred to above will be furnished at no cost to our shareholders who make a written request to Aspen Group, Inc., at the address on the cover page of this report, Attention: Corporate Secretary.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

March 15, 2022

**Aspen Group, Inc.**

By: /s/ Michael Mathews  
Michael Mathews  
Chief Executive Officer  
(Principal Executive Officer)

March 15, 2022

By: /s/ Matthew LaVay  
Matthew LaVay  
Chief Financial Officer  
(Principal Financial Officer)

March 15, 2022

By: /s/ Robert Alessi  
Robert Alessi  
Chief Accounting Officer  
(Principal Accounting Officer)

**REVOLVING PROMISSORY NOTE AND SECURITY AGREEMENT**

US\$10,000,000 New York, New York

March 14, 2022

FOR VALUE RECEIVED, the undersigned, ASPEN GROUP, INC., a Delaware corporation having its principal place of business at 276 Fifth Avenue, Suite 505, New York, New York 10001 (“**Maker**”), HEREBY PROMISES TO PAY as and when due from time to time in accordance with the terms of this revolving promissory note and security agreement (this “**Note**”), whether at its stated Maturity (as defined below) or by acceleration or otherwise, TO THE ORDER OF \_\_\_\_\_ (together with its successors and permitted assigns, “**Payee**”), at Payee’s address above or at such other place as may be designated from time to time in writing by Payee, in lawful money of the United States of America (“**US\$**” and “**U.S. dollars**”) and in immediately available funds, IN FULL without deduction, reduction, offset or counterclaim, the following (collectively, the “**Indebtedness**”): (i) the principal sum of TEN MILLION U.S. DOLLARS (US\$10,000,000) or such lesser principal amount as shall then be outstanding under this Note (as evidenced by Payee’s endorsements on Annex 1 attached to this Note, which endorsements shall, absent manifest error, be conclusive as to the aggregate principal amount outstanding from time to time under this Note), (ii) all interest accrued and unpaid on the principal amount of this Note outstanding from time to time, calculated at the Applicable Rate (as defined below) from time to time in effect for the period from and including the date of this Note through the date on which such principal sum and all such accrued interest are paid in full, (iii) the Commitment Fee (as defined below) accrued and unpaid from time to time in effect for the period from and including the date of this Note through the date on which such principal sum and all such Commitment Fee are paid in full, and (iv) all other amounts, if any, then due and owing under this Note.

Maker may draw down, at any time and from time to time during the period from and including the date of this Note through the day immediately preceding the first anniversary of that date (the “**Commitment Period**”), each time upon prior arrangement with and at least three (3) Business Days’ (as defined below) prior written notice to Payee, a principal amount not to exceed at any one time outstanding, as to all such drawdowns in the aggregate, ten million U.S. dollars (US\$10,000,000) (Payee’s “**Commitment**”); provided, however, that the Commitment Period and Payee’s Commitment shall automatically, without the requirement of any demand, notice, or other act or instrument of, by or from Payee or any other person, and immediately terminate upon the occurrence of an Acceleration Event (as defined below), whereupon (i) Maker shall not be permitted to draw down any additional amounts under this Note and (ii) the aggregate principal amount then outstanding under this Note, together with all interest, Commitment Fee and other amounts then outstanding hereunder, shall automatically be accelerated and become immediately due and payable to Payee in accordance with the terms of this Note. Each drawdown notice hereunder shall be deemed to be an affirmation by Maker and each Grantor (as defined herein) that each of the representations and warranties of the Maker contained in or made pursuant to this Note or that certain Letter Agreement (the “**Letter Agreement**”) dated as of March 14, 2022, by and among Maker, Payee and \_\_\_\_\_ (“\_\_\_\_\_”) are true and correct as of the date of such drawdown notice, and an undertaking that such representations and warranties will be true and correct as of the date of such drawdown, as though dated at and as of such dates. In all events, drawdowns under this Note may only be made in equal amounts with drawdowns under the \_\_\_\_\_ Revolver, as defined herein.

Maker hereby irrevocably authorizes Payee to endorse on a schedule in the form of Annex 1 attached to this Note each drawdown and repayment of principal under this Note, which

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endorsements shall, absent manifest error, be conclusive as to the aggregate principal amount from time to time outstanding under this Note; provided, however, that anything herein to the contrary notwithstanding, Payee's failure to make any such endorsement(s) shall not limit, impair or otherwise affect Maker's obligations under this Note.

Maker shall pay to Payee, by wire transfer of U.S. dollars in immediately available funds to such account as Payee may specify, a commitment fee (the "**Commitment Fee**") equal to (i) the sum of one hundred thousand dollars (US\$100,000), being one percent (1%) of the amount of the Commitment, due on the date of this Note and (ii) the sum of one hundred thousand dollars (US\$100,000), being one percent (1%) of the amount of the Commitment, due on the date six months from the date of this Note if, as of such date, this Note has not been cancelled and any principal amount remains outstanding as of such date.

Maker shall pay interest monthly on the principal amount of this Note outstanding from time to time, calculated at the Applicable Rate from time to time in effect for the period from and including the date of this Note through the date on which all amounts owing under this Note are paid or repaid, as the case may be, in full, computed daily (on the basis of actual days elapsed in a 365-day year) and payable monthly (and when this Note shall fall due, whether at stated Maturity, by acceleration or otherwise) by not later than the third (3<sup>rd</sup>) Business Day of each month. For all purposes of this Note, the "**Applicable Rate**" shall equal twelve percent (12%) per annum; provided, however, that in the event that any amount (whether of principal, interest, Commitment Fee or otherwise) payable under this Note is not paid in full as and when due in accordance with the terms of this Note (whether at stated Maturity, by acceleration, or otherwise in accordance with such terms), then the Applicable Rate shall increase to eighteen percent (18%) per annum.

The stated maturity of this Note (its "**Maturity**") shall be the day immediately preceding the first anniversary of the date of this Note; provided, however, that notwithstanding anything to the contrary contained in this Note, upon the occurrence of any of the events specified in subparagraphs (a) through (e) immediately below (each, an "**Acceleration Event**"), the entire principal amount outstanding of this Note, and all interest, Commitment Fee and other amounts accrued and unpaid thereon or hereunder, shall automatically, without protest, presentment, petition, demand, or other notice, declaration, act or instrument of, by or from Payee or any other person (all of which are hereby expressly and irrevocably waived by Maker), and for all purposes, be accelerated and become immediately due and payable, in full, to Payee:

(a) If Maker shall: (i) fail to make any payment owing to Payee hereunder in full when due in accordance with the terms of this Note, which failure shall continue uncured for a period of at least three (3) Business Days; (ii) fail to make any payment owing to any other lender in full when due in accordance with the terms governing such loan; or (iii) directly or indirectly, so long as any principal, interest, Commitment Fee or other amount remains outstanding hereunder (whether or not then due and owing), make or propose to make any dividend payment (except for dividends payable in common stock or in rights to buy common stock) or other cash-flow distribution to any of Maker's shareholders or other stakeholders (except for non-dividend payments to students or employees in the ordinary course of business), or any payment of principal, interest or any other amount in respect of any other indebtedness (whether secured or unsecured) owing to any individual, entity or other person (other than Payee), except for Permitted Indebtedness (as defined below). "**Permitted Indebtedness**" shall mean (A) the indebtedness evidenced by this Note, including, without limitation, all principal thereof and accrued and unpaid interest and Commitment Fee thereon; (B) the indebtedness evidenced by that certain convertible promissory note and security agreement, dated as of the date hereof, in the face amount of five million U.S. dollars (US\$5,000,000) issued by Maker to Payee, including, without limitation, all principal thereof and accrued and unpaid interest thereon (the "**Payee Convertible Note**"); (C) the indebtedness evidenced by that certain revolving promissory note and security agreement, dated as of the date hereof, in the face amount of ten million U.S. dollars (US\$10,000,000) issued by Maker to \_\_\_\_\_, including, without limitation, all principal thereof and accrued and unpaid interest thereon (the

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“\_\_\_\_\_,” together with this Note, the “**Notes**”); (D) the indebtedness evidenced by that certain convertible promissory note and security agreement, dated as of the date hereof, in the face amount of five million U.S. dollars (US\$5,000,000) issued by Maker to \_\_\_\_\_, including, without limitation, all principal thereof and accrued and unpaid interest thereon (the “**Convertible Note**,” together with the Payee Convertible Note, the “**Convertible Notes**”); (E) the indebtedness evidenced by that certain revolving promissory note and security agreement dated as of November 5, 2018, and amended and restated as of March 5, 2019, as amended on January 22, 2020, August 31, 2021 and the date of this Note, in the face amount of five million U.S. dollars (US\$5,000,000) issued by Maker to Payee, including, without limitation, all principal thereof and accrued and unpaid interest thereon (the “**2018 Revolver**,” and together with the Notes, collectively, the “**Revolvers**”); and (F) trade indebtedness (not to exceed five million U.S. dollars (US\$5,000,000) at any one time outstanding) in respect of equipment and/or software and software systems purchase money financing or capital leases incurred by Maker in the ordinary course of business; or

(b) If Maker or any affiliated entity, including the Individual Grantor as defined herein, (each, an “**Affiliate**”) shall: (i) become insolvent; (ii) admit in writing its inability to pay its debts as they mature; (iii) commence, or file any petition or answer under, any bankruptcy, liquidation, reorganization, arrangement, insolvency or other proceeding, whether federal or state, relating to the relief of debtors; (iv) apply for or acquiesce in the appointment of a receiver, trustee, custodian or liquidator for itself or a substantial portion of its property, assets or business; (v) make a general assignment for the benefit of its creditors, or effect a plan in bankruptcy or other similar arrangement with its creditors; (vi) admit the material allegations of a petition filed against it in any bankruptcy, liquidation, reorganization, arrangement, insolvency or other proceeding, whether federal or state, relating to the relief of debtors; (vii) file a voluntary petition in bankruptcy, or a petition or an answer seeking reorganization or an arrangement with creditors or to take advantage of any bankruptcy, reorganization, insolvency, readjustment of debt, dissolution or liquidation law or statute, or an answer admitting the material allegations of a petition filed against it in any proceeding under any such law, or if action shall be taken by it for the purpose of effecting any of the foregoing; (viii) be adjudicated a bankrupt or insolvent; or (ix) take action to effectuate any of the foregoing; or

(c) If: (i) involuntary proceedings or any involuntary petition shall be commenced or filed against Maker or any Affiliate under any bankruptcy, insolvency or similar law, seeking the appointment of a receiver, trustee, custodian or liquidator for Maker or any Affiliate or a substantial portion of Maker’s or any Affiliate’s property, assets or business, and such proceedings or petition shall not be dismissed or vacated within thirty (30) days after its commencement or filing; (ii) any writ, judgment, warrant of attachment, execution or similar process shall be issued or levied against a substantial portion of Maker’s or any Affiliate’s properties or assets, and any such proceedings, petition, writ, judgment, warrant, execution or similar process shall not be released, vacated or fully bonded within thirty (30) days after its commencement, filing or levy; or (iii) an order, judgment or decree shall be entered, without the application, approval or consent of Maker or any Affiliate, with respect to Maker or any Affiliate or a substantial portion of its assets or properties, appointing a receiver, trustee, custodian or liquidator for Maker or any Affiliate or a substantial portion of Maker’s or any Affiliate’s property, assets or business, or any similar order, judgment or decree shall be entered or appointment made in any jurisdiction, and such order, judgment, decree or appointment shall continue unstayed and in effect for a period of thirty (30) days;

(d) If Maker or any Affiliate enters into an accounts receivable financing program (“**Accounts Receivable Facility**”) (such event, the “**Accounts Receivable Acceleration Event**”); or

(e) the occurrence of an Acceleration Event (as defined in each instrument) in any of the \_\_\_\_\_ Revolver, the Convertible Notes or the 2018 Revolver.

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Maker and Payee hereby agree that any and all indebtedness incurred by Maker (whether prior to, contemporaneous with, or subsequent to the date of this Note), other than Permitted Indebtedness, shall be fully and contractually subordinated in all respects (including, without limitation, in right and priority of payment and repayment of principal, interest, and all fees and other amounts) to Maker's indebtedness and payment obligations under this Note.

Maker may prepay all or any portion of the principal amount outstanding under this Note at any time, without premium or penalty, and reborrow hereunder during the Commitment Period, subject to the terms of this Note; provided, however, that any prepayment of principal hereunder shall be accompanied by Maker's payment of all accrued and unpaid interest and Commitment Fee outstanding hereunder at the time. Payee agrees that upon Maker entering into an Accounts Receivable Facility, this Note shall be terminated and any Indebtedness due hereunder shall be paid in full. Payments received by Payee under this Note shall be applied in the following order: first, to the payment of all collection and enforcement expenses, if any, incurred by Payee in collecting and enforcing Maker's obligations hereunder; second, to the payment of all Commitment Fee accrued and owing hereunder through the date of such payment; third, to the payment of all interest accrued and owing hereunder through the date of such payment; and fourth, to the repayment of the principal amount outstanding of this Note. Notwithstanding the foregoing or anything else herein contained to the contrary, Maker and Payee are parties to that certain Intercreditor Agreement dated March 14, 2022, among each of them, \_\_\_\_\_, in its sole capacity as "Servicing Lender" (as defined therein) and \_\_\_\_\_ (the "**Intercreditor Agreement**"), and any such payments received by Payee under this Note are subject to the terms of the Intercreditor Agreement.

This Note is subject to the express condition that at no time shall Maker be obligated or required to pay interest on the outstanding principal balance of this Note at a rate that could subject Payee to either civil or criminal liability as a result of being in excess of the maximum rate that Maker is permitted by law to contract or agree to pay. If, by the terms of this Note, Maker is at any time required or obligated to pay interest on the outstanding principal balance of this Note at a rate in excess of such maximum rate, the Applicable Rate shall be deemed, without further act or instrument, to be immediately reduced to such maximum rate; and if and to the extent any payments in excess of such maximum permitted amount are received by Payee, such excess shall be considered repayments in respect of the principal amount outstanding of this Note.

In the event that Maker fails to pay any amount owing by it hereunder in full when due (whether on any interest or Commitment Fee payment date, at stated Maturity, by acceleration or otherwise), Maker agrees to promptly pay all of Payee's costs and expenses incurred in attempting or effecting collection hereunder or the enforcement of this Note, including, without limitation, all attorneys' fees and related charges, as and when incurred by Payee, whether or not any action, suit or proceeding is instituted for collection or for the enforcement of this Note; and all such costs and expenses of collection and enforcement shall be added to the principal amount outstanding of this Note and shall, if not promptly paid in full by Maker as and when incurred by Payee, bear interest at the Applicable Rate until paid in full.

If any payment hereunder shall be due on a Saturday, a Sunday, or a public or bank holiday in the State of New York (any other day, a "**Business Day**"), such payment shall be made on the next succeeding Business Day, and any such extension of time shall be included in the computation of interest or Commitment Fee, as the case may be, hereunder. Each payment hereunder shall be made in lawful money of the United States of America and in immediately available funds, prior to 12:00 noon Eastern Time on the date due thereof; any payment made after such time shall be deemed to have been made on the next succeeding Business Day, and such extension of time shall be included in the computation of interest or Commitment Fee, as the case may be, hereunder.

Maker's obligations under this Note are absolute and unconditional, notwithstanding the existence or terms and conditions of, or any reference herein to, any other document or agreement,

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and are not subject to any defense, set-off, counterclaim, rescission, recoupment or adjustment whatsoever. Maker hereby expressly and irrevocably waives (i) presentment, demand for payment, notice of dishonor, protest, notice of protest, and every other form of notice whatsoever with respect to this Note, (ii) any right it may have to demand a jury trial with respect to the enforcement of, or any controversy arising under or relating to, this Note, (iii) any right to offset any amounts payable hereunder against, or to submit any counterclaims in respect of, any obligations of Payee to Maker, and (iv) all rights to the benefits of any statute of limitations and any moratorium, appraisal or exemption now provided, or which may hereafter be provided, by any federal or state statute, including, without limitation, exemptions provided by or allowed under the Bankruptcy Code of 1978 (11 U.S.C.), as amended, or under common law, as to both Maker itself and all of its properties and assets, whether real or personal, against the enforcement and collection of the obligations evidenced by this Note and any and all extensions, renewals, and modifications hereof and thereof. The illegality or unenforceability in whole or in part of, or the default by any party under, any other document or agreement shall not constitute a defense to any claim by Payee for the payment or repayment, as the case may be, of principal, interest, Commitment Fee, or any other amount hereunder.

THIS NOTE CREATES A LIEN ON, AND GRANTS A SECURITY INTEREST IN, THE COLLATERAL DESCRIBED ON THE ATTACHED EXHIBIT A, AND IT SHALL CONSTITUTE A SECURITY AGREEMENT UNDER THE NEW YORK UNIFORM COMMERCIAL CODE (“*UCC*”) OR ANY OTHER LAW APPLICABLE TO THE CREATION OF LIENS ON PERSONAL PROPERTY AND COLLATERAL. EACH GRANTOR COVENANTS AND AGREES THAT THE SERVICING LENDER MAY FILE AND REFILE SUCH UCC AND OTHER FINANCING STATEMENTS, CONTINUATION STATEMENTS OR OTHER DOCUMENTS AS THE SERVICING LENDER SHALL DEEM NECESSARY OR APPROPRIATE FROM TIME TO TIME WITH RESPECT TO SUCH COLLATERAL. DURING THE CONTINUANCE OF AN ACCELERATION EVENT, THE SERVICING LENDER SHALL, IN ADDITION TO ALL OTHER RIGHTS AND REMEDIES SET FORTH IN THIS NOTE, HAVE ALL RIGHTS AND REMEDIES OF A SECURED PARTY UNDER THE NEW YORK UCC. WITH RESPECT TO ANY PRIVATE SALE OF SUCH COLLATERAL, MAKER AND INDIVIDUAL GRANTOR (AS DEFINED BELOW), AS APPLICABLE, SHALL BE ENTITLED TO RECEIVE AT LEAST THIRTY (30) DAYS’ PRIOR WRITTEN NOTICE.

Each of the Maker, its undersigned wholly-owned subsidiaries (such wholly-owned subsidiaries, the “*Subsidiaries*”) and Michael Mathews (the “*Individual Grantor*”, and together with the Maker and the Subsidiaries, collectively, the “*Grantors*” and each individually, a “*Grantor*”), for good and valuable consideration, including, without limitation, the aggregate sum loaned by Payee to Maker in connection with, and as evidenced by, this Note, do hereby grant and pledge unto the Servicing Lender, as agent, for the benefit of Payee, as a secured party, a security interest in, lien on, and pledge of the collateral described on the attached Exhibit A, as applicable (the “*Collateral*”). With respect to such security interest, lien and pledge, each Grantor hereby represents, warrants, covenants and agrees that:

(i) such Grantor, as applicable, owns the Collateral free and clear of any lien, security interest, charge or encumbrance (except such thereof as are created hereby or in respect of other Permitted Indebtedness), and that no UCC or other financing statement or other instrument similar in effect covering all or any part of the Collateral is on file in any recording office (except in respect of Permitted Indebtedness);

(ii) such Grantor shall not make any further assignment or pledge of all or any part of the Collateral or create any further lien thereon or security interest therein (except such thereof as are created hereby or in respect of other Permitted Indebtedness), nor permit its rights therein to be reached by attachment, levy, garnishment or other judicial process;

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(iii) as of date hereof, the name (within the meaning of Section 9-503 of the UCC), jurisdiction of organization, type of entity and organizational number of each Grantor (other than the Individual Grantor) is set forth on Schedule 1 attached hereto (each such Subsidiary being a “*Pledged Subsidiary*,” and collectively, the “*Pledged Subsidiaries*”);

(iv) no authorization, approval or other action is necessary by any governmental authority, regulatory body or other entity or individual for the granting and pledging of the lien on and security interest in the Collateral created hereby;

(v) such Grantor shall keep accurate and complete records and accounts concerning the Collateral;

(vi) such Grantor shall defend the title to the Collateral against all persons, and against all claims and demands, as necessary to keep the Collateral free and clear of any and all liens, security interests, claims, charges, encumbrances, taxes and assessments (except such thereof as are created hereby or in respect of other Permitted Indebtedness);

(vii) such Grantor shall promptly notify the Servicing Lender in writing of any litigation, governmental investigations or other prosecutions involving the Collateral;

(viii) such Grantor (other than the Individual Grantor) shall deliver a springing deposit account control agreement (the “*Control Agreement*”) with respect to each deposit account and securities account (other than (a) any deposit account the funds in which are used exclusively for payroll, payroll taxes and other employee wage and benefit payments, (b) any deposit account the funds in which are in trust for any third parties or any other trust accounts, escrow accounts and fiduciary accounts, (c) any deposit account that is a zero-balance disbursement account and (d) any account specifically and exclusively used to hold “Title IV, HEA program funds” on behalf of Maker or any applicable subsidiary pending disbursement of such funds to, or on behalf of, eligible students under the terms of 34 C.F.R. Section 668.163 (collectively, “*Excluded Accounts*”) owned by such Grantor as of or after the date of this Note, effective to grant “control” (within the meaning of Articles 8 and 9 under the UCC) over such account to the Servicing Lender, provided that it is agreed and understood that (A) with respect to deposit accounts and securities accounts (other than Excluded Accounts) of such Grantor existing on the date hereof, such Grantor shall comply with the provisions of this clause (viii) on the date hereof, and (B) with respect to deposit accounts and securities accounts (other than Excluded Accounts) acquired by, or opened in the name of any Grantor after the date hereof, such Grantor shall have until the date that is thirty (30) days (or such longer period, if any, to which the Servicing Lender may agree in his sole and absolute discretion) following the date of such opening or acquisition to comply with the provisions of this clause (viii). Set forth on Schedule 2 attached hereto is a listing of all of each Grantor’s deposit accounts and securities accounts (other than Excluded Accounts) as of the date hereof, including, with respect to each bank, the name and address of such bank and the account numbers of the deposit accounts and securities accounts maintained with such bank;

(ix) except for the security interest created hereby or in respect of other Permitted Indebtedness, (a) Maker is and will at all times be the sole holder of record and the legal and beneficial owner, free and clear of all liens, of the equity interests indicated on Schedule 3-A attached hereto (collectively, the “*Pledged Interests*”) as being owned by Maker, (b) all of the Pledged Interests are duly authorized, validly issued, and, to the extent applicable, fully paid and non-assessable, and constitute the percentage of the issued and outstanding equity interests of the Pledged Subsidiaries of Maker identified on said Schedule 3; and (c) except as set forth on Schedule 3-A, there exist no options, warrants, conversion rights or other rights outstanding to acquire equity interests in any of the Pledged Subsidiaries. With respect to any Pledged Interest which is not certificated, Maker and each Pledged Subsidiary hereby agrees (A) to comply with all instructions from the Servicing Lender without requiring Maker’s or such Pledged Subsidiary’s further consent and (B) not to take any action to cause any such uncertificated Pledged Interest to become

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certificated unless Maker promptly notifies the Servicing Lender in writing of Maker's election to do so and, in that event, promptly (and in any case within five (5) days of such election) delivers to the Servicing Lender the original certificate representing such Pledged Interest accompanied by undated instruments of transfer or assignment duly executed in blank;

(x) except for the security interest created hereby or in respect of other Permitted Indebtedness, (a) the Individual Grantor is and will at all times be the sole holder of record and the legal and beneficial owner, free and clear of all liens, of the equity interests indicated on Schedule 3-B attached hereto (collectively, the "**Individual Grantor Pledged Interests**") as being owned by the Individual Grantor. With respect to any Individual Grantor Pledged Interest that is certificated, on the date of this Note, (or within five (5) Business Days thereafter), the Individual Grantor shall deliver to the Servicing Lender all of the original certificate(s) representing such Individual Grantor Pledged Interest accompanied by undated instruments of transfer or assignment duly executed in blank. With respect to any Individual Grantor Pledged Interest which is not certificated, the Individual Grantor hereby agrees (A) to comply with all instructions from the Servicing Lender and, upon request of the Servicing Lender, promptly enter into control agreements satisfactory to the Servicing Lender and (B) not to take any action to cause any such uncertificated Individual Grantor Pledged Interest to become certificated unless the Individual Grantor promptly notifies the Servicing Lender in writing of the Individual Grantor's election to do so and, in that event, promptly (and in any case within five (5) days of such election) delivers to the Servicing Lender the original certificate representing such Individual Grantor Pledged Interest accompanied by undated instruments of transfer or assignment duly executed in blank. For the avoidance of doubt, upon payment in full of the outstanding amount under each of the Revolvers and the termination of the commitments thereunder, the Servicing Lender and Individual Grantor shall coordinate for the prompt return of any share certificates to the Individual Grantor or its designee;

(xi) such Grantor shall take all such further action as may be reasonably necessary or requested by the Servicing Lender in order to perfect and protect the lien, pledge and security interest created hereby;

(xii) such Grantor shall not permit the Pledged Subsidiaries to issue any additional equity or equity rights, without the prior written consent of Payee for so long as any of the Indebtedness remains outstanding; and

(xiii) all items of Collateral described in paragraphs 1 through 4 on the attached Exhibit A have been duly and validly authorized and issued, and are fully paid and non-assessable.

During the continuance of an Acceleration Event, the Servicing Lender shall have the right to pursue all of its legal rights and remedies at law, in equity, or in other appropriate proceedings, including, without limitation, all rights and remedies available to a secured party under the New York UCC or under the laws (including, without limitation, the UCC) of each other jurisdiction where the Collateral, or any portion of it, is located. So long as there is no Acceleration Event hereunder, Maker and Individual Grantor shall be entitled (i) to exercise its voting and other consensual rights with respect to the Collateral described in paragraphs 1 through 4 on the attached Exhibit A and otherwise exercise the incidents of ownership thereof, and (ii) to receive dividends or other distributions made with respect to such Collateral.

All notices, demands or other communications (collectively, "**notices**") relating to any matter set forth herein shall be in writing and made, given, served or sent (collectively, "**delivered**") by (i) certified mail (return receipt requested) or (ii) reputable commercial overnight courier service (Federal Express, UPS or equivalent that provides a receipt) for next-business-morning delivery, in each case with postage thereon prepaid by sender and addressed to the intended recipient at its address set forth in the first paragraph of this Note (or at such other address as the intended recipient shall have previously provided to the sender in the same manner herein provided); provided that copies of any such notice to Payee shall also be sent to \_\_\_\_\_ and emailed to Payee at

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\_\_\_\_\_. Any such notice sent as so provided shall be deemed effectively delivered (x) on the third Business Day after being sent by certified mail, (y) on the next business morning if sent by overnight courier for next-business-morning delivery or (z) on the day of its actual delivery to the intended recipient (as shown by the return receipt or proof-of-delivery), whichever is earlier.

This Note shall be governed by, and construed and enforced in accordance with, the substantive laws of the State of New York applicable to contracts made between residents of that state, entered into and to be wholly performed within that state, notwithstanding the parties' actual states of residence or legal domicile if outside that state and without reference to any conflict of laws or similar rules that might otherwise mandate or permit the application of the laws of any other jurisdiction. Any suit, action or proceeding relating to this Note shall be brought exclusively in the courts of New York State sitting in the Borough of Manhattan, New York City, or in U.S. District Court for the Southern District of New York, and, for all purposes of any such action, suit or proceeding, Maker hereby irrevocably (i) submits to the exclusive jurisdiction of such courts, (ii) waives any objection to such choice of venue based on *forum non conveniens* or any other legal or equitable doctrine, and (iii) waives trial by jury and the right to interpose any set-off or counterclaim, of any nature or description whatsoever, in any such action, suit or proceeding.

No right or remedy conferred upon Payee or the Servicing Lender, as applicable, under this Note is intended to be exclusive of any other right or remedy available to Payee or the Servicing Lender, whether at law, in equity, by statute or otherwise, but shall be deemed cumulative with all such other rights and remedies. Without limiting the generality of the foregoing, if this Note and all amounts (whether of principal, interest, Commitment Fee or otherwise) accrued hereunder shall not be paid in full when due (whether on any interest or Commitment Fee payment date, at stated Maturity, by acceleration or otherwise), Payee and the Servicing Lender shall be free to enforce their rights and remedies against Maker as Payee and the Servicing Lender, as applicable, may see fit under the circumstances, in no particular order or priority. No failure to exercise, or any delay in exercising, by Payee or the Servicing Lender, as applicable, any of their rights or remedies hereunder shall operate as a waiver thereof. A waiver by Payee or the Servicing Lender of any right or remedy hereunder on any one occasion shall not be construed as a bar to Payee's or the Servicing Lender's exercise of that same or of any other right or remedy which Payee or the Servicing Lender, as applicable, would otherwise have on any future occasion. No forbearance, indulgence, delay or failure by Payee or the Servicing Lender to exercise any of their rights or remedies with respect to this Note, nor any course of dealing between Maker, on the one hand, and Payee or the Servicing Lender, as applicable, on the other hand, shall operate as a waiver of any such right or remedy, nor shall any single or partial exercise of any such right or remedy preclude any other or further exercise thereof or the exercise of any other right or remedy. Payee and the Servicing Lender shall not, by any course of dealing, indulgence, omission, or other act (except a further instrument signed by the Servicing Lender) or failure to act, be deemed to have waived any right or remedy hereunder, or to have acquiesced in any Acceleration Event or in any breach of any of the terms of this Note. No modification, rescission, waiver, forbearance, release or amendment of any term, covenant, condition or provision of this Note or any of Maker's obligations hereunder shall be valid or enforceable unless made and evidenced in writing, expressly referring to this Note and signed by both Maker and the Servicing Lender.

The terms and provisions of this Note are severable. In the event of the unenforceability or invalidity of one or more of the terms, covenants, conditions or provisions of this Note under federal, state or other applicable law in any circumstance, such unenforceability or invalidity shall not affect the enforceability or validity of such term, covenant, condition or provision in any other circumstance, or render any other term, covenant, condition or provision of this Note unenforceable or invalid.

Subject to the Intercreditor Agreement, Payee may assign its rights under this Note to any related or affiliated person or entity upon three (3) Business Days' prior notice to Maker; and Maker's obligations hereunder shall inure to the benefit of Payee and each of Payee's successors

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and permitted assigns, and shall be binding for all purposes on Maker and its successors-in-interest. No assignment, delegation or other transfer of Maker's rights or obligations hereunder shall be made or be effective absent Payee's prior, written consent thereto.

Whenever used herein, the singular number shall include the plural, the plural shall include the singular, and the words "Payee" and "Maker" shall include their respective successors and permitted assigns.

The parties acknowledge that the Individual Grantor is executing this Note solely with respect to the pledge of his securities as part of the Collateral and the Payee shall have no recourse against the Individual Grantor personally other than with respect to his pledged securities.

***Signature page follows immediately below***

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IN WITNESS WHEREOF, each of Maker, its Subsidiaries party hereto and the Individual Grantor has duly executed and delivered this Note on the day and year first written above.

**MAKER**

ASPEN GROUP, INC.

By \_\_\_\_\_  
Michael Mathews  
Chairman and Chief Executive Officer

**SUBSIDIARIES**

UNITED STATES UNIVERSITY, INC.,  
a Delaware corporation

By \_\_\_\_\_  
Michael Mathews  
Chief Executive Officer

ASPEN UNIVERSITY INC.,  
a Delaware corporation

By \_\_\_\_\_  
Michael Mathews  
Chief Executive Officer

**INDIVIDUAL GRANTOR**

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**EXHIBIT A – COLLATERAL**

Unless otherwise defined in that certain Revolving Promissory Note and Security Agreement dated March 14, 2022, in the principal face amount of US\$10,000,000 in favor of \_\_\_\_\_ to which this Exhibit A is attached (the “*Note*”), capitalized terms used herein shall have the same respective meanings ascribed to such terms under the Uniform Commercial Code (“*UCC*”) as in effect in the State of New York.

1. All Accounts of Aspen University Inc., a Delaware corporation, whether now or hereafter owned, existing, acquired or arising and wherever now or hereafter located, together with all warranties, increases, renewals, additions and accessions thereto, substitutions therefor, and replacements, cash and proceeds thereof.

2. All Accounts of United States University, Inc., a Delaware corporation, whether now or hereafter owned, existing, acquired or arising and wherever now or hereafter located, together with all warranties, increases, renewals, additions and accessions thereto, substitutions therefor, and replacements, cash and proceeds thereof.

3. All of Aspen Group, Inc.’s right, title and interest in and to: (a) its Deposit Accounts (other than Excluded Accounts (as defined in the Note)), up to the aggregate amount from time to time due and owing to Payee under the Note; and (b) the common stock and other equity interests of Aspen University Inc., a Delaware corporation, and United States University, Inc., a Delaware corporation, together with (i) all “investment property” as such term is defined in the UCC with respect to such stock and equity interests, (ii) any “security entitlement” as such term is defined in the UCC with respect to such stock and equity interests, (iii) all books and records relating to the foregoing, and (iv) all Accessions and Proceeds of such stock and equity interests, including, without limitation, all distributions (cash, stock or otherwise), dividends, stock dividends, securities, cash, instruments, rights to subscribe, purchase or sell, and other property, rights and interest that Maker is at any time entitled to receive or is otherwise distributed in connection with such stock and equity interests.

4. All of the Individual Grantor’s right, title and interest in and to the common stock of Maker together with (i) all “investment property” as such term is defined in the UCC with respect to such stock and equity interests, (ii) any “security entitlement” as such term is defined in the UCC with respect to such stock and equity interests, (iii) all books and records relating to the foregoing, and (iv) all Accessions and Proceeds of such stock and equity interests, including, without limitation, all distributions (cash, stock or otherwise), dividends, stock dividends, securities, cash, instruments, rights to subscribe, purchase or sell, and other property, rights and interest that the Individual Grantor is at any time entitled to receive or is otherwise distributed in connection with such stock and equity interests.

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**Schedule 1**

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**SCHEDULE 2**

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**SCHEDULE 3-A**

**SCHEDULE 3-B**

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NEITHER THE ISSUANCE AND SALE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE NOR THE SECURITIES INTO WHICH THESE SECURITIES ARE CONVERTIBLE HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED (I) IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR (B) AN OPINION OF COUNSEL SELECTED BY THE HOLDER IN CUSTOMARY FORM, SUBSTANCE AND SCOPE THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT OR (II) UNLESS ELIGIBLE TO BE SOLD PURSUANT TO RULE 144 UNDER SAID ACT. NOTWITHSTANDING THE FOREGOING, THE SECURITIES MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN OR FINANCING ARRANGEMENT SECURED BY THE SECURITIES.

**CONVERTIBLE PROMISSORY NOTE  
AND SECURITY AGREEMENT**

US \$5,000,000

New York, New York  
March 14, 2022

FOR VALUE RECEIVED, the undersigned, ASPEN GROUP, INC., a Delaware corporation having its principal place of business at 276 Fifth Avenue, Suite 505, New York, New York 10001 (“*Maker*”), HEREBY PROMISES TO PAY as and when due from time to time in accordance with the terms of this convertible promissory note and security agreement (this “*Note*”), whether at its stated Maturity (as defined below) or by acceleration or otherwise, TO THE ORDER OF \_\_\_\_\_ (together with its successors and permitted assigns, “*Payee*”), at Payee’s address above or at such other place as may be designated from time to time in writing by Payee, in lawful money of the United States of America (“*US\$*” and “*U.S. dollars*”) and in immediately available funds, IN FULL without deduction, reduction, offset or counterclaim the following (collectively, the “*Indebtedness*”): (i) the principal sum of FIVE MILLION U.S. DOLLARS (US\$5,000,000) or such lesser principal amount as shall then be outstanding under this Note, (ii) all interest accrued and unpaid on the principal amount of this Note outstanding from time to time, calculated at the Applicable Rate (as defined below) from time to time in effect for the period from and including the date of this Note through the date on which such principal sum and all such accrued interest are paid in full, and (iii) all other amounts, if any, then due and owing under this Note.

1. Reserved.

2. Interest; Applicable Rate. Maker shall pay interest monthly on the principal amount of this Note outstanding from time to time, calculated at the Applicable Rate from time to time in effect for the period from and including the date of this Note through the date on which all amounts owing under this Note are paid or repaid, as the case may be, in full, computed daily (on the basis of actual days elapsed in a 365-day year) and payable monthly (and when this Note shall fall due, whether at stated Maturity, by acceleration or otherwise) by not later than the third (3<sup>rd</sup>) Business Day (as defined below) of each month. For all purposes of this Note, the “*Applicable Rate*” shall equal twelve percent (12%) per annum; provided, however, that in the event that any amount (whether of principal, interest or otherwise) payable under this Note is not paid in full as and when due in accordance with the terms of this Note (whether at stated

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Maturity, by acceleration, or otherwise in accordance with such terms), then the Applicable Rate shall increase to eighteen percent (18%) per annum.

3. **Maturity Date; Acceleration of Maturity Date.** The stated maturity of this Note (its "**Maturity**") shall be March 14, 2027, unless otherwise converted pursuant to the terms hereof; provided, however, that upon the occurrence of any of the events specified in subparagraphs (a) through (j) immediately below (each, an "**Acceleration Event**"), the entire principal amount outstanding of this Note, and all interest and other amounts accrued and unpaid thereon or hereunder, shall automatically, without protest, presentment, petition, demand, or other notice, declaration, act or instrument of, by or from Payee or any other person (all of which are hereby expressly and irrevocably waived by Maker), and for all purposes, be accelerated and become immediately due and payable, in full, to Payee:

(a) If Maker shall: (i) fail to make any payment owing to Payee hereunder in full when due in accordance with the terms of this Note, which failure shall continue uncured for a period of at least three (3) Business Days; (ii) fail to make any payment owing to any other lender in full when due in accordance with the terms governing such loan; or (iii) directly or indirectly, so long as any principal, interest or other amount remains outstanding hereunder (whether or not then due and owing), make or propose to make any dividend payment (except for dividends payable in common stock or in rights to buy common stock) or other cash-flow distribution to any of Maker's shareholders or other stakeholders (except for non-dividend payments to students or employees in the ordinary course of business), or any payment of principal, interest or any other amount in respect of any other indebtedness (whether secured or unsecured) owing to any individual, entity or other person (other than Payee), except for Permitted Indebtedness (as defined below). "**Permitted Indebtedness**" shall mean (A) the indebtedness evidenced by this Note, including, without limitation, all principal thereof and accrued and unpaid interest thereon; (B) the indebtedness evidenced by that certain revolving promissory note and security agreement, dated as of the date hereof, in the face amount of ten million U.S. dollars (US\$10,000,000) issued by Maker to Payee, including, without limitation, all principal thereof and accrued and unpaid interest thereon (the "**Payee 2022 Revolver**"); (C) the indebtedness evidenced by that certain revolving promissory note and security agreement, dated as of the date hereof, in the face amount of ten million U.S. dollars (US\$10,000,000) issued by Maker to \_\_\_\_\_, including, without limitation, all principal thereof and accrued and unpaid interest thereon (the "**\_\_\_\_\_ Revolver**," together with the Payee 2022 Revolver, the "**2022 Revolvers**"); (D) the indebtedness evidenced by that certain convertible promissory note and security agreement, dated as of the date hereof, in the face amount of five million U.S. dollars (US\$5,000,000) issued by Maker to \_\_\_\_\_, including, without limitation, all principal thereof and accrued and unpaid interest thereon (the



“\_\_\_\_\_ *Convertible Note*”); (E) the indebtedness evidenced by that certain revolving promissory note and security agreement dated as of November 5, 2018, and amended and restated as of March 5, 2019, as amended on January 22, 2020, August 31, 2021 and the date of this Note, in the face amount of five million U.S. dollars (US\$5,000,000) issued by Maker to Payee, including, without limitation, all principal thereof and accrued and unpaid interest thereon (the “*2018 Revolver*”, together with the 2022 Revolvers, the “*Revolvers*”); (F) an accounts receivable financing program (“*Accounts Receivable Facility*”) entered into by the Maker or any Affiliate; and (G) trade indebtedness (not to exceed five million U.S. dollars (US\$5,000,000) at any one time outstanding) in respect of equipment and/or software and software systems purchase money financing or capital leases incurred by Maker in the ordinary course of business; or

(b) If Maker or any affiliated entity, including the Individual Grantor as defined herein, (each, an “*Affiliate*”) shall: (i) become insolvent; (ii) admit in writing its inability to pay its debts as they mature; (iii) commence, or file any petition or answer under, any bankruptcy, liquidation, reorganization, arrangement, insolvency or other proceeding, whether federal or state, relating to the relief of debtors; (iv) apply for or acquiesce in the appointment of a receiver, trustee, custodian or liquidator for itself or a substantial portion of its property, assets or business; (v) make a general assignment for the benefit of its creditors, or effect a plan in bankruptcy or other similar arrangement with its creditors; (vi) admit the material allegations of a petition filed against it in any bankruptcy, liquidation, reorganization, arrangement, insolvency or other proceeding, whether federal or state, relating to the relief of debtors; (vii) file a voluntary petition in bankruptcy, or a petition or an answer seeking reorganization or an arrangement with creditors or to take advantage of any bankruptcy, reorganization, insolvency, readjustment of debt, dissolution or liquidation law or statute, or an answer admitting the material allegations of a petition filed against it in any proceeding under any such law, or if action shall be taken by it for the purpose of effecting any of the foregoing; (viii) be adjudicated a bankrupt or insolvent; or (ix) take action to effectuate any of the foregoing;

(c) If: (i) involuntary proceedings or any involuntary petition shall be commenced or filed against Maker or any Affiliate under any bankruptcy, insolvency or similar law, seeking the appointment of a receiver, trustee, custodian or liquidator for Maker or any Affiliate or a substantial portion of Maker’s or any Affiliate’s property, assets or business, and such proceedings or petition shall not be dismissed or vacated within thirty (30) days after its commencement or filing; (ii) any writ, judgment, warrant of attachment, execution or similar process shall be issued or levied against a substantial portion of Maker’s or any Affiliate’s properties or assets, and any such proceedings, petition, writ, judgment, warrant, execution or similar process shall not be released, vacated or fully bonded within thirty (30) days after its

commencement, filing or levy; or (iii) an order, judgment or decree shall be entered, without the application, approval or consent of Maker or any Affiliate, with respect to Maker or any Affiliate or a substantial portion of its assets or properties, appointing a receiver, trustee, custodian or liquidator for Maker or any Affiliate or a substantial portion of Maker's or any Affiliate's property, assets or business, or any similar order, judgment or decree shall be entered or appointment made in any jurisdiction, and such order, judgment, decree or appointment shall continue unstayed and in effect for a period of thirty (30) days;

(d) the failure of the Common Stock (as hereinafter defined in Section 4) to be listed or traded on at least one (1) Eligible Market for a period of five (5) consecutive Trading Days or for more than an aggregate of ten (10) Trading Days in any 365-day period;

(e) the Maker's (A) failure to cure a Conversion Failure (as hereinafter defined) by delivery of the required number of shares of Common Stock within ten (10) Business Days after the applicable Conversion Date or (B) by notice, written or oral, to any holder of this Note, including by way of public announcement or through any of its agents, at any time, of its intention not to comply with a request for conversion of any Notes into shares of Common Stock that is tendered in accordance with the provisions of the Notes;

(f) at any time following the tenth (10th) consecutive Business Day that the Payee's Authorized Share Allocation is less than the number of shares of Common Stock that the Payee would be entitled to receive upon a conversion of the full Conversion Amount (as defined below) of the Notes;

(g) the failure of the applicable Registration Statement required to be filed pursuant to the Registration Rights Agreement to be filed or declared effective within the applicable time period specified in the Registration Rights Agreement, or, at any time while the applicable Registration Statement is required to be maintained effective pursuant to the terms of the Registration Rights Agreement, the effectiveness of the applicable Registration Statement lapses for any reason (including, without limitation, the issuance of a stop order) or is unavailable to any holder of the Notes for sale of all of such holder's Registrable Securities in accordance with the terms of the Registration Rights Agreement, and such lapse or unavailability continues for a period of ten (10) consecutive Trading Days or for more than an aggregate of fifteen (15) Trading Days in any 365-day period (other than days during an Allowable Grace Period (as defined in the Registration Rights Agreement));

(h) the Maker's failure to comply with Section 4(g) hereof;

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(i) Stockholder Approval not having been obtained by March 31, 2023; or

(i) the occurrence of an Acceleration Event (as defined in each instrument) in any of the \_\_\_\_\_ Convertible Note or the Revolvers, provided, however that the occurrence of an Accounts Receivable Acceleration Event (as defined in the Revolvers, an “*Accounts Receivable Acceleration Event*”) under any of the Revolvers shall not result in an Acceleration Event hereunder.

4. Conversion of Notes. This Note shall be convertible into shares of the Maker’s common stock, par value \$0.001 per share (the “*Common Stock*”), on the terms and conditions set forth in this Section 4.

(a) Conversion Right. Subject to the Beneficial Ownership Limitations, as defined herein, at any time or times after the Effective Date, the Payee shall be entitled to convert any portion of the outstanding and unpaid Conversion Amount into fully paid and nonassessable shares of Common Stock in accordance with Section 4(c), at the Conversion Rate (as defined below). The Maker shall not issue any fraction of a share of Common Stock upon any conversion. If the issuance would result in the issuance of a fraction of a share of Common Stock, the Maker shall round such fraction of a share of Common Stock up to the nearest whole share. Upon any conversion, the Maker shall pay any accrued and unpaid interest with respect to the Conversion Amount (as defined below) on the applicable Share Delivery Date (as defined below) in cash. The Maker shall pay any and all transfer, stamp and similar taxes that may be payable with respect to the issuance and delivery of Common Stock upon conversion of any Conversion Amount.

(b) Conversion Rate. The number of shares of Common Stock issuable upon conversion of any Conversion Amount pursuant to Section 4(a) (the “*Conversion Shares*”) shall be determined by dividing (x) such Conversion Amount by (y) the Conversion Price (the “*Conversion Rate*”).

(i) “*Conversion Amount*” means the portion of the principal to be converted with respect to which this determination is being made.

(ii) “*Conversion Price*” means, as of any Conversion Date (as defined below) or other date of determination, \$1.00, subject to adjustment as provided herein.

(c) Mechanics of Conversion.

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(i) **Optional Conversion.** To convert any Conversion Amount into shares of Common Stock on any date (a “**Conversion Date**”), the Payee shall, subject to the Beneficial Ownership Limitations, (A) transmit by email (or otherwise deliver), for receipt on or prior to 11:59 p.m., New York time, on such date, a copy of an executed notice of conversion in the form attached hereto as Exhibit A (the “**Conversion Notice**”) to the Maker and Action Stock Transfer Corporation (including any successor transfer agent of the Maker, the “**Transfer Agent**”) and (B) if required by Section 4(c)(iii), surrender this Note to a common carrier for delivery to the Maker as soon as practicable on or following such date (or an indemnification undertaking with respect to this Note in the case of its loss, theft or destruction). On or before the first (1st) Business Day following the date of receipt of a Conversion Notice, the Maker shall transmit by email a confirmation of receipt of such Conversion Notice to the Payee and the Transfer Agent. On or before the second (2nd) Trading Day following the date of receipt of a Conversion Notice (the “**Share Delivery Date**”), the Maker shall (x) provided that the Transfer Agent is participating in the DTC Fast Automated Securities Transfer Program, credit such aggregate number of shares of Common Stock to which the Payee shall be entitled to the Payee’s or its designee’s balance account with DTC through its Deposit Withdrawal Agent Commission system or (y) if the Transfer Agent is not participating in the DTC Fast Automated Securities Transfer Program, issue and deliver to the address as specified in the Conversion Notice, a certificate, registered in the name of the Payee or its designee, for the number of shares of Common Stock to which the Payee shall be entitled. If this Note is physically surrendered for conversion as required by Section 4(c)(iii) and the outstanding principal of this Note is greater than the principal portion of the Conversion Amount being converted, then the Maker shall, as soon as practicable and in no event later than five (5) Business Days after receipt of this Note and at its own expense, issue and deliver to the Payee a new Note representing the outstanding principal not converted. The person or persons entitled to receive the shares of Common Stock issuable upon a conversion of this Note shall be treated for all purposes as the record holder or holders of such shares of Common Stock on the Conversion Date.

(ii) **Maker’s Failure to Timely Convert.** If the Maker shall fail to issue a certificate to the Payee or credit the Payee’s balance account with DTC, as applicable, for the number of shares of Common Stock to which the Payee is entitled upon conversion of any Conversion Amount on or prior to the date which is two (2) Trading Days after the Conversion Date (a “**Conversion Failure**”), then (A) the Maker shall pay damages to the Payee for each Trading Day of such Conversion Failure in an amount equal to 1.5% of the product of (1) the sum of the number of shares of Common Stock not issued to the Payee on or prior to the Share Delivery Date and to which the Payee is entitled, and (2) the Closing Sale Price of the Common Stock on the Share Delivery Date and (B) the Payee, upon written notice to the Maker, may void its Conversion Notice with respect to, and retain or have returned, as the case may be, any

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portion of this Note that has not been converted pursuant to such Conversion Notice; provided that the voiding of a Conversion Notice shall not affect the Maker's obligations to make any payments which have accrued prior to the date of such notice pursuant to this Section 4(c)(ii) or otherwise. In addition to the foregoing, if within two (2) Trading Days after the Maker's receipt of the email copy of a Conversion Notice, the Maker shall fail to issue and deliver a certificate to the Payee or credit the Payee's balance account with DTC for the number of shares of Common Stock to which the Payee is entitled upon such holder's conversion of any Conversion Amount, and if on or after such Trading Day the Payee purchases (in an open market transaction or otherwise) Common Stock to deliver in satisfaction of a sale by the Payee of Common Stock issuable upon such conversion that the Payee anticipated receiving from the Maker, then the Maker shall, within two (2) Trading Days after the Payee's request and in the Payee's discretion, either (i) pay cash to the Payee in an amount equal to the Payee's total purchase price (including brokerage commissions and other out-of-pocket expenses, if any) for the shares of Common Stock so purchased (the "**Buy-In Price**"), at which point the Maker's obligation to deliver such certificate (and to issue such Common Stock) shall terminate, or (ii) promptly honor its obligation to deliver to the Payee a certificate or certificates representing such Common Stock and pay cash to the Payee in an amount equal to the excess (if any) of the Buy-In Price over the product of (A) such number of shares of Common Stock, times (B) the Closing Sale Price on the Conversion Date.

(iii) Registration; Book-Entry. The Maker shall maintain a register (the "**Register**") for the recordation of the names and addresses of the holders of each Note and the principal amount of the Notes held by such holders. The entries in the Register shall be conclusive and binding for all purposes absent manifest error. The Maker and the holders of the Notes shall treat each person whose name is recorded in the Register as the owner of a Note for all purposes, including, without limitation, the right to receive payments of principal and interest, if any, hereunder, notwithstanding notice to the contrary. A Note may be assigned or sold in whole or in part only by registration of such assignment or sale on the Register. Upon its receipt of a request to assign or sell all or part of any Note by a Payee, the Maker shall record the information contained therein in the Register and issue one or more new Notes in the same aggregate principal amount as the principal amount of the surrendered registered note to the designated assignee or transferee pursuant to Section 15. Notwithstanding anything to the contrary in this Section 4(c)(iii), a Payee may assign any Note or any portion thereof to an Affiliate of such Payee without delivering a request to assign or sell such Note to the Maker and the recordation of such assignment or sale in the Register; provided, that (x) the Maker may continue to deal solely with such assigning or selling Payee unless and until such Payee has delivered a request to assign or sell such Note or portion thereof to the Maker for recordation in the Register; (y) the failure of such assigning or selling Payee to deliver a request to assign or

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sell such Note or portion thereof to the Maker shall not affect the legality, validity, or binding effect of such assignment or sale; and (z) such assigning or selling Payee shall, acting solely for this purpose as a non-fiduciary agent of the Maker, maintain a register (the “**Related Party Register**”) comparable to the Register on behalf of the Maker, and any such assignment or sale shall be effective upon recordation of such assignment or sale in the Related Party Register. Notwithstanding anything to the contrary set forth herein, upon conversion of any portion of this Note in accordance with the terms hereof, the Payee shall not be required to physically surrender this Note to the Maker unless (A) the full Conversion Amount represented by this Note is being converted or (B) the Payee has provided the Maker with prior written notice (which notice may be included in a Conversion Notice) requesting physical surrender and reissue of this Note. The Payee and the Maker shall maintain records showing the principal and interest converted and the dates of such conversions or shall use such other method, reasonably satisfactory to the Payee and the Maker, so as not to require physical surrender of this Note upon conversion.

(iv) **Pro Rata Conversion; Disputes.** In the event that the Maker receives a Conversion Notice from more than one holder of Notes for the same Conversion Date and the Maker can convert some, but not all, of such portions of the Notes submitted for conversion, the Maker shall convert from each holder of Notes electing to have Notes converted on such date a pro rata amount of such holder’s portion of its Notes submitted for conversion based on the principal amount of Notes submitted for conversion on such date by such holder relative to the aggregate principal amount of all Notes submitted for conversion on such date. In the event of a dispute as to the number of shares of Common Stock issuable to the Payee in connection with a conversion of this Note, the Maker shall issue to the Payee the number of shares of Common Stock not in dispute and resolve such dispute in accordance with Section 16.

(d) **Limitation on Conversion.** Notwithstanding anything to the contrary contained in this Note but subject to Section 4(f), this Note shall not be convertible by the Payee, and the Maker shall not effect any conversion of this Note or otherwise issue any shares of Common Stock pursuant hereto, to the extent (but only to the extent) that after giving effect to such conversion or other share issuance hereunder, the Payee (together with its affiliates and any persons acting as a group together with the Payee or any of the Payee’s affiliates) (such persons, “**Attribution Parties**”) would beneficially own in excess of 9.9% (the “**Maximum Percentage**”) of the issued and outstanding Common Stock. To the extent the above limitation applies, the determination of whether this Note shall be convertible (vis-à-vis other convertible, exercisable or exchangeable securities owned by the Payee or any of its affiliates and Attribution Parties) and of which such securities shall be convertible, exercisable or exchangeable (as among all such securities owned by the Payee and its affiliates and Attribution Parties ) shall, subject to such Maximum Percentage limitation, be determined on the basis of the first submission to the Maker for

conversion, exercise or exchange (as the case may be). No prior inability to convert this Note, or to issue shares of Common Stock, pursuant to this paragraph shall have any effect on the applicability of the provisions of this paragraph with respect to any subsequent determination of convertibility. For purposes of this paragraph, beneficial ownership and all determinations and calculations (including, without limitation, with respect to calculations of percentage ownership) shall be determined in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended (the “*1934 Act*”) and the rules and regulations promulgated thereunder. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the 1934 Act and the rules and regulations promulgated thereunder. The provisions of this paragraph shall be implemented in a manner otherwise than in strict conformity with the terms of this paragraph to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Maximum Percentage beneficial ownership limitation herein contained or to make changes or supplements necessary or desirable to properly give effect to such Maximum Percentage limitation. The limitations contained in this paragraph shall apply to a successor holder of this Note.

(e) Maximum Percentage Adjustment. By written notice to the Maker, at any time the Payee may increase or decrease the Maximum Percentage to any other percentage specified in such notice, subject to the limitations set forth in Section 4(f); provided that (i) any such increase will not be effective until the 61st day after such notice is delivered to the Maker, (ii) any such increase or decrease will apply only to the Payee sending such notice and not to any other holder of Notes, and (iii) such notice is revocable at the Payee’s option at any time prior to the effectiveness thereof.

(f) Nasdaq Limitation. Notwithstanding anything herein to the contrary, the Payee shall not attempt to convert any portion of this Note and the Maker shall not issue to the Payee any shares of Common Stock upon attempted conversion of this Note, to the extent, after giving effect to such issuance, (A) the aggregate number of shares of Common Stock issued upon conversion of this Note and the \_\_\_\_\_ Convertible Note, together with any shares of Common Stock issued or issuable pursuant to any other securities issued by the Maker that are deemed integrated into the issuance of the Notes pursuant to applicable stock exchange listing rules, would be in excess of 19.99% of the shares of Common Stock outstanding immediately prior to the issuance of the Notes (or, if earlier, the issuance of any other security issued by the Maker that is deemed integrated into the issuance of the Notes pursuant to applicable stock exchange listing rules) (the “*Maximum Issuance Amount*”), or (B) the Payee (together with the

Payee's affiliates and associates), would (i) beneficially own in excess of 19.99% of the number of shares of Common Stock outstanding immediately after giving effect to such issuance (the "**Maximum Aggregate Ownership Amount**") or (ii) control in excess of 19.99% of the total voting power of the Maker's securities outstanding immediately after giving effect to such issuance that are entitled to vote on a matter being voted on by holders of the Common Stock (the "**Maximum Aggregate Voting Amount**", and together with the Maximum Issuance Amount, the Maximum Aggregate Ownership Amount and the Maximum Percentage, the "**Beneficial Ownership Limitations**"), unless and until, in each of the above cases, the Maker obtains stockholder approval permitting such issuance in accordance with applicable rules of the NASDAQ Global Market (or any other applicable national securities exchange) ("**Stockholder Approval**"). For purposes of this paragraph, beneficial ownership shall be determined in accordance with Section 13(d) of the 1934 Act, and the rules and regulations promulgated thereunder. For purposes of this paragraph, in determining the number of outstanding shares of Common Stock, the Payee may rely on the number of outstanding shares of Common Stock as reflected in (x) the Maker's most recent Quarterly Report on Form 10-Q or Annual Report on Form 10-K, as the case may be, filed with the SEC, (y) a more recent public announcement by the Maker, or (z) any other notice by the Maker or the Maker's transfer agent setting forth the number of shares of Common Stock outstanding. Upon the written or oral request of the Payee, the Maker shall within two Business Days confirm orally and in writing to the Payee the number of shares of Common Stock then outstanding. If on any attempted conversion of this Note the resulting issuance of Shares would result in the Payee exceeding the Maximum Aggregate Ownership Amount or the Maximum Aggregate Voting Amount and the Maker shall not have previously obtained Stockholder Approval at the time of conversion, then the Maker shall only issue to the Payee such number of Shares as may be issued below the Maximum Aggregate Ownership Amount or Maximum Aggregate Voting Amount, as the case may be. There are no other securities issued or issuable by the Maker that could reasonably be deemed integrated into the issuance of the Notes pursuant to applicable stock exchange listing rules. Until such approval is obtained, neither the Payee nor \_\_\_\_\_ shall be issued in the aggregate, upon conversion of Notes, shares of Common Stock in an amount greater than 50% of the Maximum Issuance Amount (with respect to each of Payee and \_\_\_\_\_, the

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“**Exchange Cap Allocation**”). In the event that Payee or \_\_\_\_\_ shall sell or otherwise transfer any of their respective Notes, the transferee shall be allocated a pro rata portion of such transferor’s Exchange Cap Allocation, and the restrictions of the prior sentence shall apply to such transferee with respect to the portion of the Exchange Cap Allocation allocated to such transferee. In the event that any holder of Notes shall convert all of such holder’s Notes into a number of shares of Common Stock which, in the aggregate, is less than such holder’s Exchange Cap Allocation, then the difference between such holder’s Exchange Cap Allocation and the number of shares of Common Stock actually issued to such holder shall be allocated to the respective Exchange Cap Allocations of the remaining holders of Notes on a pro rata basis in proportion to the aggregate principal amount of the Notes then held by each such holder.

(g) **Stockholder Approval.** In connection with the Maker’s Annual Meeting (or Special Meeting) of holders of Common Stock held during the year ended December 31, 2022 (the “**Stockholder Meeting**”), the Maker shall file with the SEC a definitive proxy statement, in a form which has been previously reviewed by the Payee and counsel for the Payee, at the expense of the Maker, soliciting each such stockholder’s affirmative vote at the Stockholder Meeting for Stockholder Approval, and the Maker shall use its reasonable best efforts to solicit such Stockholder Approval, including, without limitation, by (x) causing the board of directors of the Maker (the “**Board**”) to recommend to the stockholders of the Maker that they approve such resolutions, (y) using best efforts to cause its officers and directors who hold shares of Common Stock to be present at the Stockholder Meeting for quorum purposes (including by proxy) and (z) causing such officers and directors to vote their respective shares of Common Stock in accordance with the Board’s recommendation. The Stockholder Meeting shall be held not later than December 15, 2022 (the “**Stockholder Meeting Deadline**”). The Maker shall be obligated to use its best efforts to obtain the Stockholder Approval by the Stockholder Meeting Deadline. If, despite the Maker’s best efforts the Stockholder Approval is not obtained on or prior to the Stockholder Meeting Deadline, the Maker shall cause an additional Stockholder Meeting to be held on or prior to March 1, 2023.

(h) **Cash Payment.** In the event the Maker is unable to issue and deliver (i) Freely Tradeable Shares while an Event of Default under any of Sections 3(d), 3(e) or 3(g) hereunder has occurred and is occurring or (ii) shares of Common Stock by virtue of the limitation of the Maximum Issuance Amount, Maximum Aggregate Ownership Amount or Maximum Aggregate Voting Amount by operation of Section 4(f) while an Event of Default under Section 3(h) or 3(i) hereunder has occurred and is occurring, the Maker shall pay cash on or prior to the applicable Share Delivery Date to such holder in exchange for such number of shares of Common Stock

that are not deliverable or Freely Tradeable Shares, as applicable, upon conversion of the Conversion Amount at a price equal to (x) such number of shares of Common Stock and (y) the highest Closing Sale Price of Common Stock in effect at any time during the applicable Conversion Date and ending on the date the Maker makes the payment provided for in this sentence. For the avoidance of doubt, if the Maker is required to make a cash payment to Payee pursuant to this Section 4(h), the Maker shall upon and to the extent of such cash payment have satisfied its obligation to deliver shares of Common Stock upon such conversion.

5 . Adjustments to Conversion Price. The Conversion Price and the number of shares of Common Stock into which this Note is convertible are subject to adjustment from time to time upon the occurrence of any of the events specified in this Section 5. For the purpose of this Section 5, "**Common Stock**" means shares now or hereafter authorized of any class of common stock of the Maker, however designated, that has the right to participate in any distribution of the assets or earnings of the Maker without limit as to per-share amount (excluding, and subject to any prior rights of, any class or series of preferred stock of the Maker).

(a) In case the Maker shall (i) subdivide ("split") its outstanding shares of Common Stock into a greater number of shares, (ii) combine ("reverse split") its outstanding shares of Common Stock into a smaller number of shares, or (iii) issue by reclassification of its shares of Common Stock other securities of the Maker, then the Conversion Price in effect on the effective date of such subdivision, combination or reclassification, as the case may be, and/or the number and kind of securities issuable on such date, shall be proportionately adjusted so that the Payee of this Note thereafter converted shall be entitled to receive the aggregate number and kind of shares of Common Stock (or such other securities other than Common Stock) of the Maker, with the same applicable Conversion Price, that, if this Note had been converted immediately prior to such date, the Payee would have owned upon such conversion and been entitled to receive by virtue of such subdivision, combination or reclassification. Such adjustment shall be made successively whenever, and each time, any event listed above shall occur.

(b) In case the Maker shall fix a record date for the making of a dividend or distribution to all holders of Common Stock (including any such distribution made in connection with a consolidation or merger in which the Maker is the surviving corporation) of cash, evidences of indebtedness or assets, or subscription rights or warrants (a "**Distribution**"), then the Payee shall be entitled to participate in such Distribution to the same extent that the Payee would have participated therein if the Payee had held the number of shares of Common Stock acquirable upon complete conversion of this Note (without giving effect to the Beneficial Ownership Limitations) immediately before the date as of which a record is taken for such

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Distribution, or, if no such record is taken, the date as of which the record holders of shares of Common Stock are to be determined for the participation in such Distribution.

(c) In the event that at any time, as a result of an adjustment made pursuant to Section 5(a) above, the Payee of this Note thereafter converted shall become entitled to receive any shares of capital stock of the Maker other than shares of Common Stock, thereafter the number of such other shares so receivable upon conversion of this Note shall be subject to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the provisions with respect to the shares of Common Stock contained in this Section 5, and the other provisions of this Note shall apply on like terms to any such other shares.

(d) If, at any time while this Note is outstanding, (i) the Maker effects any merger or consolidation of the Maker with or into another company, (ii) the Maker effects any sale of all or substantially all of its assets in one or a series of related transactions, (iii) any tender offer or exchange offer (whether by the Maker or another company or person) is completed pursuant to which holders of Common Stock are permitted to tender or exchange their shares for other securities, cash or property, or (iv) the Maker effects any reclassification of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property (each, a “**Fundamental Transaction**”), then the Payee shall have the right thereafter to receive, upon conversion or surrender of this Note, the same amount and kind of securities, cash or property as Payee would have been entitled to receive upon the occurrence of such Fundamental Transaction if Payee had been, immediately prior to such Fundamental Transaction, the holder of the number of Common Stock then issuable upon conversion in full of this Note (without giving effect to the Beneficial Ownership Limitations) (the “**Alternate Consideration**”). For purposes of any such conversion, the determination of the Conversion Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one share of Common Stock in such Fundamental Transaction, and the Maker shall apportion the Conversion Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Payee shall be given the same choice as to the Alternate Consideration he receives upon any conversion of this Note following such Fundamental Transaction. At the Payee’s sole discretion and request, any successor to the Maker or surviving entity in such Fundamental Transaction shall issue to the Payee a new Note substantially in the form of this Note and consistent with the foregoing provisions and evidencing the Payee’s right to purchase the Alternate Consideration for the applicable Conversion Price upon conversion thereof. Any such successor or surviving entity shall be deemed to be required to comply with the provisions

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of this Section 5(d) and shall insure that this Note (or any such replacement security) will be similarly adjusted upon any subsequent transaction analogous to a Fundamental Transaction.

(e) In case any event shall occur as to which the other provisions of this Section 5 are not strictly applicable but the failure to make any adjustment would not fairly protect the conversion rights represented by this Note in accordance with the essential intent and principles hereof, then, in each such case, the Maker shall effect such adjustment, on a basis consistent with the essential intent and principles established in this Section 4, as may be necessary to preserve, without dilution, the conversion rights represented by this Note.

(f) Upon the occurrence of each adjustment pursuant to this Section 5, the Maker, at its own sole expense, shall promptly compute such adjustment in accordance with the terms of this Note and prepare a certificate setting forth such adjustment, including a statement of the adjusted Conversion Price and adjusted number or type of Common Stock or other securities issuable upon conversion of this Note (as applicable), describing the transactions giving rise to such adjustments and showing in detail the facts upon which such adjustment is based. Upon written request, the Maker shall promptly deliver a copy of each such certificate to the Payee and to the Maker's Transfer Agent.

6. **Mandatory Conversion.** If at any time after the Effective Date, (i) the closing price of the Common Stock of Maker on an Eligible Market has equaled or exceeds \$2.00 per share (as equitably adjusted for forward or reverse splits, combinations or Fundamental Transactions) for thirty (30) consecutive Trading Days (the "**Mandatory Conversion Measuring Period**"), and (ii) no Equity Conditions Failure has occurred, then, subject to the Beneficial Ownership Limitations, all of the Conversion Amount then remaining under this Note shall be converted into fully paid, validly issued and nonassessable shares of Common Stock in accordance with Section 4 hereof at the Conversion Rate as of the Mandatory Conversion Date (as defined below) (a "**Mandatory Conversion**"). The Maker shall deliver within not more than two (2) Trading Days following the end of such Mandatory Conversion Measuring Period a written notice thereof by email and overnight courier to all, but not less than all, of the holders of Notes and the Transfer Agent (the "**Mandatory Conversion Notice**" and the date all of the holders of the Notes received such notice by email is referred to as the "**Mandatory Conversion Notice Date**"). The Mandatory Conversion Notice shall be irrevocable. The Mandatory Conversion Notice shall (v) state (I) the Trading Day selected for the Mandatory Conversion, which Trading Day shall be no sooner than three (3) Trading Days nor later than sixty (60) Trading Days following the Mandatory Conversion Notice Date (the "**Mandatory Conversion Date**") and (II) the number of shares of Common Stock to be issued to the Payee on the Mandatory Conversion Date, which may be conditional only with respect to the Payee's consent

to adjust the Maximum Percentage pursuant to the adjustment procedures set forth in Section 4(e) hereof, and (z) certify that there has been no Equity Conditions Failure. Any portion of the principal amount of this Note that cannot be converted due to the Beneficial Ownership Limitations shall remain issued and outstanding.

7. Reservation of Authorized Shares.

(a) **Reservation.** The Maker shall initially reserve out of its authorized and unissued Common Stock a number of shares of Common Stock for each of the Notes equal to 120% of the Conversion Rate with respect to the full Conversion Amount of each such Note as of the Effective Date (without giving effect to the Beneficial Ownership Limitations). So long as any of the Notes are outstanding, the Maker shall take all action necessary to reserve and keep available out of its authorized and unissued Common Stock, solely for the purpose of effecting the conversion of the Notes, 120% of the number of shares of Common Stock as shall from time to time be necessary to effect the conversion of all of the Notes then outstanding (without giving effect to the Beneficial Ownership Limitations); provided that at no time shall the number of shares of Common Stock so reserved be less than the number of shares required to be reserved by the previous sentence (without regard to any limitations on conversions) (the “**Required Reserve Amount**”). The initial number of shares of Common Stock reserved for conversions of the Notes and each increase in the number of shares so reserved shall be allocated pro rata among the holders of the Notes based on the principal amount of the Notes held by each holder as of the Effective Date or increase in the number of reserved shares, as the case may be (the “**Authorized Share Allocation**”). In the event that a holder shall sell or otherwise transfer any of such holder’s Notes, each transferee shall be allocated a pro rata portion of such holder’s Authorized Share Allocation. Any shares of Common Stock reserved and allocated to any person which ceases to hold any Notes shall be allocated to the remaining holders of Notes, pro rata based on the principal amount of the Notes then held by such holders.

(b) **Insufficient Authorized Shares.** If at any time while any of the Notes remain outstanding the Maker does not have a sufficient number of authorized and unreserved shares of Common Stock to satisfy its obligation to reserve for issuance upon conversion of the Notes at least a number of shares of Common Stock equal to the Required Reserve Amount (an “**Authorized Share Failure**”), then the Maker shall immediately take all action necessary to increase the Maker’s authorized shares of Common Stock to an amount sufficient to allow the Maker to reserve the Required Reserve Amount for the Notes then outstanding. Without limiting the generality of the foregoing sentence, as soon as practicable after the date of the occurrence of an Authorized Share Failure, but in no event later than sixty (60) days after the occurrence of such Authorized Share Failure, the Maker shall either (x) obtain the written consent of its

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stockholders for the approval of an increase in the number of authorized shares of Common Stock and provide each stockholder with an information statement with respect thereto or (v) hold a meeting of its stockholders for the approval of an increase in the number of authorized shares of Common Stock. In connection with such meeting, the Maker shall provide each stockholder with a proxy statement and shall use its best efforts to solicit its stockholders' approval of such increase in authorized shares of Common Stock and to cause its board of directors to recommend to the stockholders that they approve such proposal.

8. Subordination. Maker and Payee hereby agree that any and all indebtedness incurred by Maker (whether prior to, contemporaneous with, or subsequent to the Effective Date), other than Permitted Indebtedness, shall be fully and contractually subordinated in all respects (including, without limitation, in right and priority of payment and repayment of principal, interest, and all fees and other amounts) to Maker's indebtedness and payment obligations under this Note. Upon Maker entering into the Accounts Receivable Facility, Payee shall agree to subordinate its liens on the Collateral to the lenders of the Accounts Receivable Facility pursuant to a customary subordination agreement with customary terms.

9. Payments. Maker may not prepay all or any portion of the principal amount outstanding under this Note without the prior written consent of Payee. Payments received by Payee under this Note shall be applied in the following order: first, to the payment of all collection and enforcement expenses, if any, incurred by Payee in collecting and enforcing Maker's obligations hereunder; second, to the payment of all interest accrued and owing hereunder through the date of such payment; and third, to the repayment of the principal amount outstanding of this Note. Notwithstanding the foregoing or anything else herein contained to the contrary, Maker and Payee are parties to that certain Intercreditor Agreement dated as of the date hereof, among each of them, \_\_\_\_\_ (solely in his capacity as "**Servicing Lender**" (as defined therein)) and \_\_\_\_\_ (the "**Intercreditor Agreement**"), and any such payments received by Payee under this Note are subject to the terms of the Intercreditor Agreement.

This Note is subject to the express condition that at no time shall Maker be obligated or required to pay interest on the outstanding principal balance of this Note at a rate that could subject Payee to either civil or criminal liability as a result of being in excess of the maximum rate that Maker is permitted by law to contract or agree to pay. If, by the terms of this Note, Maker is at any time required or obligated to pay interest on the outstanding principal balance of this Note at a rate in excess of such maximum rate, the Applicable Rate shall be deemed, without further act or instrument, to be immediately reduced to such maximum rate; and if and to the extent any payments in excess of such maximum permitted amount are received by Payee, such

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excess shall be considered repayments in respect of the principal amount outstanding of this Note.

In the event that Maker fails to pay any amount owing by it hereunder in full when due (whether on any interest payment date, at stated Maturity, by acceleration or otherwise), Maker agrees to promptly pay all of Payee's costs and expenses incurred in attempting or effecting collection hereunder or the enforcement of this Note, including, without limitation, all attorneys' fees and related charges, as and when incurred by Payee, whether or not any action, suit or proceeding is instituted for collection or for the enforcement of this Note; and all such costs and expenses of collection and enforcement shall be added to the principal amount outstanding of this Note and shall, if not promptly paid in full by Maker as and when incurred by Payee, bear interest at the Applicable Rate until paid in full.

If any payment hereunder shall be due on a Saturday, a Sunday, or a public or bank holiday in the State of New York (any other day, a "**Business Day**"), such payment shall be made on the next succeeding Business Day, and any such extension of time shall be included in the computation of interest hereunder. Each payment hereunder shall be made in lawful money of the United States of America and in immediately available funds, prior to 12:00 noon Eastern Time on the due date thereof; any payment made after such time shall be deemed to have been made on the next succeeding Business Day, and such extension of time shall be included in the computation of interest hereunder.

10. Remedies. Maker's obligations under this Note are absolute and unconditional, notwithstanding the existence or terms and conditions of, or any reference herein to, any other document or agreement, and are not subject to any defense, set-off, counterclaim, rescission, recoupment or adjustment whatsoever. Maker hereby expressly and irrevocably waives (i) presentment, demand for payment, notice of dishonor, protest, notice of protest, and every other form of notice whatsoever with respect to this Note, (ii) any right to offset any amounts payable hereunder against, or to submit any counterclaims in respect of, any obligations of Payee to Maker, and (iii) all rights to the benefits of any statute of limitations and any moratorium, appraisal or exemption now provided, or which may hereafter be provided, by any federal or state statute, including, without limitation, exemptions provided by or allowed under the Bankruptcy Code of 1978 (11 U.S.C.), as amended, or under common law, as to both Maker itself and all of its properties and assets, whether real or personal, against the enforcement and collection of the obligations evidenced by this Note and any and all extensions, renewals, and modifications hereof and thereof. The illegality or unenforceability in whole or in part of, or the default by any party under, any other document or agreement shall not constitute a defense to any claim by Payee for the payment or repayment, as the case may be, of principal, interest or any

other amount hereunder. **THE MAKER HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION WITH OR ARISING OUT OF THIS NOTE OR ANY TRANSACTION CONTEMPLATED HEREBY.**

No right or remedy conferred upon Payee or the Servicing Lender, as applicable, under this Note is intended to be exclusive of any other right or remedy available to Payee or the Servicing Lender, whether at law, in equity, by statute or otherwise, but shall be deemed cumulative with all such other rights and remedies. Without limiting the generality of the foregoing, if this Note and all amounts (whether of principal, interest or otherwise) accrued hereunder shall not be paid in full when due (whether on any interest payment date, at stated Maturity, by acceleration or otherwise), Payee and the Servicing Lender shall be free to enforce their rights and remedies against Maker as Payee and the Servicing Lender, as applicable, may see fit under the circumstances, in no particular order or priority. No failure to exercise, or any delay in exercising, by Payee or the Servicing Lender, as applicable, any of their rights or remedies hereunder shall operate as a waiver thereof. A waiver by Payee or the Servicing Lender of any right or remedy hereunder on any one occasion shall not be construed as a bar to Payee's or the Servicing Lender's exercise of that same or of any other right or remedy which Payee or the Servicing Lender, as applicable, would otherwise have on any future occasion. No forbearance, indulgence, delay or failure by Payee or the Servicing Lender to exercise any of their rights or remedies with respect to this Note, nor any course of dealing between Maker, on the one hand, and Payee or the Servicing Lender, as applicable, on the other hand, shall operate as a waiver of any such right or remedy, nor shall any single or partial exercise of any such right or remedy preclude any other or further exercise thereof or the exercise of any other right or remedy. Payee and the Servicing Lender shall not, by any course of dealing, indulgence, omission, or other act (except a further instrument signed by the Servicing Lender) or failure to act, be deemed to have waived any right or remedy hereunder, or to have acquiesced in any Acceleration Event or in any breach of any of the terms of this Note. No modification, rescission, waiver, forbearance, release or amendment of any term, covenant, condition or provision of this Note or any of Maker's obligations hereunder shall be valid or enforceable unless made and evidenced in writing, expressly referring to this Note and signed by both Maker and the Servicing Lender.

11. Security

THIS NOTE CREATES A LIEN ON, AND GRANTS A SECURITY INTEREST IN, THE COLLATERAL DESCRIBED ON THE ATTACHED EXHIBIT B, AND IT SHALL

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CONSTITUTE A SECURITY AGREEMENT UNDER THE NEW YORK UNIFORM COMMERCIAL CODE (“*UCC*”) OR ANY OTHER LAW APPLICABLE TO THE CREATION OF LIENS ON PERSONAL PROPERTY AND COLLATERAL. EACH GRANTOR COVENANTS AND AGREES THAT THE SERVICING LENDER MAY FILE AND REFILE SUCH UCC AND OTHER FINANCING STATEMENTS, CONTINUATION STATEMENTS OR OTHER DOCUMENTS AS THE SERVICING LENDER SHALL DEEM NECESSARY OR APPROPRIATE FROM TIME TO TIME WITH RESPECT TO SUCH COLLATERAL. DURING THE CONTINUANCE OF AN ACCELERATION EVENT, THE SERVICING LENDER SHALL, IN ADDITION TO ALL OTHER RIGHTS AND REMEDIES SET FORTH IN THIS NOTE, HAVE ALL RIGHTS AND REMEDIES OF A SECURED PARTY UNDER THE NEW YORK UCC. WITH RESPECT TO ANY PRIVATE SALE OF SUCH COLLATERAL, MAKER AND INDIVIDUAL GRANTOR (AS DEFINED BELOW), AS APPLICABLE, SHALL BE ENTITLED TO RECEIVE AT LEAST THIRTY (30) DAYS’ PRIOR WRITTEN NOTICE.

Each of the Maker, its undersigned wholly-owned subsidiaries (such wholly-owned subsidiaries, the “*Subsidiaries*”) and Michael Mathews (the “*Individual Grantor*”, and together with the Maker and the Subsidiaries, collectively, the “*Grantors*” and each individually, a “*Grantor*”), for good and valuable consideration, including, without limitation, the aggregate sum loaned by Payee to Maker in connection with, and as evidenced by, this Note, do hereby grant and pledge unto the Servicing Lender, as agent, for the benefit of Payee, as a secured party, a security interest in, lien on, and pledge of the collateral described on the attached Exhibit B, as applicable (the “*Collateral*”). With respect to such security interest, lien and pledge, each Grantor hereby represents, warrants, covenants and agrees that:

(i) such Grantor, as applicable, owns the Collateral free and clear of any lien, security interest, charge or encumbrance (except such thereof as are created hereby or in respect of other Permitted Indebtedness), and that no UCC or other financing statement or other instrument similar in effect covering all or any part of the Collateral is on file in any recording office (except in respect of Permitted Indebtedness);

(ii) such Grantor shall not make any further assignment or pledge of all or any part of the Collateral or create any further lien thereon or security interest therein (except such thereof as are created hereby or in respect of other Permitted Indebtedness), nor permit its rights therein to be reached by attachment, levy, garnishment or other judicial process;

(iii) as of date hereof, the name (within the meaning of Section 9-503 of the UCC), jurisdiction of organization, type of entity and organizational number of each Grantor

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(other than the Individual Grantor) is set forth on Schedule 1 attached hereto (each such Subsidiary being a “*Pledged Subsidiary*,” and collectively, the “*Pledged Subsidiaries*”);

(iv) no authorization, approval or other action is necessary by any governmental authority, regulatory body or other entity or individual for the granting and pledging of the lien on and security interest in the Collateral created hereby;

(v) such Grantor shall keep accurate and complete records and accounts concerning the Collateral;

(vi) such Grantor shall defend the title to the Collateral against all persons, and against all claims and demands, as necessary to keep the Collateral free and clear of any and all liens, security interests, claims, charges, encumbrances, taxes and assessments (except such thereof as are created hereby or in respect of other Permitted Indebtedness);

(vii) such Grantor shall promptly notify the Servicing Lender in writing of any litigation, governmental investigations or other prosecutions involving the Collateral;

(viii) such Grantor (other than the Individual Grantor) shall deliver a springing deposit account control agreement (the “*Control Agreement*”) with respect to each deposit account and securities account (other than (a) any deposit account the funds in which are used exclusively for payroll, payroll taxes and other employee wage and benefit payments, (b) any deposit account the funds in which are in trust for any third parties or any other trust accounts, escrow accounts and fiduciary accounts, (c) any deposit account that is a zero-balance disbursement account and (d) any account specifically and exclusively used to hold “Title IV, HEA program funds” on behalf of Maker or any applicable subsidiary pending disbursement of such funds to, or on behalf of, eligible students under the terms of 34 C.F.R. Section 668.163 (collectively, “*Excluded Accounts*”)) owned by such Grantor as of or after the date of this Note, effective to grant “control” (within the meaning of Articles 8 and 9 under the UCC) over such account to the Servicing Lender, provided that it is agreed and understood that (A) with respect to deposit accounts and securities accounts (other than Excluded Accounts) of such Grantor existing on the date hereof, such Grantor shall comply with the provisions of this clause (viii) on the date hereof, and (B) with respect to deposit accounts and securities accounts (other than Excluded Accounts) acquired by, or opened in the name of any Grantor after the date hereof, such Grantor shall have until the date that is thirty (30) days (or such longer period, if any, to which the Servicing Lender may agree in his sole and absolute discretion) following the date of such opening or acquisition to comply with the provisions of this clause (viii). Set forth on Schedule 2 attached hereto is a listing of all of each Grantor’s deposit accounts and securities

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accounts (other than Excluded Accounts) as of the date hereof, including, with respect to each bank, the name and address of such bank and the account numbers of the deposit accounts and securities accounts maintained with such bank;

(ix) except for the security interest created hereby or in respect of other Permitted Indebtedness, (a) Maker is and will at all times be the sole holder of record and the legal and beneficial owner, free and clear of all liens, of the equity interests indicated on Schedule 3-A attached hereto (collectively, the “**Pledged Interests**”) as being owned by Maker, (b) all of the Pledged Interests are duly authorized, validly issued, and, to the extent applicable, fully paid and non-assessable, and constitute the percentage of the issued and outstanding equity interests of the Pledged Subsidiaries of Maker identified on said Schedule 3; and (c) except as set forth on Schedule 3-A, there exist no options, warrants, conversion rights or other rights outstanding to acquire equity interests in any of the Pledged Subsidiaries. With respect to any Pledged Interest which is not certificated, Maker and each Pledged Subsidiary hereby agrees (A) to comply with all instructions from the Servicing Lender without requiring Maker’s or such Pledged Subsidiary’s further consent and (B) not to take any action to cause any such uncertificated Pledged Interest to become certificated unless Maker promptly notifies the Servicing Lender in writing of Maker’s election to do so and, in that event, promptly (and in any case within five (5) days of such election) delivers to the Servicing Lender the original certificate representing such Pledged Interest accompanied by undated instruments of transfer or assignment duly executed in blank;

(x) except for the security interest created hereby or in respect of other Permitted Indebtedness, (a) the Individual Grantor is and will at all times be the sole holder of record and the legal and beneficial owner, free and clear of all liens, of the equity interests indicated on Schedule 3-B attached hereto (collectively, the “**Individual Grantor Pledged Interests**”) as being owned by the Individual Grantor. With respect to any Individual Grantor Pledged Interest that is certificated, on the Effective Date, (or within five (5) Business Days thereafter), the Individual Grantor shall deliver to the Servicing Lender all of the original certificate(s) representing such Individual Grantor Pledged Interest accompanied by undated instruments of transfer or assignment duly executed in blank. With respect to any Individual Grantor Pledged Interest which is not certificated, the Individual Grantor hereby agrees (A) to comply with all instructions from the Servicing Lender and, upon request of the Servicing Lender, promptly enter into control agreements satisfactory to the Servicing Lender and (B) not to take any action to cause any such uncertificated Individual Grantor Pledged Interest to become certificated unless the Individual Grantor promptly notifies the Servicing Lender in writing of the Individual Grantor’s election to do so and, in that event, promptly (and in any case within five (5) days of such election) delivers to the Servicing Lender the original certificate representing

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such Individual Grantor Pledged Interest accompanied by undated instruments of transfer or assignment duly executed in blank. For the avoidance of doubt, upon payment in full of the outstanding amount under each of the Revolvers and the termination of the commitments thereunder, the Servicing Lender and Individual Grantor shall coordinate for the prompt return of any share certificates to the Individual Grantor or its designee;

(xi) such Grantor shall take all such further action as may be reasonably necessary or requested by the Servicing Lender in order to perfect and protect the lien, pledge and security interest created hereby;

(xii) such Grantor shall not permit the Pledged Subsidiaries to issue any additional equity or equity rights without the prior written consent of Payee for so long as any of the Indebtedness remains outstanding; and

(xiii) all items of Collateral described in paragraphs 1 through 4 on the attached Exhibit B have been duly and validly authorized and issued, and are fully paid and non-assessable.

During the continuance of an Acceleration Event, the Servicing Lender shall have the right to pursue all of its legal rights and remedies at law, in equity, or in other appropriate proceedings, including, without limitation, all rights and remedies available to a secured party under the New York UCC or under the laws (including, without limitation, the UCC) of each other jurisdiction where the Collateral, or any portion of it, is located. So long as there is no Acceleration Event hereunder, Maker and Individual Grantor shall be entitled (i) to exercise its voting and other consensual rights with respect to the Collateral described in paragraphs 1 through 4 on the attached Exhibit B and otherwise exercise the incidents of ownership thereof, and (ii) to receive dividends or other distributions made with respect to such Collateral.

12. Notices. All notices, demands or other communications (collectively, "**notices**") relating to any matter set forth herein shall be in writing and made, given, served or sent (collectively, "**delivered**") by (i) certified mail (return receipt requested) or (ii) reputable commercial overnight courier service (Federal Express, UPS or equivalent that provides a receipt) for next-business-morning delivery, in each case with postage thereon prepaid by sender and addressed to the intended recipient at its address set forth in the first paragraph of this Note (or at such other address as the intended recipient shall have previously provided to the sender in the same manner herein provided); provided that copies of any such notice to Payee shall also be sent to: \_\_\_\_\_, and emailed to Payee at \_\_\_\_\_. Any such notice sent as so provided shall be deemed effectively delivered (x) on the third Business Day after being sent by

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certified mail, (y) on the next business morning if sent by overnight courier for next-business-morning delivery or (z) on the day of its actual delivery to the intended recipient (as shown by the return receipt or proof-of-delivery), whichever is earlier.

13. Governing Law; Jurisdiction. This Note shall be governed by, and construed and enforced in accordance with, the substantive laws of the State of New York applicable to contracts made between residents of that state, entered into and to be wholly performed within that state, notwithstanding the parties' actual states of residence or legal domicile if outside that state and without reference to any conflict of laws or similar rules that might otherwise mandate or permit the application of the laws of any other jurisdiction. Any action, suit or proceeding relating to this Note shall be brought exclusively in the courts of New York State sitting in the Borough of Manhattan, New York City, or in U.S. District Court for the Southern District of New York, and, for all purposes of any such action, suit or proceeding, Maker hereby irrevocably (i) submits to the exclusive jurisdiction of such courts, (ii) waives any objection to such choice of venue based on *forum non conveniens* or any other legal or equitable doctrine, and (iii) waives trial by jury and the right to interpose any set-off or counterclaim, of any nature or description whatsoever, in any such action, suit or proceeding.

14. Severability. The terms and provisions of this Note are severable. In the event of the unenforceability or invalidity of one or more of the terms, covenants, conditions or provisions of this Note under federal, state or other applicable law in any circumstance, such unenforceability or invalidity shall not affect the enforceability or validity of such term, covenant, condition or provision in any other circumstance, or render any other term, covenant, condition or provision of this Note unenforceable or invalid.

15. Transferability. Subject to the Intercreditor Agreement, Payee may assign its rights under this Note to any related, affiliated or charitable person or entity upon three (3) Business Days' prior notice to Maker (at the address set forth above); and Maker's obligations hereunder shall inure to the benefit of Payee and each of Payee's successors and permitted assigns, and shall be binding for all purposes on Maker and its successors-in-interest. No assignment, delegation or other transfer of Maker's rights or obligations hereunder shall be made or be effective absent Payee's prior, written consent thereto.

16. Dispute Resolution. In the case of a dispute as to the determination of the Closing Sale Price or the arithmetic calculation of the Conversion Rate or the Conversion Price, the Maker shall submit the disputed determinations or arithmetic calculations via email within one (1) Business Day of receipt, or deemed receipt, of the Conversion Notice or other event giving rise to such dispute, as the case may be, to the Payee. If the Payee and the Maker are unable to

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agree upon such determination or calculation within one (1) Business Day of such disputed determination or arithmetic calculation being submitted to the Payee, then the Maker shall, within one Business Day submit via email (a) the disputed determination of the Closing Sale Price to an independent, reputable investment bank selected by the Payee and approved by the Maker, such approval not to be unreasonably conditioned, delayed or withheld, or (b) the disputed arithmetic calculation of the Conversion Rate or Conversion Price to an independent, outside accountant, selected by the Payee and approved by the Maker, such approval not to be unreasonably withheld. The Maker, at the Maker's expense, shall cause the investment bank or the accountant, as the case may be, to perform the determinations or calculations and notify the Maker and the Payee of the results no later than five (5) Business Days from the time it receives the disputed determinations or calculations. Such investment bank's or accountant's determination or calculation, as the case may be, shall be binding upon all parties absent demonstrable error.

17. Construction. Whenever used herein, the singular number shall include the plural, the plural shall include the singular, and the words "Payee" and "Maker" shall include their respective successors and permitted assigns.

18. Certain Definitions.

"\_\_\_\_\_ " means \_\_\_\_\_, a \_\_\_\_\_ partnership.

"**Bloomberg**" means Bloomberg Financial Markets.

"**Closing Sale Price**" means, for any security as of any date, the last closing trade price for such security on the Principal Market, as reported by Bloomberg, or, if the Principal Market begins to operate on an extended hours basis and does not designate the closing trade price, then the last trade price of such security prior to 4:00:00 p.m., New York Time, as reported by Bloomberg, or, if the Principal Market is not the principal securities exchange or trading market for such security, the last closing trade price of such security on the principal securities exchange or trading market where such security is listed or traded as reported by Bloomberg, or if the foregoing do not apply, the last closing trade price, respectively, of such security in the over-the-counter market on the electronic bulletin board for such security as reported by Bloomberg, or, if no closing trade price is reported for such security by Bloomberg, the average of the ask prices of any market makers for such security as reported in the "pink sheets" by Pink Sheets LLC (formerly the National Quotation Bureau, Inc.). If the Closing Sale Price cannot be calculated for a security on a particular date on any of the foregoing bases, the Closing Sale Price, as the case may be, of such security on such date shall be the fair market value as mutually determined by

the Maker and the Payee. If the Maker and the Payee are unable to agree upon the fair market value of such security, then such dispute shall be resolved pursuant to Section 16. All such determinations shall be appropriately adjusted for any stock dividend, stock split, stock combination, reclassification or similar transaction during the applicable calculation period.

**“Effective Date”** means March 14, 2022.

**“Eligible Market”** means the Principal Market, NYSE MKT LLC, The NASDAQ Global Market, The NASDAQ Capital Market or The New York Stock Exchange, Inc. (or any successors to the foregoing).

**“Equity Conditions”** means, on each day during the period in question, (a) the Maker shall have duly honored all conversions scheduled to occur or occurring by virtue of one or more Conversion Notice of the applicable Payee on or prior to the dates so requested or required, if any, (b)(i) one or more registration statements filed and required to be filed pursuant to the Registration Rights Agreement shall be effective and available for the resale of the Conversion Shares issuable upon conversion of the applicable Conversion Amount or (b)(ii) all of the Conversion Shares issuable upon the conversion of the applicable Conversion Amount shall be eligible for sale without restriction or limitation pursuant to Rule 144 and without the need for registration under any applicable federal or state securities laws, (c) the Maker shall have no knowledge of any fact that would reasonably be expected to cause (i) the registration statements required pursuant to the Registration Rights Agreement not to be effective and available for the resale of the Conversion Shares issuable upon conversion of the applicable Conversion Amount or (ii) any Conversion Shares issuable upon the conversion of the applicable Conversion Amount not to be eligible for sale without restriction or limitation pursuant to Rule 144, (d) the Conversion Shares issuable upon the conversion of the applicable Conversion Amount may be issued in full without violating the rules or regulations of the applicable Eligible Market, (e) the Common Stock is designated for quotation on an Eligible Market and shall not have been suspended from trading on such exchange or market nor shall delisting or suspension by such exchange or market been threatened, commenced or pending in writing by such exchange or market, (f) the Conversion Shares are duly authorized and listed and eligible for trading without restriction on an Eligible Market, (g) no Payee shall be in possession of any material, nonpublic information received from the Maker or any of its subsidiaries, affiliates or agents and (h) there shall not have occurred the public announcement of a pending, proposed or intended Fundamental Transaction which has not been abandoned, terminated or consummated.

**“Equity Conditions Failure”** means with respect to a particular date of determination, that on any day during the period commencing ten trading days immediately prior to such date of

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determination, the Equity Conditions have not each been satisfied (or waived in writing by the Payee).

“**Freely Tradeable Shares**” means shares of Common Stock which, at the time of issuance thereof, (i) are duly authorized, validly issued, fully paid and non-assessable; (ii) are eligible for resale by the Payee without limitation or restriction, including any volume limitations, under state or federal securities laws pursuant to Rule 144 under the Securities Act or an effective registration statement; and (iii) do not bear, and are not subject to, any restrictive legend, stop transfer or similar restriction.

“**Notes**” means this Note and that certain Convertible Promissory Note and Security Agreement dated as of March 14, 2022, by and among the Grantors and \_\_\_\_\_.

“**Principal Market**” means the Nasdaq Global Market.

“**Registrable Securities**” shall have the meaning ascribed to such term in the Registration Rights Agreement.

“**Registration Rights Agreement**” means that certain Investors/Registration Rights Agreement dated as of the Effective Date by and among the Grantors, the Payee and \_\_\_\_\_, as may be amended, amended and restated, supplemented or otherwise modified from time to time.

“**Registration Statement**” shall have the meaning ascribed to such term in the Registration Rights Agreement.

“**Trading Day**” means any day on which the Common Stock is traded on the Principal Market, or, if the Principal Market is not the principal trading market for the Common Stock, then on the principal securities exchange or securities market on which the Common Stock is then traded; provided that “Trading Day” shall not include any day on which the Common Stock is scheduled to trade on such exchange or market for less than 4.5 hours or any day that the Common Stock is suspended from trading during the final hour of trading on such exchange or market (or if such exchange or market does not designate in advance the closing time of trading on such exchange or market, then during the hour ending at 4:00:00 p.m., New York Time).

19. Force Majeure. The Maker shall be excused from any delay in performance or for non-performance of any of the terms and conditions of this Agreement caused by any Force Majeure



event. Force Majeure shall mean strikes, labor disputes, freight embargoes, interruption or failure in the Internet, telephone or other telecommunications service or related equipment, material interruption in the mail service or other means of communication within the United States, if the Maker shall have sustained a material or substantial loss or if the Maker is precluded from performing its obligations by fire, flood, accident, hurricane, earthquake, theft, sabotage, or other calamity or malicious act, whether or not such loss shall have been insured, acts of God, outbreak or material escalation of hostilities or civil disturbances, national emergency or war (whether or not declared), or other calamity or crises including a terrorist act or acts affecting the United States, future laws, rules, regulations or acts of any government (including any orders, rules or regulations issued by any official or agency of such government, including as a result of a pandemic).

20. Non-Recourse. The parties acknowledge that Individual Grantor is executing this Note solely with respect to the pledge of his securities as part of the Collateral and the Payee shall have no recourse against the Individual Grantor personally other than with respect to his pledged securities.

**[SIGNATURE PAGE FOLLOWS]**

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IN WITNESS WHEREOF, each of Maker, its Subsidiaries party hereto and the Individual Grantor has duly executed and delivered this Note on the day and year first written above.

**MAKER:**

ASPEN GROUP, INC.

By: \_\_\_\_\_  
Name: Michael Mathews  
Title: Chairman and Chief Executive Officer

**SUBSIDIARIES**

UNITED STATES UNIVERSITY, INC., a Delaware corporation

By: \_\_\_\_\_  
Name: Michael Mathews  
Title: Chief Executive Officer

ASPEN UNIVERSITY INC., a Delaware corporation

By: \_\_\_\_\_  
Name: Michael Mathews  
Title: Chief Executive Officer

**INDIVIDUAL GRANTOR**

\_\_\_\_\_  
\_\_\_\_\_  
Name: \_\_\_\_\_

*[Signature Page to Convertible Promissory Note and Security Agreement]*

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**EXHIBIT A**

Conversion Notice

Reference is made to the Convertible Promissory Note and Security Agreement (the "Note") issued to the undersigned by Aspen Group, Inc. (the "Company"). In accordance with and pursuant to the Note, the undersigned hereby elects to convert the Conversion Amount (as defined in the Note) of the Note indicated below into shares of Common Stock, par value \$0.001 per share, (the "Common Stock") of the Company, as of the date specified below.

Date of Conversion:

Aggregate Conversion Amount to be converted:

**Please confirm the following information**

A. Conversion Price:

B. Number of shares of Common Stock to be issued:

C. Please issue the Common Stock into which the Note is being converted as follows:

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Check here if requesting delivery as a certificate to the following name and to the following address:

Issue to:\_\_\_

—

Address: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

Facsimile Number: \_\_\_\_\_

Check here if requesting delivery by Deposit/Withdrawal at Custodian as follows:

DTC Participant:\_\_\_

DTC Number: \_\_\_\_\_

Account Number: \_\_\_\_\_

**Authorization**

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By: \_\_\_\_\_  
Name:  
Title:

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**EXHIBIT B**  
**COLLATERAL**

Unless otherwise defined in that certain Convertible Promissory Note and Security Agreement dated March 14, 2022, in the principal face amount of US\$5,000,000 in favor of \_\_\_\_\_ to which this Exhibit B is attached (the “*Note*”), capitalized terms used herein shall have the same respective meanings ascribed to such terms under the Uniform Commercial Code (“*UCC*”) as in effect in the State of New York.

1. All Accounts of Aspen University Inc., a Delaware corporation, whether now or hereafter owned, existing, acquired or arising and wherever now or hereafter located, together with all warranties, increases, renewals, additions and accessions thereto, substitutions therefor, and replacements, cash and proceeds thereof.

2. All Accounts of United States University, Inc., a Delaware corporation, whether now or hereafter owned, existing, acquired or arising and wherever now or hereafter located, together with all warranties, increases, renewals, additions and accessions thereto, substitutions therefor, and replacements, cash and proceeds thereof.

3. All of Aspen Group, Inc.’s right, title and interest in and to: (a) its Deposit Accounts (other than Excluded Accounts (as defined in the Note)), up to the aggregate amount from time to time due and owing to Payee under the Note; and (b) the common stock and other equity interests of Aspen University Inc., a Delaware corporation, and United States University, Inc., a Delaware corporation, together with (i) all “investment property” as such term is defined in the UCC with respect to such stock and equity interests, (ii) any “security entitlement” as such term is defined in the UCC with respect to such stock and equity interests, (iii) all books and records relating to the foregoing, and (iv) all Accessions and Proceeds of such stock and equity interests, including, without limitation, all distributions (cash, stock or otherwise), dividends, stock dividends, securities, cash, instruments, rights to subscribe, purchase or sell, and other property, rights and interest that Maker is at any time entitled to receive or is otherwise distributed in connection with such stock and equity interests.

4. All of the Individual Grantor’s right, title and interest in and to the common stock of Maker together with (i) all “investment property” as such term is defined in the UCC with respect to such stock and equity interests, (ii) any “security entitlement” as such term is defined in the UCC with respect to such stock and equity interests, (iii) all books and records relating to the foregoing, and (iv) all Accessions and Proceeds of such stock and equity interests, including, without limitation, all distributions (cash, stock or otherwise), dividends, stock dividends, securities, cash, instruments, rights to subscribe, purchase or sell, and other property, rights and interest that the Individual Grantor is at any time entitled to receive or is otherwise distributed in connection with such stock and equity interests.

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**SCHEDULE 1**

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**SCHEDULE 2**

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**SCHEDULE 3-A**

**SCHEDULE 3-B**

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**INTERCREDITOR AGREEMENT**

INTERCREDITOR AGREEMENT (this "**Agreement**") dated as of March 14, 2022 ("**Effective Date**") by and among \_\_\_\_\_ (together with his successors and permitted assigns, "**\_\_\_\_\_**"), solely in his capacity as Servicing Lender (as defined below), \_\_\_\_\_, whose address is c/o \_\_\_\_\_ at his address above (together with its successors and permitted assigns, the "**\_\_\_\_\_**"), \_\_\_\_\_, a \_\_\_\_\_, whose address is \_\_\_\_\_, together with its successors and permitted assigns, the "**\_\_\_\_\_**," collectively with \_\_\_\_\_, the "**Lenders**," and each individually a "**Lender**"), and ASPEN GROUP, INC., a Delaware corporation having its principal place of business at 276 Fifth Avenue, Suite 505, New York, New York 10001 (together with its successors and permitted assigns, the "**Company**," collectively with each of the Lenders, the "**Parties**," and each individually a "**Party**").

WHEREAS, the \_\_\_\_\_ has made a loan or extension of credit to the Company (the "**Existing Revolving Loan**" and together with the New Loans (as defined below), the "**Loans**") evidenced by a promissory note in the principal face amount of five million U.S. dollars (US\$5,000,000) issued by the Company to the \_\_\_\_\_ pursuant to the Amended and Restated Revolving Promissory Note and Security Agreement in favor of the \_\_\_\_\_, dated as of November 5, 2018, and amended and restated as of March 5, 2019, as further amended (the "**Existing Revolving Note**" and together with the New Notes (as defined below), the "**Notes**");

WHEREAS, the \_\_\_\_\_ and \_\_\_\_\_ has made the following loans or extensions of credit (each, a "**New Loan**" and collectively, the "**New Loans**") to the Company evidenced by:

- (i) a promissory note in the principal face amount of five million U.S. dollars (US\$5,000,000) issued by the Company to \_\_\_\_\_ pursuant to the Convertible Promissory Note and Security Agreement, dated as of March 14, 2022 (the "**\_\_\_\_\_**");
- (ii) a promissory note in the principal face amount of five million U.S. dollars (US\$5,000,000) issued by the Company to \_\_\_\_\_ pursuant to the Convertible Promissory Note and Security Agreement, dated as of March 14, 2022 (the "**\_\_\_\_\_ Term Note**");
- (iii) a promissory note in the principal face amount of ten million U.S. dollars (US\$10,000,000) issued by the Company to \_\_\_\_\_ pursuant to the Revolving Promissory Note and Security Agreement, dated as of March 14, 2022 (the "**\_\_\_\_\_**");
- (iv) a promissory note in the principal face amount of ten million U.S. dollars (US\$10,000,000) issued by the Company to \_\_\_\_\_ pursuant to the Revolving Promissory Note and Security Agreement, dated as of March 14, 2022 (the "**\_\_\_\_\_ Revolving Note**" and together with the \_\_\_\_\_ Term Note, the \_\_\_\_\_ Term Note, the \_\_\_\_\_ Revolving Note, the "**New Notes**") (the Company's indebtedness and all its obligations with respect to the payment and repayment of principal, interest, fees and other amounts under each Note being hereinafter called the Company's "**Loan Obligations**" thereunder);

WHEREAS, the Company's Loan Obligations to the \_\_\_\_\_ under the Existing Revolving Note are secured by security interests granted by the Company (and by certain of its subsidiaries party to the Notes) in certain assets as described more fully in such Existing Revolving Note (all such assets, the "**Existing Revolving Note Collateral**");

WHEREAS, the Company's Loan Obligations to the \_\_\_\_\_ and \_\_\_\_\_ under the New Notes are secured by security interests granted by the Company (and by certain other parties, including certain of its subsidiaries party to the Notes) in certain assets, including the Individual Grantor Pledged Interests (as defined in the New Notes and referred to herein as the "**Separate New Notes Collateral**"), as described more fully in such New Notes (all such assets, the "**New Notes Collateral**");

WHEREAS, other than the Separate New Notes Collateral, the Existing Revolving Note Collateral and the New Notes Collateral are identical and such identical collateral shall be hereinafter referred to as the "**Shared Collateral**";

WHEREAS, the Separate New Notes Collateral shall constitute collateral securing the New Notes only and shall not constitute collateral securing the Existing Revolving Note; and

WHEREAS, the Lenders, as a material inducement for each of them to make or maintain their respective Loans and in consideration thereof, expressly contemplate and intend (i) that, except as expressly provided to the contrary herein with respect to Preferred Payments (as defined below), the Company's Loan Obligations to them under their respective Notes shall rank *pari passu* in all respects (including, without limitation, in right and priority of payment and repayment of principal, interest, and all fees and other amounts) to one another, without priority over one another, and (ii) that the security interests held by each of the Lenders in the Shared Collateral shall rank *pari passu* in all respects to one another, without priority over one another, all as described more fully, and subject to the terms and conditions set forth, in this Agreement;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements set forth herein, and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree with one another as follows:

1. Each of the Lenders hereby confirms and agrees that (a) the security interests in the Shared Collateral held by them under their respective Notes shall rank *pari passu*, equally and ratably in all respects to one another, without priority over one another, regardless of the order of time in which such security interests or any claims with respect thereto arise, attach or are perfected by filing, recording, possession, control or otherwise, (b) the Company's Loan Obligations to them under their respective Notes shall rank *pari passu*, equally and ratably in all respects (including, without limitation, in right and priority of payment and repayment of principal, interest, and all fees and other amounts) to one another, without priority over one another; and (c) the Separate New Notes Collateral shall constitute collateral securing the New Notes only and shall not constitute collateral securing the Existing Revolving Note, provided, however, that notwithstanding the foregoing, nothing herein contained shall impair, limit or otherwise affect, absent the occurrence of an Acceleration Event (as defined in each Note), each Lender's sole right to receive any Commitment Fee (as defined in the Existing Revolving Note and the New Notes) owing to it under the Existing Revolving Note and the New Notes, as applicable (all such amounts, collectively, the "**Preferred Payments**").

2. Without limiting the generality of any other provision of this Agreement (including, without limitation, under Paragraph 4 hereof) that provides for the survival of certain of the Parties' obligations hereunder, this Agreement, and all of the Parties' respective obligations arising hereunder or with respect hereto, shall (a) continue in full force and effect so long as any of the Loan Obligations remain outstanding and (b) be reinstated if at any time any

payment of or distribution with respect to any of the Loan Obligations is rescinded or must otherwise be returned by a Lender upon the insolvency, bankruptcy or reorganization of the Company or otherwise, all as though such payment or distribution had not been made. No defect in, invalidity of, or absence or loss of priority under this Agreement or the Notes shall affect the Lenders' respective rights against the Company in respect of the Loans.

3. Each Lender shall (a) promptly notify each of the other Lenders of any Acceleration Event under such Lender's Note (or of any default by the Company under any other agreements or documents executed in connection therewith) known to such Lender and not reasonably believed to have been previously disclosed to such other Lenders; (b) provide such other Lenders with such information and documentation as either such other Lender may reasonably request in order to protect their respective interests with respect to the Loans; and (c) subject to the terms of this Agreement, reasonably cooperate with such other Lenders with respect to any and all collections, foreclosure procedures, and other collection or enforcement actions at any time commenced or initiated against the Company or otherwise in respect of the Shared Collateral securing the Loan Obligations. Each Lender agrees that it shall not (and hereby waives any right to) take any action to challenge, contest, or support any other person in challenging or contesting, in any proceeding, the validity, perfection, priority or enforceability of a lien securing any Loan Obligations held, or purported to be held, by or on behalf of another Lender.

4. Each of the Lenders hereby designates and appoints \_\_\_\_\_ as its sole and exclusive agent (in such capacity, the "**Servicing Lender**") to act on behalf of all Lenders, subject to the terms of this Agreement, with respect to (a) enforcing the Lenders' rights and remedies, and the Company's obligations, under the Notes and with respect to the Loan Obligations and (b) dealing with, and securing and enforcing the Lenders' rights and remedies and the Company's obligations with respect to, the Shared Collateral and the Separate New Notes Collateral (including, without limitation, foreclosing and realizing on all or any portion of the Shared Collateral and/or the Separate New Notes Collateral in case of an Acceleration Event, releasing all or any portion of the Shared Collateral and/or the Separate New Notes Collateral, and filing and refiling any financing statements, continuation statements or other documents under the New York Uniform Commercial Code or otherwise with respect to the Shared Collateral and/or the Separate New Notes Collateral). The Servicing Lender shall not be liable, responsible or accountable to the other Lenders or the Company for (and the other Lenders and the Company hereby agree to and shall defend, indemnify and hold the Servicing Lender harmless from and against any and all liability, cost, damage or expense whatsoever with respect to) any act, failure to act, error or omission by the Servicing Lender in acting as Servicing Lender hereunder, except in cases of the Servicing Lender's own fraud or willful misconduct. The Servicing Lender shall not be deemed to be a fiduciary or to have any fiduciary duties to the other Lenders or the Company. The Lenders shall, promptly upon demand by the Servicing Lender, share equally all out-of-pocket fees, costs and expenses incurred by the Servicing Lender in acting as Servicing Lender hereunder (including, without limitation, all attorneys' fees, related expenses, filing fees and other charges incurred in connection with (i) the preparation, execution, delivery and administration of the Loan Documents and any amendments, modifications or waivers of the provisions thereof and (ii) the enforcement, collection, perfection or foreclosure of the Notes, the Loan Obligations and the Shared Collateral and/or the Separate New Notes Collateral; collectively, "**Enforcement Costs**") to the extent not promptly paid or reimbursed by the Company in accordance with the following proviso; provided, however, that notwithstanding the foregoing, the Company shall, promptly upon demand by the Servicing Lender, pay directly (or, at the Servicing Lender's option exercisable in his sole discretion, reimburse the Servicing Lender for) all Enforcement Costs. The Company further agrees to and shall defend, indemnify and hold each Lender harmless from and against any and all costs, fees (including, without limitation, attorneys' fees and related expenses), charges, expenses, liabilities, damages, claims, actions, suits or proceedings incurred by such Lender in connection with this Agreement, the Loans, the Notes or the Loan Obligations, unless caused by such Lender's own fraud or willful

misconduct. All of the foregoing indemnities and hold-harmless provisions shall (x) continue indefinitely and (y) survive termination of this Agreement, discharge of the Notes and the Loan Obligations, and foreclosure or release of the Shared Collateral and the New Notes Collateral.

5. This Agreement shall constitute the Servicing Lender's legal right, power and authority (collectively, the "**authority**") to perform the actions described in Paragraph 4 hereof. The Servicing Lender shall use his reasonable, good-faith efforts to keep the other Lenders reasonably apprised of any actions taken by the Servicing Lender under this Agreement. The Servicing Lender shall have the authority to employ and consult with attorneys, accountants and other professionals with respect to the actions, or contemplated actions, of the Servicing Lender under this Agreement. The Servicing Lender shall be under no duty to take (or to forebear from taking) any action, to pay any money, or to incur any fees, costs, charges or expenses in regard to the performance of the actions described in said Paragraph 4 unless he is advanced sufficient funds, either by the Company or by the other Lenders, as described in this Agreement. Each Party shall sign all such further documents and instruments, if any, as the Servicing Lender may reasonably request to enable the Servicing Lender to perform the actions described in said Paragraph 4. Upon providing the other Lenders with at least ten (10) business days' prior written notice, the Servicing Lender may elect not to further perform any of the actions of a Servicing Lender under this Agreement. Upon receipt of any such notice, the Lenders shall have the right to appoint a successor Servicing Lender by unanimous consent. If no such successor shall have been appointed by the Lenders, and shall have accepted such appointment, within thirty (30) days after the retiring Servicing Lender gives notice of its resignation, then the retiring Servicing Lender may, on behalf of the Lenders, appoint a successor Servicing Lender, which shall be a bank or financial institution that acts as an administrative agent in secured financings in the ordinary course of its business. If at any time the Servicing Lender shall resign, or in the event of the death, disability or incapacity of the Servicing Lender to serve in such role, the Lenders shall, as promptly as possible after the date of such resignation or event, appoint a mutually acceptable successor to perform the duties of the Servicing Lender as described herein. For purposes of this Agreement, "Servicing Lender" shall be deemed to include the Servicing Lender and any successor thereto appointed in accordance with this provision. The Servicing Lender shall not be deemed to have knowledge of any matter unless and until the Servicing Lender shall have received actual knowledge of such matter, and the Servicing Lender shall not be charged with constructive notice of any such matter.

6. Nothing in this Agreement shall impair, limit, relieve or otherwise affect the Company's Loan Obligations to each Lender under such Lender's Note. The Company shall make all payments and prepayments in respect of its Loan Obligations ratably to all Lenders entitled to the respective category of payment; provided that the Parties acknowledge that (i) the Lenders have different entitlements to different categories of Preferred Payments and (ii) only the Lenders on the New Notes have a lien on the Separate New Notes Collateral. Notwithstanding the occurrence of an Acceleration Event with respect to its Loan, no Lender may accelerate the Company's Loan Obligations under its Note, nor exercise any of its other rights or remedies thereunder, except in accordance with Paragraph 4 hereof. Upon the occurrence of an Acceleration Event: (a) all collections received by the Servicing Lender in respect of the Loan Obligations shall be distributed by the Servicing Lender ratably to the Lenders according to the respective Loan Obligations then owing to each, after the payment of all costs, expenses and fees incurred by the Servicing Lender in collecting or enforcing same; and (b) should any payment, distribution or proceeds be received by a Lender with respect to such Lender's Loan in excess of such Lender's ratable share of the outstanding Loan Obligations, prior to the satisfaction in full of the Loan Obligations, such Lender shall promptly pay or deliver to each of the other Lenders their respective, ratable portions thereof in the form received. The Company may not prepay a Note at any time, in whole or in part, unless either such prepayment is made ratably to all Lenders according to their respective Loan Obligations or the Lenders otherwise agree in writing to such prepayment; provided, however, that notwithstanding the foregoing or anything herein contained to the contrary, the Parties

acknowledge and agree that the termination, in whole or in part, of the \_\_\_\_\_ revolving commitment under the Existing Revolving Loan and Existing Revolving Note shall not be deemed or construed to be a prepayment of such Existing Revolving Loan or Existing Revolving Note.

7. Notwithstanding anything in this Agreement or the Notes to the contrary, the Separate New Notes Collateral and proceeds thereof do not and will not constitute Shared Collateral, it being understood and agreed that this Agreement shall not restrict in any manner the rights of the Lenders under the New Notes to pursue enforcement proceedings, exercise remedies or make determinations or take or refrain from taking any other action whatsoever with respect to the Separate New Notes Collateral. The Lender under the Existing Revolving Note acknowledges and agrees that it has no security interest in or lien on the Separate New Notes Collateral and that it will not interfere or object in any way with respect to any action or matter in connection with the Separate New Notes Collateral by or on behalf of the Lenders under the New Notes.

8. Each Lender may transfer and assign (collectively, “*assign*” and, correlatively, “*assignment*”), in whole but not in part, its rights and claims under this Agreement to any entity or trust that is affiliated with and controlled by such Lender upon three (3) business days’ prior written notice to each of the other Parties; provided that (a) any such attempted assignment to an unaffiliated third party shall require the other Parties’ prior written consent, which consent shall not be unreasonably delayed, and (b) any such permitted assignee shall acknowledge in writing to each of the other Parties such assignee’s express agreement to be bound by the terms of this Agreement. No assignment or delegation of the Company’s rights or obligations under this Agreement shall be made or be effective absent the prior written consent of all Lenders. This Agreement is solely for the benefit of, and shall bind solely, the Parties and their respective successors and permitted assigns, and no other person or persons shall have any right, benefit, priority or interest under or because of the existence of this Agreement.

9. Each Party hereby represents and warrants that it has full right, power and legal authority to enter into this Agreement and to incur and perform its obligations hereunder. Each Lender hereby agrees not to amend or modify its Note, or any other documents executed in connection with the Company’s Loan Obligations to such Lender, without the prior written approval of each other Lender, if any, whose rights hereunder, or whose priority to the Shared Collateral, could be adversely affected by such amendment or modification.

10. Within ten (10) business days after a request therefor by any Lender (the “*Requesting Lender*”) made not more frequently than once per calendar quarter, the Lender of whom such request is made (the “*Responding Lender*”) shall furnish to the Requesting Lender a written letter addressed to the Requesting Lender which states (a) the principal amount then outstanding on the Responding Lender’s Note, (b) whether the Responding Lender has given notice to the Company of the existence of any Acceleration Event under the Responding Lender’s Note and (c) if not, that to the best of the Responding Lender’s knowledge no condition or event which constitutes (or which, after notice or lapse of time or both, would constitute) an Acceleration Event thereunder exists or has occurred, or, if any such condition or event does exist or has occurred, specifying in reasonable detail the nature and period of existence thereof.

11. This Agreement shall be governed by, and construed and enforced in accordance with, the substantive laws of the State of New York applicable to contracts made between residents of that state, entered into and to be wholly performed within that state, notwithstanding the Parties’ actual states of residence or legal domicile if outside that state and without reference to any conflict of laws or similar rules that might otherwise mandate or permit the application of the laws of any other jurisdiction. Any action, suit or proceeding relating to this Agreement shall be brought exclusively in the courts of New York State sitting in the Borough of Manhattan, New York City, or in U.S. District Court for the Southern District of New York, and, for all

purposes of any such action, suit or proceeding, each of the Parties hereby irrevocably (a) submits to the exclusive jurisdiction of such courts, (b) waives any objection to such choice of venue based on *forum non conveniens* or any other legal or equitable doctrine, and (c) waives trial by jury and, in the case of the Company, the right to interpose any set-off or counterclaim, of any nature or description whatsoever, in any such action, suit or proceeding.

12. No Party's rights or remedies under this Agreement are intended to be exclusive of any other right or remedy available to such Party, whether at law, in equity, by statute or otherwise, but shall be deemed cumulative with all such other rights and remedies. No failure by a Party to exercise, or any delay by a Party in exercising, any of such Party's rights or remedies hereunder shall operate as a waiver thereof. A waiver by any Party of any right or remedy hereunder on any one occasion shall not be construed as a bar to such Party's exercise of that same or of any other right or remedy which such Party would otherwise have on any future occasion. No forbearance, indulgence, delay or failure by any Party to exercise any of such Party's rights or remedies hereunder or with respect to the Loan Obligations, nor any course of dealing between or among the Parties, shall operate as a waiver of any such right or remedy, nor shall any single or partial exercise of any such right or remedy preclude any other or further exercise thereof or the exercise of any other right or remedy. A Party shall not, by any course of dealing, indulgence, omission, or other act (except a further instrument signed by such Party) or failure to act, be deemed to have waived any right or remedy hereunder or with respect to the Loan Obligations, or to have acquiesced in any breach of any of the terms of this Agreement. No modification, rescission, waiver, forbearance, release or amendment of any term, covenant, condition or provision of this Agreement shall be valid or enforceable unless made and evidenced in writing, expressly referring to this Agreement.

13. The terms and provisions of this Agreement are severable. In the event of the unenforceability or invalidity of one or more of the terms, covenants, conditions or provisions of this Agreement under federal, state or other applicable law in any circumstance, such unenforceability or invalidity shall not affect the enforceability or validity of such term, covenant, condition or provision in any other circumstance, or render any other term, covenant, condition or provision of this Agreement unenforceable or invalid.

14. All notices, demands or other communications (collectively, "**notices**") hereunder relating to any matter set forth herein shall be in writing and made, given, served or sent (collectively, "**delivered**") by (a) certified mail (return receipt requested) or (b) reputable commercial overnight courier service (Federal Express, UPS or equivalent that provides a receipt) for next-business-morning delivery, in each case with postage thereon prepaid by sender and addressed to the intended recipient at its address set forth in the first paragraph of this Agreement (or at such other address as the intended recipient shall have previously provided to the sender in the same manner herein provided); provided that copies of any such notice: (a) to \_\_\_\_\_ or the \_\_\_\_\_ shall also be sent to them c/o \_\_\_\_\_, and emailed to them at \_\_\_\_\_; and (b) to \_\_\_\_\_ shall also be sent to \_\_\_\_\_, and emailed to them at \_\_\_\_\_ and \_\_\_\_\_. Any such notice sent as so provided shall be deemed effectively delivered (i) on the third business day after being sent by certified mail, (ii) on the next business morning if sent by overnight courier for next-business-morning delivery or (iii) on the day of its actual delivery to the intended recipient (as shown by the return receipt or proof-of-delivery), whichever is earlier.

15. This Agreement may be executed in counterparts, each of which when duly signed and delivered shall be deemed for all purposes hereof to be an original, but all such counterparts shall collectively constitute one and the same instrument; and any Party may execute this Agreement by signing any such counterpart. Any signature delivered by facsimile or email transmission (in scanned .pdf format or the equivalent) shall be deemed to be an original signature.

16. This Agreement shall inure to the benefit of, and be binding upon, each of the Parties and their respective successors and permitted assigns. The provisions of this Agreement are, and are intended, solely for the purpose of defining the relative rights of the Lenders between and amongst themselves. This Agreement constitutes the entire agreement, arrangement and understanding, written or oral, among the Lenders (or between any of them) with respect to its subject matter, superseding and merging all prior and contemporaneous negotiations, discussions, agreements, arrangements and understandings, written or oral, between or among any of them relating thereto; and there are no representations, warranties, agreements, arrangements or understandings, written or oral, among the Lenders (or between any of them) with respect to the subject matter of this Agreement other than as set forth in this Agreement. There are no intended third-party beneficiaries of this Agreement, except as may be expressly provided herein.

**[SIGNATURE PAGE FOLLOWS]**

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

\_\_\_\_\_:

\_\_\_\_\_, as Servicing Lender

\_\_\_\_\_:

\_\_\_\_\_:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_:

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**COMPANY:**

ASPEN GROUP, INC.

By: \_\_\_\_\_  
Name: Michael Mathews  
Title: Chairman and Chief Executive Officer

ACKNOWLEDGED:

By: \_\_\_\_\_  
Name: \_\_\_\_\_

*[Signature Page to Intercreditor Agreement]*

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**CONSENT**

The undersigned hereby consent to the terms and provisions of this Agreement and agree to comply with the applicable terms and provisions thereof.

ASPEN UNIVERSITY, INC., a Delaware corporation

By: \_\_\_\_\_  
Name: Michael Mathews  
Title: Chief Executive Officer

UNITED STATES UNIVERSITY, INC., a Delaware corporation

By: \_\_\_\_\_  
Name: Michael Mathews  
Title: Chief Executive Officer

*[Consent Page to Intercreditor Agreement]*

**INVESTORS/REGISTRATION RIGHTS AGREEMENT**

THIS INVESTORS/REGISTRATION RIGHTS AGREEMENT (the “**Agreement**”) is made and entered into as of the 14th day of March, 2022, by and among ASPEN GROUP, INC., a Delaware corporation (the “**Company**”) and each of \_\_\_\_\_ (“\_\_\_\_\_”) and \_\_\_\_\_, a \_\_\_\_\_ (“\_\_\_\_\_”; each of the \_\_\_\_\_ and \_\_\_\_\_ is hereinafter sometimes referred to individually as a “**Holder**” and collectively as the “**Holders**”).

WHEREAS, the Company has issued to the \_\_\_\_\_ a convertible promissory note and security agreement in the principal amount of \$5,000,000 (as amended and restated, the “\_\_\_\_\_ **Note**”) and has issued to \_\_\_\_\_ a convertible promissory note and security agreement in the principal amount of \$5,000,000 (as amended and restated, the “\_\_\_\_\_ **Note**” and, together with the \_\_\_\_\_ Note, the “**Notes**” and each a “**Note**”), and each of which Note shall be convertible into shares of the Company’s common stock (the “**Common Stock**,” and the shares of Common Stock issuable upon conversion of the Notes, the “**Conversion Shares**”).

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the parties hereto hereby agree as follows:

1. **Definitions.** For purposes of this Agreement:

“**1933 Act**” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder, or any successor statute thereto.

“**1934 Act**” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder, or any successor statute thereto.

“**Additional Effective Date**” means the date the Additional Registration Statement is declared effective by the SEC.

“**Additional Effectiveness Deadline**” means the date which is the earlier of: (i) in the event that the Additional Registration Statement (a) is not subject to a full review by the SEC, 30 calendar days after the earlier of the Additional Filing Date and the Additional Filing Deadline, or (b) in the event that the Additional Registration Statement is subject to a full review by the SEC, 60 calendar days after the earlier of the Additional Filing Date and the Additional Filing Deadline, and (ii) the 5 Business Day after the date the Company is notified (orally or in writing, whichever is earlier) by the SEC that such Additional Registration Statement will not be reviewed or will not be subject to further review; *provided, however*, that if the Additional Effectiveness Deadline falls on a Saturday, Sunday or other day that the SEC is closed for business, the Additional Effectiveness Deadline shall be extended to the next Business Day on which the SEC is open for business.

“**Additional Filing Date**” means the date on which the Additional Registration Statement is filed with the SEC.

“**Additional Filing Deadline**” means if Cutback Shares are required to be included in any Additional Registration Statement, the later of (i) the date 60 calendar days after the date substantially all of the Registrable Securities registered under the immediately preceding

Registration Statement are sold, and (ii) the date six months from the Initial Effective Date or the most recent Additional Effective Date, as applicable.

“**Additional Registrable Securities**” means: (i) any Cutback Shares not previously included on a Registration Statement, and (ii) any capital stock of the Company issued or issuable with respect to the Notes, Conversion Shares, or Cutback Shares, as applicable, as a result of any stock split, stock dividend, recapitalization, exchange or similar event or otherwise.

“**Additional Registration Statement**” means a registration statement or registration statements of the Company filed under the 1933 Act covering the resale of any Additional Registrable Securities.

“**Additional Required Registration Amount**” means (i) any Cutback Shares not previously included on a Registration Statement, all subject to adjustment as provided in Section 2.1(e), or (ii) such other amount as may be permitted by the staff of the SEC pursuant to Rule 415.

“**Affiliate**” means, with respect to a specified Person, another Person that is a director or officer of such Person, or directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with the Person specified

“**Agreement**” has the meaning set forth in the preamble.

“**Allowable Grace Period**” has the meaning set forth in Section 2.2(p).

“**Bloomberg**” means Bloomberg Financial Markets.

“**Blue Sky Filing**” has the meaning set forth in Section 2.5(a).

“**Board**” has the meaning set forth in the preamble.

“**Business Day**” means any day other than Saturday, Sunday or any other day on which commercial banks in the City of New York are authorized or required by law to remain closed.

“**Claims**” has the meaning set forth in Section 2.5(a).

“**Closing Bid Price**” and “**Closing Sale Price**” means, for any security as of any date, the last closing bid price and last closing trade price, respectively, for such security on the Principal Market, as reported by Bloomberg, or, if the Principal Market begins to operate on an extended hours basis and does not designate the closing bid price or the closing trade price, as the case may be, then the last bid price or the last trade price, respectively, of such security prior to 4:00:00 p.m., New York time, as reported by Bloomberg, or, if the Principal Market is not the principal securities exchange or trading market for such security, the last closing bid price or last trade price, respectively, of such security on the principal securities exchange or trading market where such security is listed or traded as reported by Bloomberg, or if the foregoing do not apply, the last closing bid price or last trade price, respectively, of such security in the over-the-counter market on the electronic bulletin board for such security as reported by Bloomberg, or, if no closing bid price or last trade price, respectively, is reported for such security by Bloomberg, the average of the bid prices, or the ask prices, respectively, of any market makers for such security as reported in the OTC Link or “pink sheets” by OTC Markets Group Inc. (formerly Pink OTC Markets Inc.). If the Closing Bid Price or Closing Sale Price cannot be calculated for a security on a particular date on any of the foregoing bases, the Closing Bid Price or the Closing

Sale Price, as the case may be, of such security on such date shall be the fair market value as mutually determined by the Company and the affected Investors. If the Company and such Investors are unable to agree upon the fair market value of such security, then the Company and the Investors shall agree, in good faith, upon an independent investment bank of nationally recognized standing to make such determination, whose determination shall be final and binding and whose fees and expenses shall be borne by the Company.

“**Common Stock**” has the meaning set forth in the recitals.

“**Company**” has the meaning set forth in the preamble.

“**Conversion Shares**” has the meaning set forth in the recitals.

“**Current Public Information Failure**” has the meaning set forth in Section 2.1(f).

“**Cutback Shares**” means any of the Initial Required Registration Amount or the Additional Required Registration Amount (without regard to clause (ii) in the definition thereof) of Registrable Securities not included in all Registration Statements previously declared effective hereunder as a result of a limitation on the maximum number of shares of Common Stock of the Company permitted to be registered by the staff of the SEC pursuant to Rule 415. For the purpose of determining the Cutback Shares, in order to determine any applicable Required Registration Amount, unless an Investor gives written notice to the Company to the contrary with respect to the allocation of its Cutback Shares, the Conversion Shares shall be excluded on a pro rata basis among the Investors until all of the Conversion Shares have been excluded.

“**Effective Date**” means the Initial Effective Date and the Additional Effective Date, as applicable.

“**Effectiveness Deadline**” means the Initial Effectiveness Deadline and the Additional Effectiveness Deadline, as applicable.

“**Effectiveness Failure**” has the meaning set forth in Section 2.1(f).

“**Eligible Market**” means the Principal Market, The New York Stock Exchange, Inc., the NYSE American LLC, The Nasdaq Capital Market, The Nasdaq Global Select Market or The Nasdaq Global Market, or any successor to any of the foregoing.

“**Filing Deadline**” means the Initial Filing Deadline and the Additional Filing Deadline, as applicable.

“**Filing Failure**” has the meaning set forth in Section 2.1(f).

“**Grace Period**” has the meaning set forth in Section 2.2(p).

“**Holder**” and “**Holder**s” have the meanings set forth in the preamble and shall also include or any transferee or assignee of each Holder identified in the preamble to whom such Holder identified in the preamble assigns its rights under this Agreement and who agrees to be bound by the provisions of this Agreement in accordance with Section 6.1 and any transferee or assignee thereof to whom a transferee or assignee assigns its rights under this Agreement and who agrees to become bound by the provisions of this Agreement in accordance with Section 6.1.

“**Indemnified Damages**” has the meaning set forth in Section 2.5(a).

“**Indemnified Party**” has the meaning set forth in Section 2.5(b).

“**Indemnified Person**” has the meaning set forth in Section 2.5(a).

“**Initial Effective Date**” means the date that the Initial Registration Statement has been declared effective by the SEC.

“**Initial Effectiveness Deadline**” means the date which is the earlier of: (i) in the event that the Initial Registration Statement (a) is not subject to a full review by the SEC, 90 calendar days after the Request Date, or (b) is subject to a full review by the SEC, 120 calendar days after the Request Date, and (ii) the fifth Business Day following the date on which the Company is notified (orally or in writing, whichever is earlier) by the SEC that such Initial Registration Statement will not be reviewed or will not be subject to further review; *provided, however*, that if the Initial Effectiveness Deadline falls on a Saturday, Sunday or other day that the SEC is closed for business, the Initial Effectiveness Deadline shall be extended to the next Business Day on which the SEC is open for business.

“**Initial Filing Deadline**” means the date which is 30 calendar days after the Request Date.

“**Initial Registrable Securities**” means (i) the Conversion Shares issuable or issued pursuant to the terms of the Notes; and (ii) any other capital stock issued or issuable with respect to the Notes or Conversion Shares, as a result of any stock split, stock dividend, recapitalization, exchange or similar event or otherwise.

“**Initial Registration Statement**” means a registration statement or registration statements of the Company filed under the 1933 Act covering the resale of the Initial Registrable Securities.

“**Initial Required Registration Amount**” means 120% of the maximum number of Conversion Shares issued and issuable pursuant to the Notes as of the Trading Day immediately preceding the applicable date of determination and all subject to adjustment as provided in Section 2.1(e), or (ii) such other amount as may be permitted by the staff of the SEC pursuant to Rule 415.

“**Inspectors**” has the meaning set forth in Section 2.2(g)(ii).

“**Investor**” means each Holder or any transferee or assignee of the Holder to whom the Holder assigns its rights under this Agreement and who agrees to be bound by the provisions of this Agreement in accordance with Section 6.1 and any transferee or assignee thereof to whom a transferee or assignee assigns its rights under this Agreement and who agrees to become bound by the provisions of this Agreement in accordance with Section 6.1.

“**Note**” and “**Notes**” have the meanings set forth in the recitals.

“**Maintenance Failure**” has the meaning set forth in Section 2.1(f).

“**Person**” means an individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization and a government or any department or agency thereof.

“**Principal Market**” means Nasdaq Global Market.

“**Records**” has the meaning set forth in Section 2.2(g)(ii).

“**register**”, “**registered**” and “**registration**” mean a registration effected by preparing and filing one or more Registration Statements in compliance with the 1933 Act and pursuant to Rule 415, and the declaration or ordering of effectiveness of such Registration Statement or Registration Statements by the SEC.

“**Registrable Securities**” means the Initial Registrable Securities and the Additional Registrable Securities.

“**Registration Delay Payments**” has the meaning set forth in Section 2.1(f).

“**Registration Failure**” has the meaning set forth in Section 2.1(f)

“**Registration Period**” has the meaning set forth in Section 2.2(a).

“**Registration Statement**” means the Initial Registration Statement and the Additional Registration Statement, as applicable.

“**Required Holders**” means the holders of at least 50% of the Registrable Securities and shall include the Holder so long as the Holder or any Affiliate of the Holder holds any Registrable Securities.

“**Request Date**” means the date that is five months or more after the date of this Agreement on which the Required Holders have delivered a notice to the Company requesting that the Company file the Initial Registration Statement (a “**Registration Request**”), such notice in accordance with the notice provisions set forth in Section 6.4 hereof.

“**Required Registration Amount**” means either the Initial Required Registration Amount or the Additional Required Registration Amount, as applicable.

“**Rule 144**” has the meaning set forth in Section 2.7.

“**Rule 415**” means Rule 415 promulgated under the 1933 Act or any successor rule providing for offering securities on a continuous or delayed basis.

“**SEC**” means the U.S. Securities and Exchange Commission.

“**Subsidiaries**” shall mean Aspen University Inc. and United States University, Inc.

“**Trading Day**” means any day on which the Common Stock is traded on the Principal Market, or, if the Principal Market is not the principal trading market for the Common Stock, then on the principal securities exchange or securities market on which the Common Stock is then traded; *provided* that “Trading Day” shall not include any day on which the Common Stock is scheduled to trade on such exchange or market for less than 4.5 hours or any day that the Common Stock is suspended from trading during the final hour of trading on such exchange or market (or if such exchange or market does not designate in advance the closing time of trading on such exchange or market, then during the hour ending at 4:00:00 p.m., New York time).

“**Transaction Documents**” means the Notes, the Intercreditor Agreement among the parties and \_\_\_\_\_ and each of the other agreements, documents and certificates entered into by the Holders and the Company in connection with the transactions contemplated thereby.

“**Violations**” has the meaning set forth in Section 2.5(a).

Capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to them in the Notes.

## 2. **Registration Rights.**

### 2.1 **Demand Registration.**

(a) Initial Registration. Promptly following the Request Date, the Company shall prepare, and, as soon as practicable but in no event later than the Initial Filing Deadline, file with the SEC the Initial Registration Statement on Form S-3. The Initial Registration Statement prepared pursuant hereto shall register for resale at least the number of shares of Common Stock equal to the Initial Required Registration Amount determined as of the date the Initial Registration Statement is initially filed with the SEC, subject to adjustment as provided in Section 2.1(e). The Company shall use its commercially reasonable efforts to have the Initial Registration Statement declared effective by the SEC as soon as practicable, but in no event later than the Initial Effectiveness Deadline. By 9:30 a.m. New York time on the Business Day following the Initial Effective Date, the Company shall file with the SEC in accordance with Rule 424 under the 1933 Act the final prospectus to be used in connection with sales pursuant to such Initial Registration Statement.

(b) Additional Registrations. The Company shall prepare, and, as soon as practicable but in no event later than the Additional Filing Deadline, file with the SEC an Additional Registration Statement on Form S-3 covering the resale of all of the Additional Registrable Securities not previously registered on an Additional Registration Statement hereunder. To the extent the staff of the SEC does not permit the Additional Required Registration Amount to be registered on an Additional Registration Statement, the Company shall file Additional Registration Statements successively trying to register on each such Additional Registration Statement the maximum number of remaining Additional Registrable Securities until the Additional Required Registration Amount has been registered with the SEC. Each Additional Registration Statement prepared pursuant hereto shall register for resale at least that number of shares of Common Stock equal to the Additional Required Registration Amount determined as of the date such Additional Registration Statement is initially filed with the SEC, subject to adjustment as provided in Section 2.1(e). Each Additional Registration Statement shall contain (except if otherwise directed by the Investors) the “Plan of Distribution” and “Selling Shareholders” sections detailing the identity of each of the Holders seeking to register any of the Conversion Shares. The Company shall use its commercially reasonable efforts to have each Additional Registration Statement declared effective by the SEC as soon as practicable, but in no event later than the Additional Effectiveness Deadline. By 9:30 a.m. New York time on the Business Day following the Additional Effective Date, the Company shall file with the SEC in accordance with Rule 424 under the 1933 Act the final prospectus to be used in connection with sales pursuant to such Additional Registration Statement.

(c) Allocation of Registrable Securities. The initial number of Registrable Securities included in any Registration Statement and any increase or decrease in the number of Registrable Securities included therein shall be allocated pro rata among the Investors

based on the number of Registrable Securities held by each Investor at the time the Registration Statement covering such initial number of Registrable Securities or increase or decrease thereof is declared effective by the SEC. In the event that an Investor sells or otherwise transfers any of such Investor's Registrable Securities, each transferee shall be allocated a pro rata portion of the then remaining number of Registrable Securities included in such Registration Statement for such transferor. Any shares of Common Stock included in a Registration Statement and which remain allocated to any Person which ceases to hold any Registrable Securities covered by such Registration Statement shall be allocated to the remaining Investors, pro rata based on the number of Registrable Securities then held by such Investors which are covered by such Registration Statement. In no event shall the Company include any securities other than Registrable Securities on any Registration Statement without the prior written consent of the Required Holders.

(d) Ineligibility for Form S-3. Notwithstanding anything herein to the contrary, in the event that Form S-3 is not available for the registration of the resale of Registrable Securities hereunder, the Company shall: (i) register the resale of the Registrable Securities on Form S-1 or another appropriate form reasonably acceptable to the Required Holders, and (ii) undertake to register the Registrable Securities on Form S-3 as soon as such form is available; *provided* that the Company shall maintain the effectiveness of the Registration Statement then in effect until such time as a Registration Statement on Form S-3 covering the Registrable Securities has been declared effective by the SEC.

(e) Sufficient Number of Shares Registered. In the event the number of shares available under a Registration Statement filed pursuant to Sections 2.1(a) or 2.1(b) is insufficient to cover the Required Registration Amount of Registrable Securities required to be covered by such Registration Statement or an Investor's allocated portion of the Registrable Securities pursuant to Section 2.1(c), the Company shall amend the applicable Registration Statement, or file a new Registration Statement (on the short form available therefor, if applicable), or both, so as to cover at least the Required Registration Amount as of the Trading Day immediately preceding the date of the filing of such amendment or new Registration Statement, in each case, as soon as practicable, but in any event not later than 15 calendar days after the necessity therefor arises. The Company shall use its commercially reasonable efforts to cause such amendment or new Registration Statement, or both, to become effective as soon as practicable following the filing thereof. For purposes of the foregoing provision, the number of shares available under a Registration Statement shall be deemed "insufficient to cover all of the Registrable Securities" if at any time the number of shares of Common Stock available for resale under the Registration Statement is less than the Required Registration Amount. The calculation set forth in the foregoing sentence shall assume that each Note is then convertible in full into shares of Common Stock at the then prevailing Conversion Price (as defined in the Notes Agreement).

(f) Effect of Failure to File and Obtain and Maintain Effectiveness of Registration Statement. If: (i) the Initial Registration Statement when declared effective fails to register the Initial Required Registration Amount of Initial Registrable Securities (a "**Registration Failure**"), (ii) a Registration Statement covering all of the Registrable Securities required to be covered thereby and required to be filed by the Company pursuant to this Agreement is: (A) not filed with the SEC on or before the applicable Filing Deadline (a "**Filing Failure**"), or (B) not declared effective by the SEC on or before the Effectiveness Deadline (an "**Effectiveness Failure**"), (iii) on any day after the applicable Effective Date, sales of all of the Registrable Securities required to be included on such Registration Statement cannot be made (other than during an Allowable Grace Period) pursuant to such Registration Statement or otherwise (including, without limitation, because of the suspension of trading or any other



limitation imposed by an Eligible Market, a failure to keep such Registration Statement effective, a failure to disclose such information as is necessary for sales to be made pursuant to such Registration Statement, a failure to register a sufficient number of shares of Common Stock or a failure to maintain the quotation or listing of the Common Stock) (a “**Maintenance Failure**”), or (iv) if a Registration Statement is not effective for any reason or the prospectus contained therein is not available for use for any reason, the Company fails to file with the SEC any required reports under Section 13 or 15(d) of the 1934 Act such that it is not in compliance with Rule 144(c)(1) (or Rule 144(i)(2), if applicable) (a “**Current Public Information Failure**”) as a result of which any of the Investors are unable to sell Registrable Securities without restriction under Rule 144 (including, without limitation, volume restrictions, if applicable) then, as partial relief for the damages to any holder by reason of any such delay in or reduction of its ability to sell the underlying shares of Common Stock (which remedy shall not be exclusive of any other remedies available at law or in equity, including, without limitation, specific performance or the additional obligation of the Company to register any Cutback Shares), the Company shall pay to each holder of Registrable Securities relating to such Registration Statement an amount in cash equal to (x) 0.5% of the aggregate value of such holder’s Registrable Securities (such value being determined by multiplying the number of such holder’s Registrable Securities by the Closing Sale Price of one share of Common Stock on the Trading Day immediately preceding the date of determination), on each of the following dates: (i) the day of a Registration Failure, (ii) the day of a Filing Failure; (iii) the day of an Effectiveness Failure; (iv) the initial day of a Maintenance Failure; (v) the initial day of a Current Public Information Failure, and (y) 1.0% of the aggregate value of such holder’s Registrable Securities, whether or not included in such Registration Statement, on each of the following dates: (i) on the thirtieth day after the date of a Registration Failure and every thirtieth day thereafter (prorated for periods totaling less than thirty days) until such Registration Failure is cured; (ii) on the thirtieth day after the date of a Filing Failure and every thirtieth day thereafter (prorated for periods totaling less than thirty days) until such Filing Failure is cured; (iii) on the thirtieth day after the date of an Effectiveness Failure and every thirtieth day thereafter (prorated for periods totaling less than thirty days) until such Effectiveness Failure is cured; (iv) on the thirtieth day after the initial date of a Maintenance Failure and every thirtieth day thereafter (prorated for periods totaling less than thirty days) until such Maintenance Failure is cured; and (v) on the thirtieth day after the initial date of a Current Public Information Failure and every thirtieth day thereafter (prorated for periods totaling less than thirty days) until such Current Public Information Failure is cured. The payments to which a holder shall be entitled pursuant to this Section 2.1(f) are referred to herein as “**Registration Delay Payments.**” Registration Delay Payments shall be paid on the earlier of (I) the dates set forth above, and (II) the third Business Day after the event or failure giving rise to the Registration Delay Payments is cured. In the event the Company fails to make Registration Delay Payments in a timely manner, such Registration Delay Payments shall bear interest at the rate of one and 1.0% per month (prorated for partial months) until paid in full. Notwithstanding anything herein to the contrary, (i) Registration Delay Payments shall cease to accrue when all of the Registrable Securities may be sold pursuant to Rule 144 without any restrictions or limitations, (ii) in no event shall the aggregate amount of all Registration Delay Payments (without regard to any accrued interest thereon in accordance with the preceding sentence) paid to an Investor exceed an amount equal to 2.5% of the original principal amount stated in its Note on the Closing Date (as defined in the Notes), (iii) no single event or failure shall give rise to more than one type of Registration Delay Payment, or (iv) if an Investor would be required to be named as an “underwriter” in the Registration Statement by the SEC and such Investor elects, pursuant to Section 2.2(q) below not to include any Registrable Securities of such Investor in the Registration Statement, no Registration Delay Payments shall accrue with respect to such Registrable Securities of such Investor.

(g) Except as provided in this Agreement, the Company shall not grant to any other Person the right to request the Company to register any equity securities of the Company, or any securities, options or rights convertible or exchangeable for such equity securities, without the prior written consent of the Required Holders.

**2.2 Obligations of the Company.** At such time as the Company is obligated to file a Registration Statement with the SEC pursuant to Section 2.1(a), 2.1(b), 2.1(d) or 2.1(e), the Company will use its reasonable commercially reasonable efforts to effect the registration of the Registrable Securities in accordance with the intended method of disposition thereof and, pursuant thereto, the Company shall have the following obligations:

(a) The Company shall promptly prepare and file with the SEC a Registration Statement with respect to the Registrable Securities and use its commercially reasonable efforts to cause such Registration Statement relating to the Registrable Securities to become effective as soon as practicable after such filing (but in no event later than the Effectiveness Deadline). The Company shall keep each Registration Statement effective pursuant to Rule 415 at all times until the earlier of: (i) the date as of which the Investors may sell all of the Registrable Securities covered by such Registration Statement without restriction or limitation pursuant to Rule 144 and without the requirement to be in compliance with Rule 144(c)(1) (or any successor thereto) promulgated under the 1933 Act, or (ii) the date on which the Investors shall have sold all of the Registrable Securities covered by such Registration Statement (the “**Registration Period**”). The Company shall ensure that each Registration Statement (including any amendments or supplements thereto and prospectuses contained therein) shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein, or necessary to make the statements therein (in the case of prospectuses, in the light of the circumstances in which they were made) not misleading. The term “commercially reasonable efforts” shall mean, among other things, that the Company shall submit to the SEC, within two Business Days after the later of the date that the Company learns that no review of a particular Registration Statement will be made by the staff of the SEC or that the staff has no further comments on a particular Registration Statement, as the case may be, a request for acceleration of effectiveness of such Registration Statement to a time and date not later than two Business Days after the submission of such request. The Company shall respond in writing to comments made by the SEC in respect of a Registration Statement as soon as practicable, but in no event later than fifteen days after the receipt of comments by or notice from the SEC that an amendment is required in order for a Registration Statement to be declared effective.

(b) The Company shall prepare and file with the SEC such amendments (including post-effective amendments) and supplements to a Registration Statement and the prospectus used in connection with such Registration Statement, which prospectus is to be filed pursuant to Rule 424 promulgated under the 1933 Act, as may be necessary to keep such Registration Statement effective at all times during the Registration Period, and, during such period, comply with the provisions of the 1933 Act with respect to the disposition of all Registrable Securities of the Company covered by such Registration Statement until such time as all of such Registrable Securities shall have been disposed of in accordance with the intended methods of disposition by the seller or sellers thereof as set forth in such Registration Statement. In the case of amendments and supplements to a Registration Statement which are required to be filed pursuant to this Agreement (including pursuant to this Section 2.2(b)) by reason of the Company filing a report on Form 10-K, Form 10-Q, Form 8-K or any analogous report under the 1934 Act, the Company shall have incorporated such report by reference into such Registration Statement, if applicable, or shall file such amendments or supplements with the SEC on the same

day on which the 1934 Act report is filed which created the requirement for the Company to amend or supplement such Registration Statement.

(c) The Company shall furnish to each Investor, without charge, (i) promptly after the same is prepared and filed with the SEC, at least one copy of such Registration Statement and any amendment(s) thereto, including financial statements and schedules, all documents incorporated therein by reference, if requested by an Investor, all exhibits and each preliminary prospectus, (ii) upon the effectiveness of any Registration Statement, ten copies of the prospectus included in such Registration Statement and all amendments and supplements thereto (or such other number of copies as such Investor may reasonably request), and (iii) such other documents, including copies of any preliminary or final prospectus, as such Investor may reasonably request from time to time in order to facilitate the disposition of the Registrable Securities.

(d) The Company shall use its commercially reasonable efforts to (i) register and qualify, unless an exemption from registration and qualification applies, the resale by the Investors of the Registrable Securities covered by a Registration Statement under such other securities or “blue sky” laws of all applicable jurisdictions in the United States which are reasonably requested by an Investor, (ii) prepare and file in those jurisdictions such amendments (including post-effective amendments) and supplements to such registrations and qualifications as may be necessary to maintain the effectiveness thereof during the Registration Period, (iii) take such other actions as may be necessary to maintain such registrations and qualifications in effect at all times during the Registration Period, and (iv) take all other actions reasonably necessary or advisable to qualify the Registrable Securities for sale in such jurisdictions; *provided, however*, that the Company shall not be required in connection therewith or as a condition thereto to (x) qualify to do business in any jurisdiction where it would not otherwise be required to qualify but for this Section 2.2(d), (y) subject itself to general taxation in any such jurisdiction, or (z) file a general consent to service of process in any such jurisdiction. The Company shall promptly notify the Investors of the receipt by the Company of any notification with respect to the suspension of the registration or qualification of any of the Registrable Securities for sale under the securities or “blue sky” laws of any jurisdiction in the United States or its receipt of actual notice of the initiation or threatening of any proceeding for such purpose.

(e) The Company shall notify the Investors in writing of the happening of any event, as promptly as practicable after becoming aware of such event, as a result of which the prospectus included in a Registration Statement, as then in effect, includes an untrue statement of a material fact or omission to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (provided that in no event shall such notice contain any material, nonpublic information), and, subject to Section 2.2(p), promptly prepare a supplement or amendment to such Registration Statement to correct such untrue statement or omission, and deliver ten copies of such supplement or amendment to each Investor (or such other number of copies as such Investor may reasonably request). The Company shall also promptly notify the Investors in writing: (i) when a prospectus or any prospectus supplement or post-effective amendment has been filed, and when a Registration Statement or any post-effective amendment has become effective (notification of such effectiveness shall be delivered to the Investors by facsimile or email on the same day of such effectiveness and by overnight mail), (ii) of any request by the SEC for amendments or supplements to a Registration Statement or related prospectus or related information, and (iii) of the Company’s reasonable determination that a post-effective amendment to a Registration Statement would be appropriate. By 9:30 a.m. New York City time on the date following the date any post-effective amendment has become effective, the Company

shall file with the SEC in accordance with Rule 424 under the 1933 Act the final prospectus to be used in connection with sales pursuant to such Registration Statement.

(f) The Company shall use its commercially reasonable efforts to prevent the issuance of any stop order or other suspension of effectiveness of a Registration Statement, or the suspension of the qualification of any of the Registrable Securities for sale in any jurisdiction and, if such an order or suspension is issued, to obtain the withdrawal of such order or suspension at the earliest possible moment and to each Investor of the issuance of such order and the resolution thereof or its receipt of actual notice of the initiation or threat of any proceeding for such purpose.

(g) If (i) any Investor is required under applicable securities laws to be described in the Registration Statement as an underwriter consents to being deemed to be an underwriter or (ii) if the proposed distribution is underwritten on a firm commitment basis, the Company shall

(i) furnish the Investor, on the date of the effectiveness of the Registration Statement and thereafter from time to time on such dates as the Investor may reasonably request (A) a letter, dated such date, from the Company's independent certified public accountants in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering, addressed to the Investor, and (B) an opinion, dated as of such date, of counsel representing the Company for purposes of such Registration Statement, in form, scope and substance as is customarily given in an underwritten public offering, addressed to the Investor; and

(ii) make available for inspection by (A) the Investor, (B) the Investor's legal counsel, and (C) one firm of accountants or other agents retained by the Investor (collectively, the "**Inspectors**"), all pertinent financial and other records, and pertinent corporate documents and properties of the Company (collectively, the "**Records**"), as shall be reasonably deemed necessary by each Inspector, and cause the Company's officers, directors and employees to supply all information which any Inspector may reasonably request; *provided, however*, that each Inspector shall agree to hold in strict confidence and shall not make any disclosure (except to the Investor) or use of any Record or other information which the Company determines in good faith to be confidential, and of which determination the Inspectors are so notified, unless (x) the disclosure of such Records is necessary to avoid or correct a misstatement or omission in any Registration Statement or is otherwise required under the 1933 Act, (y) the release of such Records is ordered pursuant to a final, non-appealable subpoena or order from a court or government body of competent jurisdiction, or (z) the information in such Records has been made generally available to the public other than by disclosure in violation of this Agreement. Each Investor agrees that it shall, upon learning that disclosure of such Records is sought in or by a court or governmental body of competent jurisdiction or through other means, give prompt notice to the Company and allow the Company, at its expense, to undertake appropriate action to prevent disclosure of, or to obtain a protective order for, the Records deemed confidential. Nothing herein shall be deemed to limit an Investor's ability to sell Registrable Securities in a manner which is otherwise consistent with applicable laws and regulations.

(h) The Company shall hold in confidence and not make any disclosure of information concerning an Investor provided to the Company unless (i) disclosure of such information is necessary to comply with federal or state securities laws, (ii) the disclosure of such information is necessary to avoid or correct a misstatement or omission in any Registration Statement, (iii) the release of such information is ordered pursuant to a subpoena or other final, non-appealable order from a court or governmental body of competent jurisdiction, or

(iv) such information has been made generally available to the public other than by disclosure in violation of this Agreement or any other agreement. The Company agrees that it shall, upon learning that disclosure of such information concerning an Investor is sought in or by a court or governmental body of competent jurisdiction or through other means, give prompt written notice to the Investor and allow the Investor, at the Investor's expense, to undertake appropriate action to prevent disclosure of, or to obtain a protective order for, such information.

(i) The Company shall use its commercially reasonable efforts either to (i) cause all of the Registrable Securities covered by a Registration Statement to be listed on each securities exchange on which securities of the same class or series issued by the Company are then listed, if any, if the listing of such Registrable Securities is then permitted under the rules of such exchange or (ii) secure the inclusion for quotation of all of the Registrable Securities on the Principal Market or (iii) if, despite the Company's commercially reasonable efforts, the Company is unsuccessful in satisfying the preceding clauses (i) and (ii), to secure the inclusion for quotation on another Eligible Market for such Registrable Securities and, without limiting the generality of the foregoing, to use its commercially reasonable efforts to arrange for at least two market makers to register with the Financial Industry Regulatory Authority, Inc. as such with respect to such Registrable Securities. The Company shall pay all fees and expenses in connection with satisfying its obligation under this Section 2.2(i).

(j) The Company shall cooperate with the Investors and, to the extent applicable, facilitate the timely preparation and delivery of certificates (not bearing any restrictive legend) representing the Registrable Securities to be offered pursuant to a Registration Statement and enable such certificates to be in such denominations or amounts, as the case may be, as the Investors may reasonably request and registered in such names as the Investors may request.

(k) If requested by an Investor, the Company shall as soon as practicable: (i) incorporate in a prospectus supplement or post-effective amendment such information as the Investor reasonably requests to be included therein relating to the sale and distribution of Registrable Securities, including, without limitation, information with respect to the number of Registrable Securities being offered or sold, the purchase price being paid therefor and any other terms of the offering of the Registrable Securities to be sold in such offering; (ii) make all required filings of such prospectus supplement or post-effective amendment after being notified of the matters to be incorporated in such prospectus supplement or post-effective amendment; and (iii) supplement or make amendments to any Registration Statement if reasonably requested by an Investor holding Registrable Securities.

(l) In the event of any underwritten public offering pursuant to this Agreement, use commercially reasonable efforts to facilitate an underwritten public offering, including entering into and performing its obligations under an underwriting agreement, in usual and customary form, with the underwriter(s) of such offering.

(m) The Company shall make generally available to its security holders as soon as practical, but not later than 90 days after the close of the period covered thereby, an earnings statement (in form complying with, and in the manner provided by, the provisions of Rule 158 under the 1933 Act) covering a twelve-month period beginning not later than the first day of the Company's fiscal quarter next following the applicable Effective Date of a Registration Statement.

(n) The Company shall otherwise use its commercially reasonable efforts to comply with all applicable rules and regulations of the SEC in connection with any registration here.

(o) Within two Business Days after a Registration Statement which covers Registrable Securities is ordered effective by the SEC, the Company shall deliver, and shall cause legal counsel for the Company to deliver, to the transfer agent for such Registrable Securities (with copies to the Investors) confirmation that such Registration Statement has been declared effective by the SEC.

(p) Notwithstanding anything herein to the contrary, at any time after the Effective Date, the Company may delay the disclosure of material, non-public information concerning the Company the disclosure of which at the time is not, in the good faith opinion of the Board and its counsel, in the best interest of the Company and, in the opinion of counsel to the Company, otherwise required (a “**Grace Period**”); *provided*, that the Company shall promptly (i) notify the Investors in writing of the existence of material, non-public information giving rise to a Grace Period (provided that in each such notice the Company will not disclose the content of such material, non-public information to the Investors) and the date on which the Grace Period will begin, and (ii) notify the Investors in writing of the date on which the Grace Period ends; *provided further*, that (x) no Grace Period shall exceed ten consecutive Trading Days, (y) during any 365-day period such Grace Periods shall not exceed an aggregate of twenty (20) Trading Days, and (z) the first day of any Grace Period must be at least five (5) Trading Days after the last day of any prior Grace Period (each, an “**Allowable Grace Period**”). For purposes of determining the length of a Grace Period, the Grace Period shall begin on and include the date the Investors receive the notice referred to in clause (i) and shall end on and include the later of the date the Investors receive the notice referred to in clause (ii) and the date referred to in such notice. The provisions of Section 2.1(f) shall not be applicable during the period of any Allowable Grace Period. Upon expiration of the Grace Period, the Company shall again be bound by the first sentence of Section 2.2(e) with respect to the information giving rise thereto unless such material, non-public information is no longer applicable. Notwithstanding anything to the contrary, the Company shall cause its transfer agent to deliver unlegended shares of Common Stock to a transferee of an Investor in accordance with the terms of the Transaction Documents in connection with any sale of Registrable Securities with respect to which the Investor has entered into a contract for sale, prior to the Investor’s receipt of the notice of a Grace Period and for which the Investor has not yet settled.

(q) Neither the Company nor any Subsidiary or affiliate thereof shall identify an Investor as an underwriter in any public disclosure or filing with the SEC, the Principal Market or any Eligible Market and any Investor being deemed an underwriter by the SEC shall not relieve the Company of any obligations it has under this Agreement or any other Transaction Document; *provided, however*, that the foregoing shall not prohibit the Company from including the disclosure found in the “Plan of Distribution” section in the Registration Statement.

(r) Neither the Company nor any of its Subsidiaries has entered, as of the date hereof, nor shall the Company or any of its Subsidiaries, on or after the date of this Agreement, enter into any agreement with respect to its securities, that would have the effect of impairing the rights granted to the Holders in this Agreement or otherwise conflicts with the provisions hereof.

### 2.3 Obligations of the Investors.

(a) At least five Business Days prior to the first anticipated Filing Date of a Registration Statement, the Company shall notify each Investor in writing of the information the Company requires from such Investor. It shall be a condition precedent to the obligations of the Company to complete any registration pursuant to this Agreement with respect to the Registrable Securities of a particular Investor that such Investor shall furnish to the Company such information regarding itself, the Registrable Securities held by it and the intended method of disposition of the Registrable Securities held by it as shall be reasonably required to effect and maintain the effectiveness of the registration of such Registrable Securities and shall execute such documents in connection with such registration as the Company may reasonably request.

(b) Each Investor, by such Investor's acceptance of the Registrable Securities, agrees to cooperate with the Company as reasonably requested by the Company in connection with the preparation and filing of any Registration Statement hereunder, unless such Investor has notified the Company in writing of such Investor's election to exclude all of such Investor's Registrable Securities from such Registration Statement.

(c) Each Investor agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in the first sentence of Section 2.2(e) or in Section 2.2(f), the Investor will immediately discontinue disposition of Registrable Securities pursuant to any Registration Statement covering such Registrable Securities until the such Investor's receipt of copies of the supplemented or amended prospectus as contemplated by the first sentence of Section 2.2(e) or Section 2.2(f) or receipt of notice that no supplement or amendment is required. Notwithstanding anything to the contrary, the Company shall cause its transfer agent to deliver unlegended shares of Common Stock to a transferee of an Investor in accordance with the terms of the Transaction Documents in connection with any sale of Registrable Securities with respect to which the Investor has entered into a contract for sale prior to the Investor's receipt of a notice from the Company of the happening of any event of the kind described in the first sentence of Section 2.2(e) or in Section 2.2(f) and for which the Investor has not yet settled.

(d) Each Investor covenants and agrees that it will comply with the prospectus delivery requirements of the 1933 Act as applicable to it or an exemption therefrom in connection with sales of Registrable Securities pursuant to the Registration Statement.

2.4 **Expenses of Registration.** All expenses, other than underwriting discounts and commissions, incurred in connection with registrations, filings or qualifications of Registrable Securities pursuant to Sections 2.1 and 2.2, (which right may be assigned as provided in Section 6.1), including, without limitation, all registration, listing and qualifications fees, printers and accounting fees, and fees and disbursements of counsel for the Company shall be paid by the Company. The Company shall also reimburse the Investors for the reasonable fees and disbursements of counsel for the Investors in connection with each registration, filing or qualification pursuant to Sections 2.1 and 2.2 of this Agreement in an amount not to exceed \$10,000 in the aggregate for each Registration Statement.

2.5 **Indemnification.** In the event any Registrable Securities are included in a registration statement under this Section 1:

(a) To the fullest extent permitted by law, the Company will, and hereby does agree to, indemnify, hold harmless and defend each Investor, the directors, officers, partners, members, employees, agents, representatives of, and each Person, if any, who controls any Investor within the meaning of the 1933 Act or the 1934 Act (each, an "**Indemnified Person**"), against any losses, claims, damages, liabilities, judgments, fines, penalties, charges,

costs, reasonable attorneys' fees, amounts paid in settlement or expenses, joint or several (collectively, "**Claims**"), incurred in investigating, preparing or defending any action, claim, suit, inquiry, proceeding, investigation or appeal taken from the foregoing by or before any court or governmental, administrative or other regulatory agency, body or the SEC, whether pending or threatened, whether or not an indemnified party is or may be a party thereto ("**Indemnified Damages**"), to which any of them may become subject insofar as such Claims (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon: (i) any untrue statement or alleged untrue statement of a material fact in a Registration Statement or any post-effective amendment thereto or in any filing made in connection with the qualification of the offering under the securities or other "blue sky" laws of any jurisdiction in which Registrable Securities are offered ("**Blue Sky Filing**"), or the omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, (ii) any untrue statement or alleged untrue statement of a material fact contained in any preliminary prospectus if used prior to the effective date of such Registration Statement, or contained in the final prospectus (as amended or supplemented, if the Company files any amendment thereof or supplement thereto with the SEC) or the omission or alleged omission to state therein any material fact necessary to make the statements made therein, in light of the circumstances under which the statements therein were made, not misleading, (iii) any violation or alleged violation by the Company of the 1933 Act, the 1934 Act, any other law, including, without limitation, any state securities law, or any rule or regulation thereunder relating to the offer or sale of the Registrable Securities pursuant to a Registration Statement or (iv) any violation of this Agreement (the matters in the foregoing clauses (i) through (iv) being, collectively, "**Violations**"). Subject to Section 2.5(c), the Company shall reimburse the Indemnified Persons, promptly as such expenses are incurred and are due and payable, for any legal fees or other reasonable expenses incurred by them in connection with investigating or defending any such Claim. Notwithstanding anything to the contrary contained herein, the indemnification agreement contained in this Section 2.5(a): (i) shall not apply to a Claim by an Indemnified Person arising out of or based upon a Violation which occurs in reliance upon and in conformity with information furnished in writing to the Company by such Indemnified Person for such Indemnified Person expressly for use in connection with the preparation of the Registration Statement or any such amendment thereof or supplement thereto, if such prospectus was timely made available by the Company pursuant to Section 2.2(c); and (ii) shall not apply to amounts paid in settlement of any Claim if such settlement is effected without the prior written consent of the Company, which consent shall not be unreasonably withheld or delayed. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the Indemnified Person and shall survive the transfer of the Registrable Securities by the Investors pursuant to Section 6.1.

(b) In connection with any Registration Statement in which an Investor is participating, each such Investor agrees to severally and not jointly indemnify, hold harmless and defend, to the same extent and in the same manner as is set forth in Section 2.5(a), the Company, each of its directors, each of its officers who signs the Registration Statement and each Person, if any, who controls the Company within the meaning of the 1933 Act or the 1934 Act (each, an "**Indemnified Party**"), against any Claim or Indemnified Damages to which any of them may become subject, under the 1933 Act, the 1934 Act or otherwise, insofar as such Claim or Indemnified Damages arise out of or are based upon any Violation, in each case to the extent, and only to the extent, that such Violation occurs in reliance upon and in conformity with written information furnished to the Company by such Investor expressly for use in connection with such Registration Statement; and, subject to Section 2.5(c), such Investor shall reimburse the Indemnified Party for any legal or other expenses reasonably incurred by an Indemnified Party in connection with investigating or defending any such Claim; *provided, however*, that the indemnity agreement contained in this Section 2.5(b) and the agreement with respect to



contribution contained in Section 2.6 shall not apply to amounts paid in settlement of any Claim if such settlement is effected without the prior written consent of such Investor, which consent shall not be unreasonably withheld or delayed; *provided, further*, that the Investor shall be liable under this Section 2.5(b) for only that amount of a Claim or Indemnified Damages as does not exceed the net proceeds to such Investor as a result of the sale of Registrable Securities pursuant to such Registration Statement. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of such Indemnified Party and shall survive the transfer of the Registrable Securities by the Investors pursuant to Section 6.1.

(c) Promptly after receipt by an Indemnified Person or Indemnified Party under this Section 2.5 of notice of the commencement of any action or proceeding (including any governmental action or proceeding) involving a Claim, such Indemnified Person or Indemnified Party shall, if a Claim in respect thereof is to be made against any indemnifying party under this Section 2.5, deliver to the indemnifying party a written notice of the commencement thereof, and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume control of the defense thereof with counsel mutually satisfactory to the indemnifying party and the Indemnified Person or the Indemnified Party, as the case may be; provided, however, that an Indemnified Person or Indemnified Party shall have the right to retain its own counsel with the fees and expenses of not more than one counsel for all such Indemnified Person or Indemnified Party to be paid by the indemnifying party, if, in the reasonable opinion of counsel retained by the Indemnified Person or Indemnified Party, as applicable, the representation by such counsel of the Indemnified Person or Indemnified Party and the indemnifying party would be inappropriate due to actual or potential differing interests between such Indemnified Person or Indemnified Party and any other party represented by such counsel in such proceeding. In the case of an Indemnified Person, legal counsel referred to in the immediately preceding sentence shall be selected by the Investors holding at least a majority in interest of the Registrable Securities included in the Registration Statement to which the Claim relates. The Indemnified Party or Indemnified Person shall reasonably cooperate with the indemnifying party in connection with any negotiation or defense of any such action or Claim by the indemnifying party and shall furnish to the indemnifying party all information reasonably available to the Indemnified Party or Indemnified Person which relates to such action or Claim. The indemnifying party shall keep the Indemnified Party or Indemnified Person fully apprised at all times as to the status of the defense or any settlement negotiations with respect thereto. No indemnifying party shall be liable for any settlement of any action, claim or proceeding effected without its prior written consent, provided, however, that the indemnifying party shall not unreasonably withhold, delay or condition its consent. No indemnifying party shall, without the prior written consent of the Indemnified Party or Indemnified Person, consent to entry of any judgment or enter into any settlement or other compromise which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party or Indemnified Person of a release from all liability in respect to such Claim or litigation and such settlement shall not include any admission as to fault on the part of the Indemnified Party. Following indemnification as provided for hereunder, the indemnifying party shall be subrogated to all rights of the Indemnified Party or Indemnified Person with respect to all third parties, firms or corporations relating to the matter for which indemnification has been made. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action shall not relieve such indemnifying party of any liability to the Indemnified Person or Indemnified Party under this Section 2.5, except to the extent that the indemnifying party is prejudiced in its ability to defend such action.

(d) The indemnification required by this Section 2.5 shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as and when bills are received or Indemnified Damages are incurred.

(e) The indemnity agreements contained herein shall be in addition to (i) any cause of action or similar right of the Indemnified Party or Indemnified Person against the indemnifying party or others, and (ii) any liabilities the indemnifying party may be subject to pursuant to the law

2.6 **Contribution.** To the extent any indemnification by an indemnifying party is prohibited or limited by law, the indemnifying party agrees to make the maximum contribution with respect to any amounts for which it would otherwise be liable under Section 2.5 to the fullest extent permitted by law; *provided, however*, that: (i) no Person involved in the sale of Registrable Securities which Person is guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) in connection with such sale shall be entitled to contribution from any Person involved in such sale of Registrable Securities who was not guilty of fraudulent misrepresentation; and (ii) contribution by any seller of Registrable Securities shall be limited in amount to the amount of net proceeds received by such seller from the sale of such Registrable Securities pursuant to such Registration Statement.

2.7 **Reports Under Securities Exchange Act of 1934.** With a view to making available to the Investors the benefits of Rule 144 promulgated under the 1933 Act or any other similar rule or regulation of the SEC that may at any time permit the Investors to sell securities of the Company to the public without registration (“**Rule 144**”), the Company agrees to:

(a) make and keep public information available, as those terms are understood and defined in Rule 144;

(b) file with the SEC in a timely manner all reports and other documents required of the Company under the 1933 Act and the 1934 Act so long as the Company remains subject to such requirements and the filing of such reports and other documents is required for the applicable provisions of Rule 144; and

(c) furnish to each Investor so long as such Investor owns Registrable Securities, promptly upon request, (i) a written statement by the Company, if true, that it has complied with the reporting requirements of Rule 144, the 1933 Act and the 1934 Act, (ii) a copy of the most recent annual or quarterly report of the Company and such other reports and documents so filed by the Company, and (iii) such other information as may be reasonably requested to permit the Investors to sell such securities pursuant to Rule 144 without registration.

2.8 **Underwriting Requirements.** If, pursuant to Section **Error! Reference source not found.**, the Holders intend to distribute the Registrable Securities covered by the Registration Request by means of an underwriting, they shall so advise the Company as a part of their Registration Request. The underwriter(s) will be selected by the Required Holders, subject only to the reasonable approval of the Company. In such event, the right of any Holder to include such Holder’s Registrable Securities in such registration shall be conditioned upon such Holder’s participation in such underwriting and the inclusion of such Holder’s Registrable Securities in the underwriting to the extent provided herein. All Holders proposing to distribute their securities through such underwriting shall (together with the Company as provided in Section 2.2(l)) enter into an underwriting agreement in customary form with the underwriter(s) selected for such underwriting; provided, however, that no Holder (or any of their assignees) shall be required to make any representations, warranties or indemnities except as they relate to such Holder’s

ownership of shares and authority to enter into the underwriting agreement and to such Holder's intended method of distribution, and the liability of such Holder shall be several and not joint, and limited to an amount equal to the net proceeds from the offering received by such Holder. Notwithstanding any other provision of this Section 2.8 if the managing underwriter(s) advise(s) the Holders in writing that marketing factors require a limitation on the number of shares to be underwritten, then the number of Registrable Securities that may be included in the underwriting shall be allocated among the Holders of Registrable Securities in proportion (as nearly as practicable) to the number of Registrable Securities owned by each Holder or in such other proportion as shall mutually be agreed to by all such selling Holders; provided, however, that the number of Registrable Securities held by the Holders to be included in such underwriting shall not be reduced unless all other securities are first entirely excluded from the underwriting. The expenses in any such underwritten offering shall be governed by Section 2.4.

3. **Intentionally Deleted.**

4. **Changes in Common Stock.** If, and as often as, there is any change in the Common Stock by way of a stock split, stock dividend, combination or reclassification, or through a merger, consolidation, reorganization or recapitalization, or by any other means, appropriate adjustment shall be made in the provisions hereof so that the rights and privileges granted hereby shall continue with respect to the Common Stock as so changed.

5. **Rights of Inspection.** The Company shall permit each Holder to visit and inspect the Company's properties, to examine its books of account and records and to discuss the Company's affairs, finances and accounts with its officers, all at such reasonable times as may be requested; *provided, however*, the Company shall not be obligated under this Section 4 with respect to information the Company determines in good faith to be confidential, and therefore, not to be disclosed. The Company's covenant pursuant to this Section 4 shall be in addition to, and not in limitation of, any other Holder right of inspection as a stockholder, director or creditor of the Company.

6. **Miscellaneous.**

6.1 **Successors and Assigns; Assignment.**

(a) **Generally.** Except as otherwise provided in this Agreement, the terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective permitted successors and assigns of the parties hereto (including transferees of any shares of the Common Stock or the Notes). Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement. No party to this Agreement other than any Holder may assign its rights or delegate its obligations hereunder, whether by operation of law or otherwise, without the prior written consent of the other parties to this Agreement and delivery by the assigning party to the non-assigning parties of a writing by its assignee containing such assignee's agreement to be bound by this Agreement.

(b) **Registration Rights.** The registration rights provided in Section 2 of this Agreement shall be automatically assignable by the Investors to any transferee of all or any portion of such Investor's Registrable Securities if: (i) the Investor agrees in writing with the transferee or assignee to assign such rights, and a copy of such agreement is furnished to the Company within a reasonable time after such assignment; (ii) the Company is, within a reasonable time after such transfer or assignment, furnished with written notice of (A) the name

and address of such transferee or assignee, and (B) the securities with respect to which such registration rights are being transferred or assigned; (iii) immediately following such transfer or assignment the further disposition of such securities by the transferee or assignee is restricted under the 1933 Act or applicable state securities laws; (iv) at or before the time the Company receives the written notice contemplated by clause (ii) of this sentence the transferee or assignee agrees in writing with the Company to be bound by all of the provisions contained herein; (v) such transfer shall have been made in accordance with the applicable requirements of the Transaction Documents; and (vi) the limitations on liability of the Company pursuant to this Agreement shall apply to each Holder and all assignees collectively, and not individually.

**6.2 Amendments and Waivers.** Any term of this Agreement may be amended or waived only with the written consent of the parties hereto. Any amendment or waiver effected in accordance with this Section 6.2 shall be binding upon each Holder of any Registrable Securities then outstanding, each future holder of all such Registrable Securities, the Common Holders, each future holder of the Common Stock now held by the Common Holders and the Company.

**6.3 Consents.** All consents and other determinations required to be made by the Investors pursuant to this Agreement shall be made, unless otherwise specified in this Agreement, by the Required Holders, determined as if any portion of the outstanding Notes then held by the Investors has been converted for Registrable Securities.

**6.4 Notices.**

(a) A Person is deemed to be a holder of Registrable Securities whenever such Person owns or is deemed to own of record such Registrable Securities. If the Company receives conflicting instructions, notices or elections from two or more Persons with respect to the same Registrable Securities, the Company shall act upon the basis of instructions, notice or election received from such record owner of such Registrable Securities.

(b) All notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile, as follows:

*If to the Company:*

Aspen Group, Inc.  
Attention: CEO  
276 Fifth Avenue - Suite 505  
New York, NY 10001

*With a copy (for informational purposes only):*

Nason Yeager *et al.*  
Attention: Michael Harris  
3001 PGA Blvd. – Suite 305  
Palm Beach Gardens, FL 33410

*If to \_\_\_\_\_:*

\_\_\_\_\_

*With a copy (for informational purposes only):*

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

And

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*If to \_\_\_\_\_:*

\_\_\_\_\_  
Attention: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*With a copy (for informational purposes only):*

\_\_\_\_\_  
Attention: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

6.5 **Severability.** It is the intent of the parties hereto that each of the provisions of this Agreement be read and interpreted with every reasonable inference given to its enforceability. However, it is also the intent of the parties that if any term, provision or condition hereof is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions thereof shall remain in full force and effect and shall in no way be affected, impaired or invalidated. Finally, it is also the intent of the parties that if a court should determine any of the terms, provisions or conditions hereof are unenforceable, then the court



shall modify said term, provision or condition so as to make it reasonable and enforceable under the prevailing circumstances.

**6.6 Investor Obligations Several and Not Joint.** The obligations of each Investor hereunder are several and not joint with the obligations of any other Investor, and no provision of this Agreement is intended to confer any obligations on any Investor vis-à-vis any other Investor. Nothing contained herein or in any other Transaction Document, and no action taken by any Investor pursuant hereto or thereto, shall be deemed to constitute the Investors as, and the Company acknowledges that the Investors do not so constitute, a partnership, an association, a joint venture or any other kind of group or entity, or create a presumption that the Investors are in any way acting in concert or as a group or entity with respect to such obligations or the transactions contemplated by the Transaction Documents or any matters, and the Company acknowledges that the Investors are not acting in concert or as a group, and the Company shall not assert any such claim, with respect to such obligations or the transactions contemplated by this Agreement or any of the other the Transaction Documents. Each Investor shall be entitled to independently protect and enforce its rights, including, without limitation, the rights arising out of this Agreement or out of any other Transaction Documents, and it shall not be necessary for any other Investor to be joined as an additional party in any proceeding for such purpose. The use of a single agreement with respect to the obligations of the Company contained herein was solely in the control of the Company, not the action or decision of any Investor, and was done solely for the convenience of the Company and not because it was required or requested to do so by any Investor. It is expressly understood and agreed that each provision contained in this Agreement and in each other Transaction Document is between the Company and an Investor, solely, and not between the Company and the Investors collectively and not between and among Investors.

**6.7 Governing Law; Submission to Jurisdiction.** This Agreement shall be governed by and construed in accordance with the internal laws (without regard to the conflict of laws provisions) of the State of New York. The Parties hereto hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any U.S. Federal or State court sitting in New York County, New York in any action or proceeding arising out of or relating to this Agreement, or for recognition or enforcement of any judgment. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

**6.8 Waiver of Jury Trial.** EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH SUBORDINATED CREDITOR AND EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

**6.9 Counterparts/Electronic Signatures.** This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Delivery of an executed counterpart of a signature

page of this Agreement by facsimile or other electronic transmission shall be effective as delivery of a manually executed counterpart of this Agreement.

6.10 **Entire Agreement.** This Agreement, the Transaction Documents and the documents referred to herein, constitute the entire agreement between the parties hereto pertaining to the subject matter hereof and supersede any and all other written or oral agreements existing among the parties hereto, which agreements are expressly canceled.

6.11 **Conflict.** In the event of any conflict between any term, covenant or condition of this Agreement and any term, covenant or condition of any of the Company's or its Subsidiaries' organizational documents, the provisions of this Agreement shall control and govern.

6.12 **Titles and Subtitles.** The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement.

6.13 **Attorneys' Fees.** Notwithstanding anything to the contrary contained herein, in the event of any dispute between the parties hereto with respect to this Agreement and the transactions contemplated hereby, the prevailing party shall be entitled to receive from the other part(ies) its reasonable attorneys' fees and court costs.

6.14 **Force Majeure.** The Company shall be excused from any delay in performance or for non-performance of any of the terms and conditions of this Agreement caused by any Force Majeure event. Force Majeure shall mean strikes, labor disputes, freight embargoes, interruption or failure in the Internet, telephone or other telecommunications service or related equipment, material interruption in the mail service or other means of communication within the United States, if the Company shall have sustained a material or substantial loss of if the Company is precluded from performing its obligations by fire, flood, accident, hurricane, earthquake, theft, sabotage, or other calamity or malicious act, whether or not such loss shall have been insured, acts of God, outbreak or material escalation of hostilities or civil disturbances, national emergency or war (whether or not declared), or other calamity or crises including a terrorist act or acts affecting the United States, future laws, rules, regulations or acts of any government (including any orders, rules or regulations issued by any official or agency of such government, including as a result of a pandemic).

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned have caused this Investor/Registration Rights Agreement to be duly executed and delivered as of the date first written above.

ASPEN GROUP, INC., a Delaware corporation

By: \_\_\_\_\_  
Name: Michael Mathews  
Title: Chairman and Chief Executive Officer

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

*[Signature Page-Investor/Registration Rights Agreement]*



**THIRD AMENDMENT  
Dated as of March 14, 2022**

to the

**AMENDED AND RESTATED  
REVOLVING PROMISSORY NOTE AND SECURITY AGREEMENT  
Dated as of November 5, 2018**

This THIRD AMENDMENT TO THE AMENDED AND RESTATED REVOLVING PROMISSORY NOTE AND SECURITY AGREEMENT (this "**Amendment**"), dated as of March 14, 2022, is entered into by and among ASPEN GROUP, INC, as maker (the "**Maker**"), UNITED STATES UNIVERSITY, INC. ("**USU**") and ASPEN UNIVERSITY INC. ("**AUI**" and, together with USU, the "**Subsidiaries**"), and \_\_\_\_\_, as payee (the "**Payee**").

RECITALS

WHEREAS, the parties hereto have entered into that certain Amended and Restated Revolving Promissory Note and Security Agreement dated as of November 5, 2018 (the "**Original Revolving Credit Agreement**"), as amended by that certain First Amendment to the Amended and Restated Revolving Promissory Note and Security Agreement dated as of January 22, 2020 (the "**First Amendment**"), and as amended by that certain Second Amendment to the Amended and Restated Revolving Promissory Note and Security Agreement dated as of August 31, 2021 (the "**Second Amendment**," and together with the Original Revolving Credit Agreement and the First Amendment, and as further amended, supplemented or otherwise modified from time to time, the "**Revolving Credit Agreement**"); and

WHEREAS, the parties hereto wish to make certain changes to the term of the Revolving Credit Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual agreements contained herein and in the Revolving Credit Agreement, the parties hereto agree as follows:

SECTION 1. Definitions. All capitalized terms not otherwise defined herein are used as defined in the Revolving Credit Agreement.

SECTION 2. Changes to the Revolving Credit Agreement. Effective as of the date hereof, the Revolving Credit Agreement is hereby amended as follows:

1.1. The definition of "**Commitment Period**" contained in the second paragraph of the Revolving Credit Agreement is hereby amended and restated as follows:

Maker may draw down, at any time and from time to time during the period from and including the date of this Note through the day immediately preceding the ~~fourth~~ fifth anniversary of that date (the "**Commitment Period**"), each time upon prior arrangement with and at least three (3) Business Days' (as defined below) prior written notice to Payee, a principal amount not to exceed at any one time outstanding, as to all such drawdowns in the aggregate, five million U.S. dollars (US\$5,000,000) (Payee's "**Commitment**"); provided, however, that the Commitment Period and Payee's Commitment shall automatically, without the requirement of any demand, notice, or other act or instrument of, by or from Payee or any other person, and

immediately terminate upon the occurrence of an Acceleration Event (as defined below), whereupon (i) Maker shall not be permitted to draw down any additional amounts under this Note and (ii) the aggregate principal amount then outstanding under this Note, together with all interest, Commitment Fee and other amounts then outstanding hereunder, shall automatically be accelerated and become immediately due and payable to Payee in accordance with the terms of this Note.

1.2. The definition of “Applicable Rate” contained in the fourth paragraph of the Revolving Credit Agreement is hereby amended and restated as follows:

For all purposes of this Note, the “**Applicable Rate**” shall equal (i) with respect to interest, ~~twelve~~ fourteen percent (~~12~~14%) per annum, and (ii) with respect to Commitment Fee, two percent (2%) per annum; provided, however, that in the event that any amount (whether of principal, interest, Commitment Fee or otherwise) payable under this Note is not paid in full as and when due in accordance with the terms of this Note (whether at stated Maturity, by acceleration, or otherwise in accordance with such terms), then the Applicable Rate shall increase (x) with respect to interest, to eighteen percent (18%) per annum, and (y) with respect to Commitment Fee, to three percent (3%) per annum.

1.3. The definition of “**Maturity**” and “**Acceleration Event**” contained in the sixth paragraph of the Revolving Credit Agreement is hereby amended and restated as follows:

The stated maturity of this Note (its “**Maturity**”) shall be the day immediately preceding the ~~fourth~~ fifth anniversary of the date of this Note; provided, however, that notwithstanding anything to the contrary contained in this Note, upon the occurrence of any of the events specified in subparagraphs (a) through ~~(e)~~ (d) immediately below (each, an “**Acceleration Event**”), the entire principal amount outstanding of this Note, and all interest, Commitment Fee and other amounts accrued and unpaid thereon or hereunder, shall automatically, without protest, presentment, petition, demand, or other notice, declaration, act or instrument of, by or from Payee or any other person (all of which are hereby expressly and irrevocably waived by Maker), and for all purposes, be accelerated and become immediately due and payable, in full, to Payee:

1.4. The definition of “**Permitted Indebtedness**” contained in paragraph (a) of the Revolving Credit Agreement is hereby amended and restated as follows:

“**Permitted Indebtedness**” shall mean (A) the indebtedness evidenced by this Note, including, without limitation, all principal thereof and accrued and unpaid interest thereon; (B) the indebtedness evidenced by that certain revolving promissory note and security agreement, dated as of March 14, 2022, in the face amount of ten million U.S. dollars (US\$10,000,000) issued by Maker to Payee, including, without limitation, all principal thereof and accrued and unpaid interest thereon (the “**Payee 2022 Revolver**”); (C) the indebtedness evidenced by that certain revolving promissory note and security agreement, dated as of March 14, 2022, in the face amount of ten million U.S. dollars (US\$10,000,000) issued by Maker to \_\_\_\_\_, including, without limitation, all principal thereof and accrued and unpaid interest thereon (the “**\_\_\_\_\_ 2022 Revolver**,” together with the Payee 2022 Revolver, the “**2022 Revolvers**”); (D) the indebtedness evidenced by that certain convertible promissory note and security agreement, dated as of March 14, 2022, in the face amount of five million U.S. dollars (US\$5,000,000) issued by Maker to \_\_\_\_\_, including, without limitation, all principal thereof and accrued and unpaid interest thereon (the “**\_\_\_\_\_ Convertible Note**”); (E) the indebtedness evidenced by that certain convertible promissory note and security agreement, dated as of March 14, 2022, in the face amount of five million U.S. dollars (US\$5,000,000) issued by Maker to Payee, including, without limitation, all principal thereof and accrued and unpaid interest thereon (the “**Payee**”).

**Convertible Note**” and, together with the \_\_\_\_\_ Convertible Note, the “**Convertible Notes**”); and (F) trade indebtedness (not to exceed five million U.S. dollars (US\$5,000,000) at any one time outstanding) in respect of equipment and/or software and software systems purchase money financing or capital leases incurred by Maker in the ordinary course of business. Payee agrees that upon Maker or any Affiliate entering into an accounts receivable financing program (“**Accounts Receivable Facility**”), this Note shall be terminated and any Indebtedness due hereunder shall be paid in full.

1.5. The “;” at the end of paragraph (c) of the Revolving Credit Agreement is hereby amended to “; or” and a new paragraph (d) is hereby added immediately after paragraph (c) of the Revolving Credit Agreement:

(d) the occurrence of an Acceleration Event (as defined in each instrument) in any of the 2022 Revolvers or the Convertible Notes.

### SECTION 3. Miscellaneous.

1.1. **Reaffirmation of Security Interests.** The Maker (a) affirms that each of the security interests, liens and pledges granted in or pursuant to the Revolving Credit Agreement are valid and subsisting, and (b) agrees that this Amendment shall in no manner impair or otherwise adversely affect any of the security interests, liens and pledges granted in or pursuant to the Revolving Credit Agreement.

1.2. **References to the Revolving Credit Agreement.** Upon the effectiveness of this Amendment, each reference in the Revolving Credit Agreement to “this Agreement”, “hereunder”, “hereof”, “herein”, or words of like import shall mean and be a reference to the Revolving Credit Agreement as amended hereby, and each reference to the Revolving Credit Agreement in any other document, instrument or agreement executed and/or delivered in connection with the Revolving Credit Agreement shall mean and be a reference to the Revolving Credit Agreement as amended hereby.

1.3. **Effect on Revolving Credit Agreement.** Except as specifically amended by this Amendment, the Revolving Credit Agreement and all other documents, instruments and agreements executed and/or delivered in connection therewith shall remain in full force and effect and are hereby ratified and confirmed.

1.4. **No Waiver.** The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of the Payee under the Revolving Credit Agreement or any other document, instrument or agreement executed in connection therewith, nor constitute a waiver of any provision contained therein, except as specifically set forth herein.

1.5. **Governing Law.** This Amendment shall be governed by, and construed and enforced in accordance with, the substantive laws of the State of New York applicable to contracts made between residents of that state, entered into and to be wholly performed within that state, notwithstanding the parties’ actual states of residence or legal domicile if outside that state and without reference to any conflict of laws or similar rules that might otherwise mandate or permit the application of the laws of any other jurisdiction.

[Signatures Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the day and year first above written.

**MAKER**

ASPEN GROUP, INC.

By \_\_\_\_\_  
Michael Mathews  
Chairman and Chief Executive Officer

**SUBSIDIARIES**

UNITED STATES UNIVERSITY, INC.,  
a Delaware corporation

By \_\_\_\_\_  
Michael Mathews  
Chief Executive Officer

ASPEN UNIVERSITY INC.,  
a Delaware corporation

By \_\_\_\_\_  
Michael Mathews  
Chief Executive Officer

Accepted and Agreed:

**PAYEE:**  
\_\_\_\_\_

By \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
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\_\_\_\_\_  
\_\_\_\_\_

March 14 2022

Michael Mathews  
Chairman and Chief Executive Officer  
Aspen Group, Inc.  
276 Fifth Avenue, Suite 505  
New York, NY 10001

Subject: March 2022 Transactions

Dear Mike:

This will confirm the terms on which \_\_\_\_\_, a \_\_\_\_\_ (the “\_\_\_\_\_”), located at \_\_\_\_\_ (together with its successors and permitted assigns, “\_\_\_\_\_ Payee”) and \_\_\_\_\_, a \_\_\_\_\_ (“\_\_\_\_\_”), located at \_\_\_\_\_ (together with its successors and permitted assigned, “\_\_\_\_\_” and, together with \_\_\_\_\_ Payee, the “Payees”) have agreed to, as applicable, (i) amend that certain revolving promissory note and security agreement dated as of November 5, 2018, and amended and restated as of March 5, 2019, as amended on January 22, 2020 and August 31, 2021 issued by Aspen Group, Inc. (the “Company”) to the \_\_\_\_\_ Payee (the “2018 Revolver Amendment”), (ii) enter into two new revolving promissory notes and security agreements issued by the Company to each of the Payees (the “Revolvers”), (iii) enter into two new convertible promissory notes and security agreements issued by the Company to each of the Payees (the “Convertible Notes” and, collectively with the 2018 Revolver Amendment and the Revolvers, the “Notes”).

As conditions precedent to entering into such Notes (collectively, the “Closing Conditions”):

1. Each of the Company, United States University (“USU”) and Aspen University Inc. (“Aspen University” and, together with USU, the “Aspen Subsidiaries”), through its officer thereunto duly authorized by all requisite corporate and other action, shall execute and deliver to the Payees on the date hereof (a) this letter agreement (this “Agreement”), (b) 2018 Revolver Amendment (only with respect to the \_\_\_\_\_ Payee), (c) the Revolvers, (d) the Convertible Notes, (e) the Investors/Registration Rights Agreement in the form of Exhibit A hereto among the Company and the Payees (the “Registration Rights Agreement”) and (f) the Intercreditor Agreement in the form of Exhibit B hereto among the Company, each Aspen Subsidiary, the Payees and \_\_\_\_\_ (solely in his capacity as “Servicing Lender” (as defined therein)) (the “Intercreditor

\_\_\_\_\_

*Agreement*” and, together with this Agreement, 2018 Revolver Amendment, the Revolvers, the Convertible Notes, the Registration Rights Agreement, the “*Transaction Documents*”).

2. The Company, by virtue of its execution and delivery to the Payees, as applicable, of the Transaction Documents shall be conclusively deemed to have represented, warranted, covenanted and agreed to and with each Payee (on behalf of itself and, with respect to the Revolvers, Convertible Notes and Intercreditor Agreement, each Aspen Subsidiary) that:
    - (a) The Company and each Aspen Subsidiary is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware, with full corporate and legal power and authority (i) to enter into the Transaction Documents, (ii) to execute and deliver same to the Payees, and (iii) to incur and perform their respective obligations hereunder and thereunder in accordance with their respective terms and conditions; and the Company’s and each Aspen Subsidiary’s signatory to each of the Transaction Documents has been duly authorized by all requisite corporate and other action to execute and deliver same on behalf of the Company or such Aspen Subsidiary, as the case may be, and to cause it thereby to make and incur its commitments and obligations hereunder and thereunder.
      - (b) The Company’s and each Aspen Subsidiary’s execution and delivery to the Payees of the Transaction Documents, and their undertaking and performance in accordance with their terms of their respective commitments and obligations hereunder and thereunder, do not contradict, contravene or conflict with, or constitute an event of default (or an event that, with notice or the passage of time or both, would or might constitute an event of default) under, any court or administrative order, judgment, regulation, ruling, decree, contract, mortgage, indenture, deed of trust, or other agreement, instrument or document binding upon or affecting the Company or any Aspen Subsidiary or any of their respective assets or properties, or to which they or any of their respective assets or properties are subject.
      - (c) The Company is debt-free, except for “Permitted Indebtedness” as defined and described in the Notes; and any and all indebtedness whatsoever incurred by the Company, other than Permitted Indebtedness, shall be fully and contractually subordinated in all respects (including, without limitation, in right and priority of payment and repayment of principal, interest, and all fees and other amounts) to the Company’s indebtedness and payment obligations under the Transaction Documents except for the Accounts Receivable Facility, as defined in the Notes, where Payees have agreed to subordinate their liens on the Collateral, as defined in the Notes, to the lenders of the Accounts Receivable Facility pursuant to a customary subordination agreement with customary terms.
  3. The Company hereby agrees that in the event any of its representations, warranties, covenants or agreements hereunder or under any of the Transaction Documents (each of which shall be deemed continuing for the duration of the Notes and until satisfaction in full of all of the Company’s payment, repayment and other obligations under the Transaction Documents) shall be breached, which breach shall continue uncured for a period of at least three (3) business days after notice from either of the Payees to the Company specifying the nature of such breach, then, without further act or instrument, any and all amounts (whether of principal, interest, commitment fee, or otherwise) unpaid and outstanding under or in respect of the Notes shall automatically and immediately become due and payable to the Payees in full, in accordance with the terms of the Transaction Documents.
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Upon the satisfaction of the Closing Conditions (the “**Closing**”), the Company shall deliver to the Payees a certificate executed by the Chief Executive Officer of the Company, in form and substance satisfactory to each of the Payees, certifying the satisfaction of each of the Closing Conditions (the date of such delivery, the “**Closing Date**”).

The Company shall pay the reasonable legal fees and expenses of all law firms which represent any of the Payees in connection with the Transaction Documents and the transactions contemplated thereby, as and when invoiced by such law firms, and such law firms shall be considered third-party beneficiaries of the Company’s obligations under this paragraph, entitled to directly enforce same against the Company as if themselves parties hereto.

All notices, demands or other communications (collectively, “**notices**”) hereunder relating to any matter set forth herein shall be in writing and made, given, served or sent (collectively, “**delivered**”) by (a) certified mail (return receipt requested) or (b) reputable commercial overnight courier service (Federal Express, UPS or equivalent that provides a receipt) for next-business-morning delivery, in each case with postage thereon prepaid by sender and addressed to the intended recipient at its Address for Notices set forth below its signature hereto (or at such other address as the intended recipient shall have previously provided to the sender in the same manner herein provided); provided that copies of any such notice to the \_\_\_\_\_ Payee shall also be sent to \_\_\_\_\_, and emailed to \_\_\_\_\_ at \_\_\_\_\_ and copies of any such notice to the \_\_\_\_\_ shall also be sent to \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_ and email to \_\_\_\_\_ with a copy to \_\_\_\_\_. Any such notice sent as so provided shall be deemed effectively delivered (i) on the third business day after being sent by certified mail, (ii) on the next business morning if sent by overnight courier for next-business-morning delivery or (iii) on the day of its actual delivery to the intended recipient (as shown by the return receipt or proof-of-delivery), whichever is earlier.

This Agreement shall be governed by and construed in accordance with the substantive laws of the State of New York applicable to contracts made between residents of that state, entered into and to be wholly performed within that state, notwithstanding the parties’ actual states of residence or domicile if outside that state and without reference to any conflict of laws or similar rules that might otherwise mandate or permit the application of the laws of any other jurisdiction. Any action, suit or proceeding relating to the Transaction Documents shall be brought exclusively in the courts of New York State sitting in the Borough of Manhattan, New York City, or in U.S. District Court for the Southern District of New York, and, for all purposes of any such action, suit or proceeding, each of the parties hereby irrevocably (i) submits to the exclusive jurisdiction of such courts, (ii) waives any objection to such choice of venue based on *forum non conveniens* or any other legal or equitable doctrine, and (iii) waives trial by jury and, in the case of the Company, the right to interpose any set-off or counterclaim, of any nature or description whatsoever, in any such action, suit or proceeding.

None of the rights or remedies of the Payees under the Transaction Documents are intended to be exclusive of any other right or remedy available to the Payees, whether at law, in equity, by statute or otherwise, but shall be deemed cumulative with all such other rights and remedies. No failure by any of the Payees to exercise, or any delay by any of the Payees in exercising, any of its rights or remedies hereunder shall operate as a waiver thereof. A waiver by any of the Payees of any right or remedy hereunder on any one occasion shall not be construed as a bar to the exercise by any of the Payees of that same or of any other right or remedy which it would otherwise have on any future occasion, and no waiver by any one Payee of any right or remedy hereunder shall be construed as a bar to the exercise by any other Payee of that same or of any other right or remedy which it would otherwise have. No forbearance, indulgence, delay or failure by any of the Payees to exercise any of their respective rights or remedies hereunder or with respect to the Transaction Documents, nor any course of dealing between us, shall operate

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as a waiver of any such right or remedy, nor shall any single or partial exercise of any such right or remedy preclude any other or further exercise thereof or the exercise of any other right or remedy. The Payees shall not, by any course of dealing, indulgence, omission, or other act (except a further instrument signed by any Payee and only with respect to such Payee) or failure to act, be deemed to have waived any right or remedy hereunder or with respect to the Transaction Documents, or to have acquiesced in any breach of any of the terms of this Agreement. No modification, rescission, waiver, forbearance, release or amendment of any term, covenant, condition or provision of this Agreement or any of the Company's obligations hereunder shall be valid or enforceable unless made and evidenced in writing, expressly referring to this Agreement and signed by both of us.

This Agreement may be executed in counterparts, each of which when duly signed and delivered shall be deemed for all purposes hereof to be an original, but all such counterparts shall collectively constitute one and the same instrument; and either party may execute this Agreement by signing any such counterpart. Any signature delivered by facsimile or email transmission (in scanned .pdf format or the equivalent) shall be deemed to be an original signature.

If the foregoing accurately and completely reflects our understanding, please confirm your agreement with these terms and conditions by signing where indicated below, whereupon this shall become a binding agreement between us.

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Sincerely,

\_\_\_\_\_  
\_\_\_\_\_,  
as \_\_\_\_\_

*Address for Notices:*

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Phone: \_\_\_\_\_  
Email: \_\_\_\_\_

\_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

*Address for Notices:*

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Agreed:**

ASPEN GROUP, INC.

[Signature Page to Letter Agreement]

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By \_\_\_\_\_  
Michael Mathews  
Chairman and Chief Executive Officer

*Address for Notices:*

276 Fifth Avenue, Suite 505  
New York, NY 10001  
Phone: (914) 906-9159  
Email: \_\_\_\_\_

UNITED STATES UNIVERSITY, INC.,  
a Delaware corporation

By \_\_\_\_\_  
Michael Mathews  
Chief Executive Officer

*Address for Notices:*

276 Fifth Avenue, Suite 505  
New York, NY 10001  
Phone: (914) 906-9159  
Email: \_\_\_\_\_

ASPEN UNIVERSITY INC.,  
a Delaware corporation

By \_\_\_\_\_  
Michael Mathews  
Chief Executive Officer

*Address for Notices:*

276 Fifth Avenue, Suite 505  
New York, NY 10001  
Phone: (914) 906-9159  
Email: \_\_\_\_\_

[Signature Page to Letter Agreement]

**Amendment No. 4 to the  
Aspen Group, Inc.  
2018 Equity Incentive Plan**

Section 4 of the Aspen Group, Inc. 2018 Equity Incentive Plan, as amended (the “Plan”) is hereby amended by replacing the second sentence of such Section 4 with the following sentence:

“The aggregate number of shares of Common Stock which may be issued pursuant to the Plan is 2,479,009, less any Stock Rights previously granted or exercised subject to adjustment as provided in Section 14.”

## CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Michael Mathews, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Aspen Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 15, 2022

/s/ Michael Mathews

Michael Mathews  
Chief Executive Officer  
(Principal Executive Officer)

## CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Matthew LaVay, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Aspen Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 15, 2022

/s/ Matthew LaVay

Matthew LaVay  
Chief Financial Officer  
(Principal Financial Officer)

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,**

**AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report of Aspen Group, Inc. (the "Company") on Form 10-Q for the quarter ended January 31, 2022, as filed with the Securities and Exchange Commission on the date hereof, I, Michael Mathews, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The quarterly report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and
2. The information contained in the quarterly report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Michael Mathews

Michael Mathews  
Chief Executive Officer  
(Principal Executive Officer)

Dated: March 15, 2022

In connection with the quarterly report of Aspen Group, Inc. (the "Company") on Form 10-Q for the quarter ended January 31, 2022, as filed with the Securities and Exchange Commission on the date hereof, I, Matthew LaVay, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The quarterly report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and
2. The information contained in the quarterly report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Matthew LaVay

Matthew LaVay  
Chief Financial Officer  
(Principal Financial Officer)

Dated: March 15, 2022